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

FORM 20-F

(Mark One)

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

OR

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

For the fiscal year ended December 31, 2018

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from_____to_____

OR

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

Date of event requiring this shell company report : Not applicable

Commission file number 001-32458

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

Diana Shipping Inc.

(Translation of Registrant's name into English)

Republic of the Marshall Islands

(Jurisdiction of incorporation or organization)

Pendelis 16, 175 64 Palaio Faliro, Athens, Greece

(Address of principal executive offices)

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E-mail: izafirakis@dianashippinginc.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	Name of each exchange on which registered
Common Stock, $0.01 par value	New York Stock Exchange
Preferred Stock Purchase Rights	New York Stock Exchange
8.875% Series B Cumulative Redeemable Perpetual Preferred Shares, $0.01 par value	New York Stock Exchange

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

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, 2018, there were 103,764,351 shares of the registrant's common 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," and "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 which basis of accounting the registrant has used to prepare the financial statements included in this filing:

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

If "Other" has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow. ☐ Item 17 ☐ Item 18

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

☐ Yes ☒ No

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

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

☐ Yes ☐ No

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FORWARD-LOOKING STATEMENTS

Diana 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 us or on our behalf may include forward-looking statements, which reflect our current views with respect to future events and financial performance. The words "believe", "except," "anticipate," "intends," "estimate," "forecast," "project," "plan," "potential," "may," "should," "expect" and similar expressions identify forward-looking statements.

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

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 our records and other data available from third parties. Although we believe that these assumptions were reasonable when made, because these assumptions are inherently subject to significant uncertainties and contingencies which are difficult or impossible to predict and are beyond our control, we cannot assure you that we will achieve or accomplish these expectations, beliefs or projections.

In addition to these important factors and matters discussed elsewhere herein, including under the heading "Item 3. Key Information—D. Risk Factors," important factors that, in our view, could cause actual results to differ materially from those discussed in the forward-looking statements include the strength of world economies, fluctuations in currencies and interest rates, general market conditions, including fluctuations in charter hire rates and vessel values, changes in demand in the dry-bulk shipping industry, changes in the supply of vessels, changes in the Company's operating expenses, including bunker prices, crew costs, drydocking and insurance costs, changes in governmental rules and regulations or actions taken by regulatory authorities, potential liability from pending or future litigation, general domestic and international political conditions or labor disruptions, potential disruption of shipping routes due to accidents 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, and the New York Stock Exchange, or the NYSE. We caution readers of this annual report not to place undue reliance on these forward-looking statements, which speak only as of their dates. We undertake no obligation to update or revise any forward-looking statements.

PART I

Item 1. Identity of Directors, Senior Management and Advisers

Not Applicable.

Item 2. Offer Statistics and Expected Timetable

Not Applicable.

Item 3. Key Information

A. Selected Financial Data

The following tables set forth our selected consolidated financial data and other operating data. The selected consolidated financial data in the tables as of and for the years ended December 31, 2018, 2017, 2016, 2015 and 2014 are derived from our audited consolidated financial statements and notes thereto which have been prepared in accordance with U.S. generally accepted accounting principles, or U.S. GAAP. The following data should be read in conjunction with "Item 5. Operating and Financial Review and Prospects", the consolidated financial statements, related notes and other financial information included elsewhere in this annual report.

	As of and for the Year Ended December 31,				
	2018	**2017**	**2016**	**2015**	**2014**
	(in thousands of U.S. dollars, except for share and per share data, fleet data and average daily results)				
Statement of Operations Data:					
Time charter revenues	$ 226,189	$ 161,897	$ 114,259	$ 157,712	$ 175,576
Impairment loss	-	442,274	-	-	-
Operating income/(loss)	38,250	(483,987)	(88,321)	(47,177)	(18,204)
Net income/(loss)	16,580	(511,714)	(164,237)	(64,713)	(10,268)
Dividends on series B preferred shares	(5,769)	(5,769)	(5,769)	(5,769)	(5,080)
Income/(loss) attributed to common stockholders	10,811	(517,483)	(170,006)	(70,482)	(15,348)
Earnings/(loss) per common share, basic and diluted	0.10	(5.41)	(2.11)	(0.89)	(0.19)
Weighted average number of common shares, basic	103,736,742	95,731,093	80,441,517	79,518,009	81,292,290
Weighted average number of common shares, diluted	104,715,883	95,731,093	80,441,517	79,518,009	81,292,290

	As of and for the Year Ended December 31,				
	2018	2017	2016	2015	2014
	(in thousands of U.S. dollars, except for share and per share data and average daily results)				
Balance Sheet Data:					
Total assets	$ 1,187,796	$ 1,246,722	$ 1,668,663	$ 1,836,965	$ 1,787,122
Total current liabilities	125,156	80,441	78,225	58,889	98,092
Capital stock	1,063,709	1,071,587	986,044	977,731	972,125
Long-term debt (including current portion), net of deferred financing costs	530,547	601,384	598,181	600,071	484,256
Total stockholders' equity	627,684	624,758	1,056,589	1,218,366	1,282,226
Cash Flow Data:					
Net cash provided by/(used in) operating activities	$ 79,930	$ 23,413	$ (20,998)	$ 23,945	$ 44,910
Net cash provided by/(used in) investing activities	99,370	(152,333)	(41,619)	(155,637)	(152,513)
Net cash provided by/(used in) financing activities	(93,702)	73,587	(9,459)	106,009	85,871

	As of and for the Year Ended December 31,				
	2018	2017	2016	2015	2014
Fleet Data:					
Average number of vessels (1)	49.9	49.6	45.2	40.8	37.9
Number of vessels at year-end	48.0	50.0	46.0	43.0	39.0
Weighted average age of vessels at year-end (in years)	9.1	8.4	8.2	7.4	7.1
Ownership days (2)	18,204	18,119	16,542	14,900	13,822
Available days (3)	17,964	17,890	16,447	14,600	13,650
Operating days (4)	17,799	17,566	16,354	14,492	13,564
Fleet utilization (5)	99.1%	98.2%	99.4%	99.3%	99.4%
Average Daily Results:					
Time charter equivalent (TCE) rate (6)	$ 12,179	$ 8,568	$ 6,106	$ 9,739	$ 12,081
Daily vessel operating expenses (7)	5,247	4,987	5,196	5,924	6,289

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(1) Average number of vessels is the number of vessels that constituted our fleet for the relevant period, as measured by the sum of the number of days each vessel was a part of our fleet during the period divided by the number of calendar days in the period.

(2) Ownership days are 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.

(3) Available days are 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 and 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.

(4) Operating days are the number of available days in a period less the aggregate number of days that our vessels are off-hire due to any reason, including unforeseen circumstances. The shipping industry uses operating days to measure the aggregate number of days in a period during which vessels actually generate revenues.

(5) 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, special surveys or vessel positioning for such events.

(6) Time charter equivalent rates, or TCE rates, are defined as our time charter revenues 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 rate is a non-GAAP measure, and management believes it is useful to investors because it is a standard shipping industry performance measure used primarily to compare daily earnings generated by vessels on time charters with daily earnings generated by vessels on voyage charters, because charter hire rates for vessels on voyage charters are generally not expressed in per day amounts while charter hire rates for vessels on time charters are generally expressed in such amounts. The following table reflects the calculation of our TCE rates for the periods presented.

	Year Ended December 31,				
	2018	2017	2016	2015	2014
	(in thousands of U.S. dollars, except for TCE rates, which are expressed in U.S. dollars, and available days)				
Time charter revenues	$ 226,189	$ 161,897	$ 114,259	$ 157,712	$ 175,576
Less: voyage expenses	(7,405)	(8,617)	(13,826)	(15,528)	(10,665)
Time charter equivalent revenues	$ 218,784	$ 153,280	$ 100,433	$ 142,184	$ 164,911
Available days	17,964	17,890	16,447	14,600	13,650
Time charter equivalent (TCE) rate	$ 12,179	$ 8,568	$ 6,106	$ 9,739	$ 12,081

(7) Daily vessel operating expenses, which include crew wages and related costs, the cost of insurance, expenses relating to repairs and maintenance, the costs of spares and consumable stores, tonnage taxes and other miscellaneous expenses, are calculated by dividing vessel operating expenses by ownership days for the relevant period.

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 securities, including our common stock and our Series B Preferred Shares. The occurrence of any of the events described in this section could significantly and negatively affect our business, financial condition, operating results, cash available for the payment of dividends on our shares and interest on our loan facilities and Bond, or the trading price of our securities.

Industry Specific Risk Factors

Charter hire rates for dry bulk carriers are volatile, which may adversely affect our earnings.

The dry bulk shipping industry is cyclical with attendant volatility in charter hire rates and profitability. The degree of charter hire rate volatility among different types of dry bulk carriers has varied widely, and charter hire rates for Panamax and Capesize dry bulk carriers have declined significantly from historically high levels. Because we charter some of our vessels pursuant to short-term time charters, we are exposed to changes in spot market and short-term charter rates for dry bulk carriers and such changes may affect our earnings and the value of our dry bulk carriers at any given time. In addition, more than half of our vessels are scheduled to come off of their current charters in 2019, based on their earliest redelivery date, for which we may be seeking new employment. We cannot assure you that we will be able to successfully charter our vessels in the future or renew existing charters at rates sufficient to allow us to meet our obligations or pay any dividends in the future. Fluctuations in charter rates result from changes in the supply of and demand for vessel capacity and changes in the supply of and demand for the major commodities carried by water internationally. Because the factors affecting the supply of and demand for vessels are outside of our control and are unpredictable, the nature, timing, direction and degree of changes in industry conditions are also unpredictable.

Factors that influence demand for dry bulk vessel capacity include:

- supply of and demand for energy resources, commodities, semi-finished and finished consumer and industrial products;
- changes in the exploration or production of energy resources, commodities, semi-finished and finished consumer and industrial products;
- the location of regional and global exploration, production and manufacturing facilities;
- the location of consuming regions for energy resources, commodities, semi-finished and finished consumer and industrial products;
- the globalization of production and manufacturing;
- global and regional economic and political conditions, including armed conflicts and terrorist activities; embargoes and strikes;
- natural disasters and other disruptions in international trade;
- disruptions and developments in international trade;
- changes in seaborne and other transportation patterns, including the distance cargo is transported by sea;
- environmental and other regulatory developments;
- currency exchange rates; and
- weather.

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

- the number of newbuilding orders and deliveries, including slippage in deliveries;
- the number of shipyards and ability of shipyards to deliver vessels;
- port and canal congestion;
- the scrapping rate of older vessels;
- speed of vessel operation;
- vessel casualties; and
- the number of vessels that are out of service, namely those that are laid-up, drydocked, awaiting repairs or otherwise not available for hire.

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

We anticipate that the future demand for our dry bulk carriers will be dependent upon economic growth in the world's economies, including China and India, seasonal and regional changes in demand, changes in the capacity of the global dry bulk carrier fleet and the sources and supply of dry bulk cargo transported by sea. While there has been a general decrease in new dry bulk carrier ordering since 2014, the capacity of the global dry bulk carrier fleet could increase and economic growth may not resume in areas that have experienced a recession or continue in other areas. Adverse economic, political, social or other developments could have a material adverse effect on our business and operating results.

The dry bulk carrier charter market remains significantly below its high in 2008, which has had and may continue to have an adverse effect on our revenues, earnings and profitability, and may affect our ability to comply with our loan covenants.

The abrupt and dramatic downturn in the dry bulk charter market, from which we derive substantially all of our revenues, has severely affected the dry bulk shipping industry and has adversely affected our business. The Baltic Dry Index, or the BDI, a daily average of charter rates for key dry bulk routes published by the Baltic Exchange Limited, has long been viewed as the main benchmark to monitor the movements of the dry bulk vessel charter market and the performance of the entire dry bulk shipping market. The BDI declined 94% in 2008 from a peak of 11,793 in May 2008 to a low of 663 in December 2008 and has remained volatile since then, reaching a record low of 290 in February 2016. In 2018 BDI ranged from a low of 948 in April to a high of 1,774 in July and remains at comparatively low levels relative to historical highs and there can be no assurance that the dry bulk charter market will not decline further. The decline and volatility in charter rates is due to various factors, including the lack of trade financing for purchases of commodities carried by sea, which has resulted in a significant decline in cargo shipments, and the excess supply of iron ore in China, which has resulted in falling iron ore prices and increased stockpiles in Chinese ports. The decline and volatility in charter rates in the dry bulk market also affects the value of our dry bulk vessels, which follows the trends of dry bulk charter rates, and earnings on our charters, and similarly, affects our cash flows, liquidity and compliance with the covenants contained in our loan agreements.

The decline in the dry bulk carrier charter market has had and may continue to have additional adverse consequences for our industry, including an absence of financing for vessels, no active secondhand market for the sale of vessels, charterers seeking to renegotiate the rates for existing time charters, and widespread loan covenant defaults in the dry bulk shipping industry. Accordingly, the value of our common shares could be substantially reduced or eliminated.

If economic conditions throughout the world decline, in particular in the EU, in China and the rest of the Asia-Pacific region, it could negatively affect our earnings, financial condition and cash flows and may further adversely affect the market price of our common shares.

Negative trends in the global economy that emerged in 2008 continue to adversely affect global economic conditions. In addition, the world economy continues to face a number of new challenges, including continuing economic weakness in the European Union, or the EU. Deterioration in the global economy has caused, and could in the future cause, a decrease in worldwide demand for certain goods and, thus, shipping. Moreover, we operate in a sector of the economy that is likely to be adversely impacted by the effects of political conflicts, including the current political instability in the Middle East and other geographic countries and areas, geopolitical events such as the withdrawal of the U.K. from the European Union, or "Brexit," terrorist or other attacks, and war (or threatened war) or international hostilities, such as those between the United States and North Korea.

The EU and other parts of the world have recently been or are currently in a recession and continue to exhibit weak economic trends. Moreover, concerns persist regarding the debt burden of certain Eurozone countries, such as Greece, Spain, Portugal, and Italy, and their ability to meet future financial obligations and the overall stability of the euro. Partly as a result, the credit markets in the United States and Europe have experienced significant contraction, deleveraging and reduced liquidity, and the U.S. federal and state governments and European authorities have implemented a broad variety of governmental action and new regulation of the financial markets and may implement additional regulations in the future. As a result, global economic conditions and global financial markets have been, and continue to be, volatile. Further, 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.

Economic slowdown in the Asia Pacific region, particularly in China, may have a materially adverse effect on us, as we anticipate a significant number of the port calls made by our vessels will continue to involve the loading or discharging of dry bulk commodities in ports in the Asia Pacific region. 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. The growth rate of China's GDP is estimated to be approximately 6.5% for the year ended December 31, 2018, which is 0.3% lower than the growth rate for the year ended December 31, 2017. This forecasted growth rate would be China's slowest growth rate in 25 years. Our earnings and ability to grow our fleet would likely be impeded by an economic downturn in China or other countries in the Asia Pacific region.

A decrease in the level of China's export of goods or an increase in trade protectionism could have a material adverse impact on our charterers' business and, in turn, could cause a material adverse impact on our earnings, financial condition and cash flows.

Our vessels may be deployed on routes involving trade in and out of emerging markets, and our charterers' shipping and business revenue may be derived from the shipment of goods from the Asia Pacific region to various overseas export markets including the United States and Europe. Any reduction in or hindrance to the output of China-based exporters could have a material adverse effect on the growth rate of China's exports and on our charterers' business.

For instance, the government of China has implemented economic policies aimed at increasing domestic consumption of Chinese-made goods and restricting currency exchanges within China. This may have the effect of reducing the supply of goods available for export and may, in turn, result in a decrease of demand for shipping. Additionally, though in China there is an increasing level of autonomy and a gradual shift in emphasis to a "market economy" and enterprise reform, many of the reforms, particularly some limited price reforms that result in the prices for certain commodities being principally determined by market forces, are unprecedented or experimental and may be subject to revision, change or abolition. The level of imports to and exports from China could be adversely affected by changes to these economic reforms by the Chinese government, as well as by changes in political, economic and social conditions or other relevant policies of the Chinese government. For example, China imposes a tax for non-resident international transportation enterprises engaged in the provision of services of passengers or cargo, among other items, in and out of China using their own, chartered or leased vessels. The regulation may subject international transportation companies to Chinese enterprise income tax on profits generated from international transportation services passing through Chinese ports. This tax or similar regulations, such as the recently promoted environmental taxes on coal, by China may result in an increase in the cost of raw materials imported to China and the risks associated with importing raw materials to China, as well as a decrease in any raw materials shipped from our charterers to China. This 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.

In addition, leaders in the United States have indicated the United States may seek to implement more protective trade measures. The current U.S. president was elected on a platform promoting trade protectionism and his election has created uncertainty about the future relationship between the United States and China and other exporting countries, including with respect to trade policies, treaties, government regulations and tariffs. On January 23, 2017, the U.S. President signed an executive order withdrawing the United States from the Trans-Pacific Partnership, a global trade agreement intended to include the United States, Canada, Mexico, Peru and a number of Asian countries. Additionally, in March 2018, the U.S. President announced tariffs on imported steel and aluminum into the United States that could have a negative impact on international trade generally and dry bulk shipping specifically. Most recently, in January 2019, the United States announced expanded sanctions against Venezuela, which may have an effect on its oil output and in turn affect global oil supply.

Our operations expose us to the risk that increased trade protectionism will adversely affect our business. If the continuing global recovery is undermined by downside risks and the recent economic downturn is prolonged, governments may turn to trade barriers to protect their domestic industries against foreign imports, thereby depressing the demand for shipping. Specifically, increasing trade protectionism in the markets that our charterers serve has caused and may continue to cause an increase in: (i) the cost of goods exported from China, (ii) the length of time required to deliver goods from China and (iii) the risks associated with exporting goods from China, as well as a decrease in the quantity of goods to be shipped.

Any increased trade barriers or restrictions on trade, especially trade with China, would have an adverse impact on our charterers' business, operating results and financial condition and could thereby affect their ability to make timely charter hire payments to us and to renew and increase the number of their time charters with us. This could have a material adverse effect on our business, financial condition and earnings.

A decline in the state of global financial markets and economic conditions may adversely impact our ability to obtain additional financing or refinance our existing loan and credit facilities on acceptable terms which may hinder or prevent us from expanding our business.

Recent volatility in global financial markets and economic conditions has negatively affected the general willingness of banks and other financial institutions to extend credit, particularly in the shipping industry, due to the historically volatile asset values of vessels. As the shipping industry is highly dependent on the availability of credit to finance and expand operations, it has been, and may continue to be negatively affected by a decline in lending. Furthermore, a decline in global financial markets may adversely impact our ability to issue additional equity at prices that are not dilutive to our existing shareholders or preclude us from issuing equity at all.

Also, as a result of any renewed concerns about the stability of financial markets generally and the solvency of counterparties specifically, the cost of obtaining money from the credit markets may increase as lenders may increase interest rates, enact tighter lending standards, refuse to refinance existing debt at all or on terms similar to current debt and reduce, and in some cases cease to provide funding to borrowers. Due to these factors, we cannot be certain that additional financing will be available if needed and to the extent required, or that we will be able to refinance our existing loan and credit facilities, on acceptable terms or at all. If additional 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.

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

The IMO has imposed updated guidelines for ballast water management systems specifying the maximum amount of viable organisms allowed to be discharged from a vessel's ballast water. Depending on the date of the IOPP renewal survey, existing vessels constructed before September 8, 2017 must comply with the updated D-2 standard on or after September 8, 2019. For most vessels, compliance with the D-2 standard will involve installing on-board systems to treat ballast water and eliminate unwanted organisms. Ships constructed on or after September 8, 2017 are to comply with the D-2 standards on or after September 8, 2017. We currently have 36 vessels that do not comply with the updated guideline and costs of compliance may be substantial and adversely affect our revenues and profitability.

Furthermore, United States regulations are currently changing. Although the 2013 Vessel General Permit ("VGP") program and U.S. National Invasive Species Act ("NISA") are currently in effect to regulate ballast discharge, exchange and installation, the Vessel Incidental Discharge Act ("VIDA"), which was signed into law on December 4, 2018, requires that the U.S. Coast Guard develop implementation, compliance, and enforcement regulations regarding ballast water within two years. The new regulations could require the installation of new equipment, which may cause us to incur substantial costs.

An over-supply of dry bulk carrier capacity may prolong or further depress the current low charter rates and, in turn, adversely affect our profitability.

The market supply of dry bulk carriers has increased materially since 2009 due to a high level of new deliveries in the last few years. Although dry bulk newbuilding deliveries have tapered off since 2014, newbuildings continued to be delivered through the end of 2018. While vessel supply will continue to be affected by the delivery of new vessels and the removal of vessels from the global fleet, either through scrapping or accidental losses, an over-supply of dry bulk carrier capacity could prolong the period during which low charter rates prevail. Currently, more than half of our vessels are scheduled to come off of their current charters in 2019, based on their earliest redelivery date, for which we may be seeking new employment.

Risks associated with operating ocean-going vessels could affect our business and reputation, which could adversely affect our revenues and stock price.

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

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

These hazards may result in death or injury to persons, loss of revenues or property, environmental damage, higher insurance rates, damage to our customer relationships, delay or rerouting. If our vessels suffer damage, they may need to be repaired at a drydocking facility. The costs of drydock repairs are unpredictable and may be substantial. We may have to pay drydocking costs that our insurance does not cover in full. The loss of earnings while these vessels are being repaired and repositioned, as well as the actual cost of these repairs, would decrease our earnings. 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 steam to more distant drydocking facilities would decrease our earnings. The involvement of our vessels in an environmental disaster may also harm our reputation as a safe and reliable vessel owner and operator.

World events could affect our earnings and financial condition.

Continuing conflicts and recent developments in the Middle East, Ukraine and other geographic countries and areas, geopolitical events such as Brexit, terrorist or other attacks, and war (or threatened war) or international hostilities, such as those between the United States 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. 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. 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 the Gulf of Guinea. 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.

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, the Indian Ocean and in the Gulf of Aden off the coast of Somalia. 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 occur in regions in which our vessels are deployed that insurers characterized 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, including due to employing onboard security guards, could increase in such circumstances. Furthermore, while we believe the charterer remains liable for charter payments when a vessel is seized by pirates, the charterer may dispute this and withhold charterhire until the vessel is released. A charterer may also claim that a vessel seized by pirates was not "on-hire" for a certain number of days and is therefore entitled to cancel the charter party, a claim that we would dispute. We may not be adequately insured to cover losses from these incidents, which could have a material adverse effect on us. In addition, any detention hijacking 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 and earnings.

Our operating results are subject to seasonal fluctuations, which could affect our operating results.

We operate our vessels in markets that have historically exhibited seasonal variations in demand and, as a result, in charter hire rates. This seasonality may result in quarter-to-quarter volatility in our operating results. The dry bulk carrier market is typically stronger in the fall and winter months in anticipation of increased consumption of coal and other raw materials in the northern hemisphere during the winter months. In addition, unpredictable weather patterns in these months tend to disrupt vessel scheduling and supplies of certain commodities. As a result, our revenues may be weaker during the fiscal quarters ended June 30 and September 30, and, conversely, our revenues may be stronger in fiscal quarters ended December 31 and March 31. While this seasonality will not directly affect our operating results, it could materially affect our operating results to the extent our vessels are employed in the spot market in the future.

An increase in the price of fuel, or bunkers, may adversely affect profits.

While we generally will not bear the cost of fuel, or bunkers, for vessels operating on time charters, fuel is 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. Fuel is also a significant, if not the largest, expense in our shipping operations when vessels are under voyage charter. The price and supply of fuel is unpredictable and fluctuates based on events outside our control, including geopolitical developments, supply of and demand for oil and gas, actions by the Organization of Petroleum Exporting Countries and other oil and gas producers, war and unrest in oil producing countries and regions, regional production patterns and environmental concerns and regulations. Fuel may become much more expensive in the future, including as a result of the imposition of sulfur oxide emissions limits in 2020 under new regulations adopted by the International Maritime Organization, or the IMO, which may reduce the profitability and competitiveness of our business versus other forms of transportation, such as truck or rail.

We are subject to complex laws and regulations, including environmental regulations that can adversely affect the cost, manner or feasibility of doing business.

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, or USCG 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, continue 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 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.

Increased inspection procedures, tighter import and export controls and new security regulations could increase costs and disrupt our business.

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

It is possible that changes to inspection procedures could impose additional financial and legal obligations on us. Changes to inspection procedures could also impose additional costs and obligations on our customers and may, in certain cases, render the shipment of certain types of cargo uneconomical or impractical. Any such changes or developments may have a material adverse effect on our business, financial condition and earnings.

The operation of dry bulk carriers has certain unique operational risks which could affect our earnings and cash flow.

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

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

We cannot assure you that we will be adequately insured against all risks or that we will be able to obtain adequate insurance coverage at reasonable rates for our vessels in the future. For example, in the past more stringent environmental regulations have led to increased costs for, and in the future may result in the lack of availability of, insurance against risks of environmental damage or pollution. Additionally, our insurers may refuse to pay particular claims. Any significant loss or liability for which we are not insured could have a material adverse effect on our financial condition.

Our vessels may call on ports located in countries that are subject to sanctions and embargoes imposed by the U.S. or other governments, which could adversely affect our reputation and the market for our common stock.

From time to time on charterers' instructions, our vessels may call on ports located in countries subject to countrywide U.S. sanctions, including Iran, North Korea, Sudan and Syria. Since July 11, 2011, none of our vessels have called on ports in North Korea, Sudan or Syria. The U.S. sanctions and embargo laws and regulations vary in their application, as they do not all apply to the same covered persons or proscribe the same activities, and such sanctions and embargo laws and regulations may be amended or strengthened over time. With effect from July 1, 2010, the U.S. enacted the Comprehensive Iran Sanctions Accountability and Divestment Act, or CISADA, which expanded the scope of the Iran Sanctions Act. Among other things, CISADA expands the application of the prohibitions to companies such as ours and introduces limits on the ability of companies and persons to do business or trade with Iran when such activities relate to the investment, supply or export of refined petroleum or petroleum products. In addition, on May 1, 2012, President Obama signed Executive Order 13608 which prohibits foreign persons from violating or attempting to violate, or causing a violation of any sanctions in effect against Iran or facilitating any deceptive transactions for or on behalf of any person subject to U.S. sanctions. Any persons found to be in violation of Executive Order 13608 will be deemed a foreign sanctions evader and will be banned from all contacts with the United States, including conducting business in U.S. dollars. Any persons found to be in violation of Executive Order 13608 will be deemed a foreign sanctions evader, and U.S. persons are generally prohibited from all transactions or dealings with such persons, whether direct or indirect. Among other things, foreign sanctions evaders are unable to transact in U.S. dollars.

Also in 2012, President Obama signed into law the Iran Threat Reduction and Syria Human Rights Act of 2012, or the Iran Threat Reduction Act, which created new sanctions and strengthened existing sanctions. Among other things, the Iran Threat Reduction Act intensifies existing sanctions regarding the provision of goods, services, infrastructure or technology to Iran's petroleum or petrochemical sector. The Iran Threat Reduction Act also includes a provision requiring the President of the United States to impose five or more sanctions from Section 6(a) of the Iran Sanctions Act, as amended, on a person the President determines is a controlling beneficial owner of, or otherwise owns, operates, or controls or insures a vessel that was used to transport crude oil from Iran to another country and (1) if the person is a controlling beneficial owner of the vessel, the person had actual knowledge the vessel was so used or (2) if the person otherwise owns, operates, or controls, or insures the vessel, the person knew or should have known the vessel was so used. Such a person could be subject to a variety of sanctions, including exclusion from U.S. capital markets, exclusion from financial transactions subject to U.S. jurisdiction, and exclusion of that person's vessels from U.S. ports for up to two years.

On November 24, 2013, the P5+1 (the United States, United Kingdom, Germany, France, Russia and China) entered into an interim agreement with Iran entitled the Joint Plan of Action, or the JPOA. Under the JPOA it was agreed that, in exchange for Iran taking certain voluntary measures to ensure that its nuclear program is used only for peaceful purposes, the United States and European Union would voluntarily suspend certain sanctions for a period of six months. On January 20, 2014, the United States and European Union indicated that they would begin implementing the temporary relief measures provided for under the JPOA. These measures included, among other things, the suspension of certain sanctions on the Iranian petrochemicals, precious metals, and automotive industries from January 20, 2014 until July 20, 2014. The JPOA was subsequently extended twice.

On July 14, 2015, the P5+1 and the European Union announced that they reached a landmark agreement with Iran titled the Joint Comprehensive Plan of Action Regarding the Islamic Republic of Iran's Nuclear Program, or the JCPOA, which is intended to significantly restrict Iran's ability to develop and produce nuclear weapons for 10 years while simultaneously easing sanctions directed toward non-U.S. persons for conduct involving Iran, but taking place outside of U.S. jurisdiction and does not involve U.S. persons. On January 16, 2016, or Implementation Day, the United States joined the European Union and the United Nations in lifting a significant number of their nuclear-related sanctions on Iran following an announcement by the International Atomic Energy Agency, or IAEA, that Iran had satisfied its respective obligations under the JCPOA.

U.S. sanctions prohibiting certain conduct that was permitted under the JCPOA was not actually repealed or permanently terminated. Rather, the U.S. government implemented changes to the sanctions regime by: (1) issuing waivers of certain statutory sanctions provisions; (2) committing to refrain from exercising certain discretionary sanctions authorities; (3) removing certain individuals and entities from OFAC's sanctions lists; and (4) revoking certain Executive Orders and specified sections of Executive Orders. These sanctions were not be permanently "lifted." On October 13, 2017, the U.S. President announced that he would not certify Iran’s compliance with the JCPOA. This did not withdraw the United States from the JCPOA or reinstate any sanctions. On May 8, 2018, President Trump announced his decision to cease U.S. participation in the JCPOA and to reimpose the U.S. nuclear-related sanctions that were previously lifted, following two wind-down periods. The second wind-down period ended on November 4, 2018.

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 Obama administration, the European Union and/or other international bodies as a result of the annexation of Crimea by Russia in March 2014. 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. Currently, we do not believe that any of our existing counterparties are affiliated with persons or entities that are subject to such sanctions.

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

Maritime claimants could arrest or attach one or more of our vessels, which could interrupt 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 a vessel for unsatisfied debts, claims or damages. In many jurisdictions, a maritime lien holder may enforce its lien by arresting or attaching a vessel through foreclosure proceedings. The arrest or attachment of one or more of our vessels could interrupt our cash flows and require us to pay large sums of money to have the arrest or attachment lifted. In addition, in some jurisdictions, such as South Africa, under the "sister ship" theory of liability, a claimant may arrest both the vessel that is subject to the claimant's maritime lien and any "associated" vessel, which is any vessel owned or controlled by the same owner. Claimants could attempt to assert "sister ship" liability against one vessel in our fleet for claims relating to another of our vessels.

We conduct business in China, where the legal system is not fully developed 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.

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

A government could requisition one or more of our vessels for title or for hire. Requisition for title occurs when a government takes control of a vessel and becomes her owner, while requisition for hire occurs when a government takes control of a vessel and effectively becomes her charterer at dictated charter rates. Generally, requisitions occur during periods of war or emergency, although governments may elect to requisition vessels in other circumstances. Although we would be entitled to compensation in the event of a requisition of one or more of our vessels, the amount and timing of payment would be uncertain. Government requisition of one or more of our vessels may negatively impact our revenues and reduce the amount of cash we may have available for distribution as dividends to our shareholders, if any such dividends are declared.

Failure to comply with the U.S. Foreign Corrupt Practices Act 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 which is consistent and in full compliance with the U.S. Foreign Corrupt Practices Act of 1977, or 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. 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. 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.

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 European Union 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 European Union 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 has become enforceable on May 25, 2018 and non-compliance may expose 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 have declined in recent years and may further decline, which could limit the amount of funds that we can borrow and could trigger breaches of certain financial covenants contained in our loan facilities, which could adversely affect our operating results, and we may incur a loss if we sell vessels following a decline in their market values.

The market values of our vessels, which are related to prevailing freight charter rates, have declined significantly in recent years. While the market values of vessels and the freight charter market have a very close relationship as the charter market moves from trough to peak, the time lag between the effect 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 values of our vessels to fluctuate depending on a number of factors including:

- the prevailing level of charter hire 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;
- technological advances;
- the need to upgrade vessels as a result of chaterer requirements, technological advances in vessel design or equipment or otherwise; and
- the cost of newbuildings.

The market values of our vessels are at low levels compared to historical averages and if the market values of our vessels decline further, we may not be in compliance with certain covenants contained in our current and future 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 at December 31, 2018, we were in compliance with all of the covenants in our loan facilities. If we are not able to comply with the covenants in our loan facilities or are unable to obtain waivers or amendments or otherwise remedy the relevant breach, our lenders could accelerate our debt and foreclose on our vessels.

Furthermore, if we sell any of our owned vessels at a time when prices are depressed, our business, results of operations, cash flow and financial condition could be adversely affected. Moreover, if we sell a vessel at a time when vessel prices have fallen and before we have recorded an impairment adjustment to our financial statements, the sale may be at less than the vessel's carrying amount in our financial statements, resulting in a loss and a reduction in earnings. In addition, if vessel values persist or decline further, we may have to record an impairment adjustment in our financial statements which could adversely affect our financial results.

We charter some of our vessels on short-term time charters in a volatile shipping industry and a decline in charter hire rates could affect our results of operations and our ability to pay dividends.

Although significant exposure to short-term time charters is not unusual in the dry bulk shipping industry, the short-term time charter market is highly competitive and spot market charter hire rates (which affect time charter rates) may fluctuate significantly based upon available charters and the supply of, and demand for, seaborne shipping capacity. While the short-term time charter market may enable us to benefit in periods of increasing charter hire rates, we must consistently renew our charters and this dependence makes us vulnerable to declining charter rates. As a result of the volatility in the dry bulk carrier charter market, we may not be able to employ our vessels upon the termination of their existing charters at their current charter hire rates or at all. The dry bulk carrier charter market is volatile, and in the recent past, short-term time charter and spot market charter rates for some dry bulk carriers declined below the operating costs of those vessels before rising. We cannot assure you that future charter hire rates will enable us to operate our vessels profitably, or to pay dividends.

Rising crew costs could adversely affect our results of operations.

Due to an increase in the size of the global shipping fleet, the limited supply of and increased demand for crew has created upward pressure on crew costs. Continued higher crew costs or further increases in crew costs could adversely affect our results of operations.

Our investment in Diana Wilhelmsen Management Limited may expose us to additional risks.

During 2015 we invested in a 50/50 joint venture with Wilhelmsen Ship Management to provide management services to a limited number of vessels in our fleet, but our eventual goal is to provide fleet management services to unaffiliated third party vessel operators. While this joint venture may provide us in the future with a potential revenue source, it may also expose us to risks such as low customer satisfaction, increased operating costs compared to those we would achieve for our vessels, and inability to adequately staff our vessels with crew that meets our expectations or to maintain our vessels according to our standards, which would adversely affect our financial condition.

The effects of the Greek crisis could adversely affect the operations of our fleet manager, which has offices in Greece.

As a result of the economic slump in Greece and the capital controls imposed by the Greek government in June 2015, Diana Shipping Services S.A., our manager which has offices in Greece, may be subjected to new regulations that may require us to incur new or additional compliance or other administrative costs and may require that we pay to the Greek government new taxes or other fees. Although the Greek economy showed signs of improvement since 2017, conditions may worsen in the future, which may adversely affect the operations of our manager located in Greece. We also face the risk that enhanced capital controls, strikes, work stoppages, civil unrest and violence within Greece may disrupt the operations of our manager located in Greece.

A cyber-attack could materially disrupt our business.

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

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 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 for 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 earnings may be adversely affected if we are not able to take advantage of favorable charter rates.

We charter our dry bulk carriers to customers pursuant to short, medium or long-term time charters. However, as part of our business strategy, the majority of our vessels are currently fixed on short to medium-term time charters. We may extend the charter periods for additional vessels in our fleet, including additional dry bulk carriers that we may purchase in the future, to take advantage of the relatively stable cash flow and high utilization rates that are associated with long-term time charters. While we believe that long-term charters provide us with relatively stable cash flows and higher utilization rates than shorter-term charters, our vessels that are committed to long-term charters may not be available for employment on short-term charters during periods of increasing short-term charter hire rates when these charters may be more profitable than long-term charters.

Investment in derivative instruments such as forward freight agreements could result in losses.

From time to time, we may take positions in derivative instruments including forward freight agreements, or FFAs. FFAs and other derivative instruments may be used to hedge a vessel owner's exposure to the charter market by providing for the sale of a contracted charter rate along a specified route and period of time. Upon settlement, if the contracted charter rate is less than the average of the rates, as reported by an identified index, for the specified route and period, the seller of the FFA is required to pay the buyer an amount equal to the difference between the contracted rate and the settlement rate, multiplied by the number of days in the specified period. Conversely, if the contracted rate is greater than the settlement rate, the buyer is required to pay the seller the settlement sum. If we take positions in FFAs or other derivative instruments and do not correctly anticipate charter rate movements over the specified route and time period, we could suffer losses in the settling or termination of the FFA. This could adversely affect our results of operations and cash flows.

We may have difficulty effectively managing any further growth, which may adversely affect our earnings.

Since the completion of our initial public offering in March 2005, we have increased our fleet to 48 vessels in operation, as of the date of this annual report. The significant increase in the size of our fleet has imposed significant additional responsibilities on our management and staff. We may grow our fleet further in the future and this may require us to increase the number of our personnel. We may also have to increase our customer base to provide continued employment for the new vessels.

Any future growth will primarily depend on our ability to:

- locate and acquire suitable vessels;
- identify and consummate acquisitions or joint ventures;
- enhance our customer base;
- manage our expansion; and
- obtain required financing on acceptable terms.

Growing any business by acquisition presents numerous risks, such as undisclosed liabilities and obligations, the possibility that indemnification agreements will be unenforceable or insufficient to cover potential losses and difficulties associated with imposing common standards, controls, procedures and policies, obtaining additional qualified personnel, managing relationships with customers and integrating newly acquired assets and operations into existing infrastructure. We cannot give any assurance that we will be successful in executing our growth plans or that we will not incur significant expenses and losses in connection with our future growth.

We cannot assure you that we will be able to borrow amounts under our loan facilities and restrictive covenants in our loan facilities impose financial and other restrictions on us.

We have entered into several loan agreements to finance vessel acquisitions and the construction of newbuildings. As of December 31, 2018, we had $534.9 million outstanding under our facilities and bond. Our ability to borrow amounts under our facilities is subject to the execution of customary documentation relating to the facility, including security documents, satisfaction of certain customary conditions precedent and compliance with terms and conditions included in the loan documents. Prior to each drawdown, we are required, among other things, to provide the lender with acceptable valuations of the vessels in our fleet confirming that the vessels in our fleet have a minimum value and that the vessels in our fleet that secure our obligations under the facilities are sufficient to satisfy minimum security requirements. To the extent that we are not able to satisfy these requirements, including as a result of a decline in the value of our vessels, we may not be able to draw down the full amount under the facilities without obtaining a waiver or consent from the lender. We will also not be permitted to borrow amounts under the facilities if we experience a change of control.

The loan facilities also impose operating and financial restrictions on us. These restrictions may limit our ability to, among other things:

- pay dividends if we do not repay amounts drawn under our loan facilities, if there is a default under the loan facilities or if the payment of the dividend would result in a default or breach of a loan covenant;
- incur additional indebtedness, including through the issuance of guarantees;
- change the flag, class or management of our vessels;
- create liens on our assets;
- sell our vessels;
- enter into a time charter or consecutive voyage charters that have a term that exceeds, or which by virtue of any optional extensions may exceed a certain period;
- merge or consolidate with, or transfer all or substantially all our assets to, another person; and
- enter into a new line of business.

Therefore, we may need to seek permission from our lenders in order to engage in some corporate actions. Our lenders' interests may be different from ours and we cannot guarantee that we will be able to obtain our lenders' permission when needed. This may limit our ability to finance our future operations, make acquisitions or pursue business opportunities.

We cannot assure you that we will be able to refinance indebtedness incurred under our loan facilities.

We cannot assure you that we will be able to refinance our indebtedness with equity offerings or otherwise, on terms that are acceptable to us or at all. If we are not able to refinance these amounts with the net proceeds of equity offerings or otherwise, on terms acceptable to us or at all, we will have to dedicate a greater portion of our cash flow from operations to pay the principal and interest of this indebtedness than if we were able to refinance such amounts. If we are not able to satisfy these obligations, we may have to undertake alternative financing plans. The actual or perceived credit quality of our charterers, any defaults by them, and the market value of our fleet, among other things, may materially affect our ability to obtain alternative financing. In addition, debt service payments under our loan facilities or alternative financing may limit funds otherwise available for working capital, capital expenditures and other purposes. If we are unable to meet our debt obligations, or if we otherwise default under our loan facilities or an alternative financing arrangement, our lenders could declare the debt, together with accrued interest and fees, to be immediately due and payable and foreclose on our fleet, which could result in the acceleration of other indebtedness that we may have at such time and the commencement of similar foreclosure proceedings by other lenders.

Purchasing and operating secondhand vessels may result in increased operating costs and reduced operating days, which may adversely affect our earnings.

While we have the right to inspect previously owned vessels prior to our purchase of them and we usually inspect secondhand vessels that we acquire, such inspections do not provide us with the same knowledge about their condition that we would have if these vessels had been built for, and operated exclusively by, us. A secondhand vessel may have conditions or defects that we were not aware of when we bought the vessel and which may require us to incur costly repairs to the vessel. These repairs may require us to put a vessel into drydock, which would reduce our operating days. Furthermore, we usually do not receive the benefit of warranties on secondhand vessels.

We are subject to certain risks with respect to our counterparties on contracts, and failure of such counterparties to meet their obligations could cause us to suffer losses or otherwise adversely affect our business.

We enter into, among other things, charter parties with our customers. Such agreements subject us to counterparty risks. The ability and willingness of each of our counterparties to perform its obligations under a contract with us will depend on a number of factors that are beyond our control and may include, among other things, general economic conditions, the condition of the maritime and offshore industries, the overall financial condition of the counterparty, charter rates received for specific types of vessels, and various expenses. 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.

In addition, in depressed market conditions, our charterers may no longer need a vessel that is currently under charter or may be able to obtain a comparable vessel at lower rates. As a result, charterers may seek to renegotiate the terms of their existing charter agreements or avoid their obligations under those contracts. If our charterers fail to meet their obligations to us or attempt to renegotiate our 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.

In the highly competitive international shipping industry, we may not be able to compete for charters with new entrants or established companies with greater resources, and as a result, we may be unable to employ our vessels profitably.

We employ our vessels in a highly competitive market that is capital intensive and highly fragmented. Competition arises primarily from other vessel owners, some of whom have substantially greater resources than we do. Competition for the transportation of dry bulk cargo by sea is intense and depends on price, location, size, age, condition and the acceptability of the vessel and its operators to the charterers. Due in part to the highly fragmented market, competitors with greater resources than us could enter the dry bulk shipping industry and operate larger fleets through consolidations or acquisitions and may be able to offer lower charter rates and higher quality vessels than we are able to offer. If we are unable to successfully compete with other dry bulk shipping companies, our results of operations may be adversely impacted.

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. We have entered into employment contracts with our Chief Executive Officer and Chairman of the Board, Mr. Simeon Palios; our President, Mr. Anastasios Margaronis; our Chief Financial Officer, Mr. Andreas Michalopoulos; our Chief Strategy Officer, Mr. Ioannis Zafirakis and our Chief Operating Officer, Mrs. Semiramis Paliou. 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 have a similar effect. We do not currently, nor do we intend to, maintain "key man" life insurance on any of our officers or other members of our management team.

The fiduciary duties of our officers and directors may conflict with those of the officers and directors of Performance Shipping.

Certain of our officers and directors are officers and directors of Performance Shipping Inc. (formerly known as Diana Containerships Inc. until February 2019), or Performance Shipping, and have fiduciary duties to manage our business in a manner beneficial to us and our shareholders, as well as a duty to the shareholders of Performance Shipping. Consequently, these officers and directors may encounter situations in which their fiduciary obligations to Performance Shipping and to us are in conflict. The resolution of these conflicts may not always be in our best interest or that of our shareholders and could have a material adverse effect on our business, results of operations, cash flows and financial condition.

We may not have adequate insurance to compensate us if we lose our vessels or to compensate third parties.

We procure insurance for our fleet against risks commonly insured against by vessel owners and operators. Our current insurance includes hull and machinery insurance, war risks insurance and protection and indemnity insurance (which includes environmental damage and pollution insurance). We can give no assurance that we are adequately insured against all risks or that our insurers will pay a particular claim. Even if our insurance coverage is adequate to cover our losses, we may not be able to timely obtain a replacement vessel in the event of a loss. Furthermore, in the future, we may not be able to obtain adequate insurance coverage at reasonable rates for our fleet. We may also be subject to calls, or premiums, in amounts based not only on our own claim records but also the claim records of all other members of the protection and indemnity associations through which we receive indemnity insurance coverage for tort liability. Our insurance policies also contain deductibles, limitations and exclusions which, although we believe are standard in the shipping industry, may nevertheless increase our costs.

Our vessels may suffer damage and we may face unexpected drydocking costs, which could adversely affect our cash flow and financial condition.

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. The loss of earnings while a vessel is being repaired and repositioned, as well as the actual cost of these repairs not covered by our insurance, would decrease our earnings and available cash. We may not have insurance that is sufficient to cover all or any of the costs or losses for damages to our vessels and may have to pay drydocking costs not covered by our insurance.

The aging of our fleet may result in increased operating costs in the future, which could adversely affect our earnings.

In general, the cost of maintaining a vessel in good operating condition increases with the age of the vessel. Currently, our fleet consists of 48 vessels in operation, having a combined carrying capacity of 5.7 million dead weight tons, or dwt, and a weighted average age of 9.3 years as of the date of this report. As our fleet ages, we will incur increased costs. Older vessels are typically less fuel efficient and more costly to maintain than more recently constructed vessels due to improvements in engine technology. Cargo insurance rates increase with the age of a vessel, making older vessels less desirable to charterers. Governmental regulations and safety or other equipment standards related to the age of vessels may also require expenditures for alterations or the addition of new equipment to our vessels and may restrict the type of activities in which our vessels may engage. 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.

We are exposed to U.S. dollar and foreign currency fluctuations and devaluations that could harm our reported revenue and results of operations.

We generate all of our revenues in U.S. dollars but incur around half of our operating expenses and our general and administrative expenses in currencies other than the U.S. dollar, primarily the Euro. Because a significant portion of our expenses is incurred in currencies other than the U.S. dollar, our expenses may from time to time increase relative to our revenues as a result of fluctuations in exchange rates, particularly between the U.S. dollar and the Euro, which could affect the amount of net income that we report in future periods. 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.

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

LIBOR may be volatile, with the spread between LIBOR and the prime lending rate widening significantly at times. These conditions are the result of disruptions in the international markets. Because the interest rates borne by our outstanding loan facilities fluctuate with changes in LIBOR, it would affect the amount of interest payable on our debt, which, in turn, could have an adverse effect on our profitability, earnings and cash flow. Recently, however, there is uncertainty relating to the LIBOR calculation process which may result in the phasing out of LIBOR in the future, and lenders have insisted on provisions that entitle the lenders, in their discretion, to replace published LIBOR as the base for the interest calculation with their cost-of-funds rate. If we are required to agree to such a provision in future loan agreements, our lending costs could increase significantly, which would also have an adverse effect on our profitability, earnings and cash flow.

In addition, the banks, currently reporting information used to set LIBOR, will likely stop such reporting after 2021, when their commitment to reporting information ends. The Alternative Reference Rate Committee, or "Committee", a committee convened by the U.S. Federal Reserve that includes major market participants, has proposed an alternative rate to replace U.S. Dollar LIBOR: the Secured Overnight Financing Rate, or "SOFR." The impact of such a transition away from LIBOR would be significant for us because of our substantial indebtedness.

We depend upon a few significant customers for a large part of our revenues and the loss of one or more of these customers could adversely affect our financial performance.

We have historically derived a significant part of our revenues from a small number of charterers. During 2018, 2017, and 2016, approximately 55%, 43% and 54%, respectively, of our revenues were derived from five, three and four charterers, respectively. If one or more of our charterers chooses not to charter our vessels or is unable to perform under one or more charters with us and we are not able to find a replacement charter, we could suffer a loss of revenues that could adversely affect our financial condition and results of operations.

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

We are a holding company and our subsidiaries conduct all of our operations and own all of our operating assets. We have no significant assets other than the equity interests in our subsidiaries. As a result, our ability to satisfy our financial obligations depends on our subsidiaries and their ability to distribute funds to us. If we are unable to obtain funds from our subsidiaries, we may not be able to satisfy our financial obligations.

Because we are organized under the laws of the Marshall Islands, it may be difficult to serve us with legal process or enforce judgments against us, our directors or our management.

We are organized under the laws of the Marshall Islands, and substantially all of our assets are located outside of the United States. In addition, the majority of our directors and officers are non-residents of the United States, and all or a substantial portion of the assets of these non-residents are located outside the United States. As a result, it may be difficult or impossible for someone to bring an action against us or against these individuals in the United States if they believe that their rights have been infringed under securities laws or otherwise. Even if you are successful in bringing an action of this kind, the laws of the Marshall Islands and of other jurisdictions may prevent or restrict them from enforcing a judgment against our assets or the assets of our directors or officers.

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.

If we expand our business further, we may need to improve our operating and financial systems and will need to recruit suitable employees and crew for our vessels.

Our current operating and financial systems may not be adequate if we further expand the size of our fleet and our attempts to improve those systems may be ineffective. In addition, if we expand our fleet further, we will need to recruit suitable additional seafarers and shoreside administrative and management personnel. While we have not experienced any difficulty in recruiting to date, we cannot guarantee that we will be able to continue to hire suitable employees if we expand our fleet. If we or our crewing agents encounter business or financial difficulties, we may not be able to adequately staff our vessels. If we are unable to grow our financial and operating systems or to recruit suitable employees should we determine to expand our fleet, our financial performance may be adversely affected, among other things.

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

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

We expect that we and each of our subsidiaries qualify for this statutory tax exemption for the 2018 taxable year and we will take this position for U.S. federal income tax return reporting purposes. However, there are factual circumstances beyond our control that could cause us to lose the benefit of this tax exemption in future years and thereby become subject to U.S. federal income tax on our U.S. source shipping income. For example, in certain circumstances we may no longer qualify for exemption under Code Section 883 for a particular taxable year if shareholders, other than "qualified shareholders", with a five percent or greater interest in our common shares owned, in the aggregate, 50% or more of our outstanding common shares for more than half the days during the taxable year. Due to the factual nature of the issues involved, we can give no assurances on our tax-exempt status or that of any of our subsidiaries.

If we or our subsidiaries are not entitled to this exemption under Section 883 of the Code for any taxable year, we or our subsidiaries would be subject for those years to a 4% U.S. federal income tax on our gross U.S.-source shipping income. The imposition of this taxation could have a negative effect on our business and would result in decreased earnings available for distribution to our shareholders, although, for the 2018 taxable year, we estimate our maximum U.S. federal income tax liability to be immaterial if we were subject to this U.S. federal income tax. See "Item 10. Additional Information—E. Taxation" for a more comprehensive discussion of U.S. federal income tax considerations.

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

A foreign corporation will be treated as a "passive foreign investment company", 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, "passive income" includes dividends, interest, gains from the sale or exchange of investment property, and rents and royalties other than rents and royalties which are received from unrelated parties in connection with the active conduct of a trade or business. For purposes of these tests, income derived from the performance of services does not constitute "passive income." U.S. shareholders of a PFIC are subject to a disadvantageous U.S. federal income tax regime with respect to the income derived by the PFIC, the distributions they receive from the PFIC and the gain, if any, they derive from the sale or other disposition of their shares in the PFIC.

Based on our current and proposed method of operation, we do not believe that we will be a PFIC with respect to any taxable year. In this regard, we intend to treat the gross income we derive or are deemed to derive from our time chartering activities as services income, rather than rental income. Accordingly, we believe that our income from our time chartering activities does not constitute "passive income," and the assets that we own and operate in connection with the production of that income do not constitute assets that produce or are held for the production of "passive income".

There is substantial legal authority supporting this position consisting of case law and U.S. 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 this position, and there is a risk that the IRS or a court of law could determine that we are a PFIC. Moreover, no assurance can be given that we would not constitute a PFIC for any future taxable year if the nature and extent of our operations changed.

If the IRS or a court of law were to find that we are or have been a PFIC for any taxable year, our U.S. shareholders would face adverse U.S. federal income tax consequences. Under the PFIC rules, unless those shareholders make an election available under the Code (which election could itself have adverse consequences for such shareholders), such shareholders would be subject to U.S. federal income tax at the then prevailing U.S. federal income tax rates on ordinary income plus interest upon excess distributions and upon any gain from the disposition of our common stock, as if the excess distribution or gain had been recognized ratably over the shareholder's holding period of our common stock. See "Item 10. Additional Information—E. Taxation–United States 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 stock if we are or were to be treated as a PFIC

Risks Relating to Our Common Stock

Our board of directors has suspended the payment of cash dividends on our common stock. We cannot assure you that our board of directors will reinstate dividend payments in the future, or when such reinstatement might occur.

In order to position us to take advantage of market opportunities in a then-deteriorating market, our board of directors, beginning with the fourth quarter of 2008, suspended our common stock dividend. Our dividend policy will be assessed by our board of directors from time to time. We believe that this suspension has enhanced our flexibility by permitting cash flow that would have been devoted to dividends to be used for opportunities that have arisen, and may continue to arise in the marketplace, such as funding our operations, acquiring vessels and servicing our debt.

Our policy, prior to suspension of our dividend, was to declare quarterly distributions to shareholders by each February, May, August and November substantially equal to our available cash from operations during the previous quarter after accounting for cash expenses and reserves for scheduled drydockings, intermediate and special surveys and other purposes as our board of directors may from time to time determine are required, and after taking into account contingent liabilities, the terms of our loan facilities, our growth strategy and other cash needs and the requirements of Marshall Islands law. The declaration and payment of dividends, if any, will always be subject to the discretion of our board of directors. The timing and amount of any dividends declared will depend on, among other things, our earnings, financial condition and cash requirements and availability, our ability to obtain debt and equity financing on acceptable terms as contemplated by our growth strategy and provisions of Marshall Islands law affecting the payment of dividends. In addition, other external factors, such as our lenders imposing restrictions on our ability to pay dividends under the terms of our loan facilities, may limit our ability to pay dividends. Further, under the terms of our loan agreements, we may not be permitted to pay dividends that would result in an event of default or if an event of default has occurred and is continuing.

Our growth strategy contemplates that we will finance the acquisition of additional vessels through a combination of debt and equity financing on terms acceptable to us. If financing is not available to us on acceptable terms, our board of directors may determine to finance or refinance acquisitions with cash from operations, which could also reduce or even eliminate the amount of cash available for the payment of dividends.

Marshall Islands law generally prohibits the payment of dividends other than from surplus (retained earnings and the excess of consideration received for the sale of shares above the par value of the shares) or while a company is insolvent or would be rendered insolvent by the payment of such a dividend. We may not have sufficient surplus in the future to pay dividends. We can give no assurance that we will reinstate our dividends in the future or when such reinstatement might occur.

In addition, our ability to pay dividends to holders of our common shares will be subject to the rights of holders of our Series B Preferred Shares, which rank prior to our common shares with respect to dividends, distributions and payments upon liquidation. No cash dividend may be paid on our common stock unless full cumulative dividends have been or contemporaneously are being paid or provided for on all outstanding Series B Preferred Shares for all prior and the then-ending dividend periods. Cumulative dividends on our Series B Preferred Shares accrue at a rate of 8.875% per annum per $25.00 stated liquidation preference per Series B Preferred Share, subject to increase upon the occurrence of certain events, and are payable, as and if declared by our board of directors, on January 15, April 15, July 15 and October 15 of each year, or, if any such dividend payment date otherwise would fall on a date that is not a business day, the immediately succeeding business day. For additional information about our Series B Preferred Shares, please see the section entitled "Description of Registrant's Securities to be Registered" of our registration statement on Form 8-A filed with the SEC on February 13, 2014 and incorporated by reference herein.

The market price of our common stock has fluctuated widely and may fluctuate widely in the future, and there is no guarantee that there will continue to be an active and liquid public market for you to resell our common stock in the future.

The market price of our common stock is volatile and has fluctuated widely since our common stock began trading on the NYSE, and may continue to fluctuate due to factors such as:

- actual or anticipated fluctuations in our quarterly and annual results and those of other public companies in our industry;

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

The dry bulk shipping industry has been highly unpredictable and volatile. The market for common stock in this industry may be equally volatile. Therefore, we cannot assure you that you will be able to sell any of our common stock you may have purchased at a price greater than or equal to its original purchase price, or that you will be able to sell our common stock at all.

Since we are incorporated in the Marshall Islands, which does not have a well-developed body of corporate law, you may have more difficulty protecting your interests than shareholders of a U.S. corporation.

Our corporate affairs are governed by our amended and restated articles of incorporation and bylaws and by the Marshall Islands Business Corporations Act, or the BCA. The provisions of the BCA resemble provisions of the corporation laws of a number of states in the United States. However, there have been few judicial cases in the Marshall Islands interpreting the BCA. The rights and fiduciary responsibilities of directors under the laws of the Marshall Islands are not as clearly established as the rights and fiduciary responsibilities of directors under statutes or judicial precedent in existence in the United States. The rights of shareholders of the Marshall Islands may differ from the rights of shareholders of companies incorporated in the United States. While the BCA provides that it is to be interpreted according to the laws of the State of Delaware and other states with substantially similar legislative provisions, there have been few, if any, court cases interpreting the BCA in the Marshall Islands and we cannot predict whether Marshall Islands courts would reach the same conclusions as U.S. courts. Thus, you may have more difficulty in protecting your interests in the face of actions by the management, directors or controlling shareholders than would shareholders of a corporation incorporated in a U.S. jurisdiction which has developed a relatively more substantial body of case law.

Certain existing shareholders will be able to exert considerable control over matters on which our shareholders are entitled to vote.

As of the date of this annual report, Mr. Simeon Palios, our Chief Executive Officer and Chairman of the Board, beneficially owns 15,513,891 shares, or approximately 14.7% of our outstanding common stock, which is held indirectly through entities over which he exercises sole voting power. Additionally, on January 31, 2019, we issued 10,675 shares of newly designated Series C Preferred Stock, par value $0.01 per share, to a company controlled by Mr. Palios. The Series C Preferred Stock will vote with our common shares and each share of the Series C Preferred Stock shall entitle the holder thereof to 1,000 votes on all matters submitted to a vote of the common stockholders of the Issuer. Through his beneficial ownership of common shares and shares of Series C Preferred Stock, Mr. Palios controls 22.5% of the vote of any matter submitted to the vote of the common shareholders. Please see "Item 7. Major Shareholders and Related Party Transactions—A. Major Shareholders." While Mr. Palios and the entities controlled by Mr. Palios have no agreement, arrangement or understanding relating to the voting of their shares of our common stock, they are able to influence the outcome of matters on which our shareholders are entitled to vote, including the election of directors and other significant corporate actions. This concentration of ownership may have the effect of delaying, deferring or preventing a change in control, merger, consolidation, takeover or other business combination. This concentration of ownership could also discourage a potential acquirer from making a tender offer or otherwise attempting to obtain control of us, which could in turn have an adverse effect on the market price of our shares. So long as our Chairman continues to own a significant amount of our equity, even though the amount held by him represents less than 50% of our voting power, he will continue to be able to exercise considerable influence over our decisions. The interests of these shareholders may be different from your interests.

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

Our amended and restated articles of incorporation authorize us to issue up to 200,000,000 shares of common stock, of which, as of December 31, 2018, 103,764,351 shares were outstanding. The number of shares of common stock available for sale in the public market is limited by restrictions applicable under securities laws and agreements that we and our executive officers, directors and principal shareholders have entered into.

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

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 market price of our common stock.

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 a majority of the outstanding shares of our common stock entitled to vote for the directors;
- ? prohibiting shareholder action by written consent;
- ? 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 adopted a Stockholders Rights Agreement, dated January 15, 2016, 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 public shareholders to benefit from a change in control and, as a result, may adversely affect the market price of our common stock and your ability to realize any potential change of control premium.

Our Series B Preferred Shares are senior obligations of ours and rank prior to our common shares with respect to dividends, distributions and payments upon liquidation, which could have an adverse effect on the value of our common shares.

The rights of the holders of our Series B Preferred Shares rank senior to the obligations to holders of our common shares. Upon our liquidation, the holders of Series B Preferred Shares will be entitled to receive a liquidation preference of $25.00 per share, plus all accrued but unpaid dividends, prior and in preference to any distribution to the holders of any other class of our equity securities, including our common shares. The existence of the Series B Preferred Shares could have an adverse effect on the value of our common shares.

Risks Relating to Our Series B Preferred Stock

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

We pay quarterly dividends on our Series B Preferred Shares only from funds legally available for such purpose when, as and if declared by our board of directors. We may not have sufficient cash available each quarter to pay dividends. The amount of dividends we can pay on our Series B Preferred Shares depends upon the amount of cash we generate from and use in our operations, which may fluctuate.

The amount of cash we have available for dividends on our Series B Preferred Shares will not depend solely on our profitability. The actual amount of cash we have available to pay dividends on our Series B Preferred Shares depends on many factors, including the following:

- changes in our operating cash flow, capital expenditure requirements, working capital requirements and other cash needs;
- restrictions under our existing or future credit facilities or any future debt securities on our ability to pay dividends if an event of default has occurred and is continuing or if the payment of the dividend would result in an event of default, or under certain facilities if it would result in the breach of certain financial covenants;
- the amount of any cash reserves established by our board of directors; and
- 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.

The amount of cash we generate from our operations may differ materially from our net income or loss for the period, which is affected by non-cash items, and our board of directors in its discretion may elect not to declare any 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.

The Series B Preferred Shares represent perpetual equity interests.

The Series B 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 may be required to bear the financial risks of an investment in the Series B Preferred Shares for an indefinite period of time. In addition, the Series B Preferred Shares will rank junior to all our indebtedness and other liabilities, and to any other senior securities we may issue in the future with respect to assets available to satisfy claims against us.

Our Series B Preferred Shares are subordinate to our indebtedness, and your interests could be diluted by the issuance of additional preferred shares, including additional Series B Preferred Shares, and by other transactions.

Our Series B Preferred Shares are subordinated to all of our existing and future indebtedness. Therefore, our ability to pay dividends on, redeem or pay the liquidation preference on our Series B Preferred Shares in liquidation or otherwise may be subject to prior payments due to the holders of our indebtedness. Our existing indebtedness restricts, and our future indebtedness may include restrictions on, our ability to pay dividends on or redeem preferred shares. Our amended and restated articles of incorporation currently authorize the issuance of up to 25,000,000 preferred shares, par value $0.01 per share. Of these preferred shares, 1,000,000 shares have been designated Series A Participating Preferred Stock and 5,000,000 shares have been designated Series B Preferred Shares. The Series B Preferred Shares are senior in rank to the Series A Participating Preferred Shares. The issuance of additional Series B Preferred Shares or other preferred shares on a parity with or senior to the Series B Preferred Shares would dilute the interests of holders of our Series B Preferred Shares, and any issuance of preferred shares senior to our Series B Preferred Shares or of additional indebtedness could affect our ability to pay dividends on, redeem or pay the liquidation preference on our Series B Preferred Shares. The Series B Preferred Shares do not contain any provisions affording the holders of our Series B Preferred Shares protection in the event of a highly leveraged or other transaction, including a merger or the sale, lease or conveyance of all or substantially all our assets or business, which might adversely affect the holders of our Series B Preferred Shares, so long as the rights of our Series B Preferred Shares are not directly materially and adversely affected.

We may redeem the Series B Preferred Shares, and you may not be able to reinvest the redemption price you receive in a similar security.

Since February 14, 2019, we may, at our option, redeem Series B Preferred Shares, in whole or in part, at any time or from time to time. We may have an incentive to redeem Series B Preferred Shares voluntarily if market conditions allow us to issue other preferred shares or debt securities at a rate that is lower than the dividend on the Series B Preferred Shares. If we redeem Series B Preferred Shares, then from and after the redemption date, your dividends will cease to accrue on your Series B Preferred Shares, your Series B Preferred Shares shall no longer be deemed outstanding and all your rights as a holder of those shares will terminate, except the right to receive the redemption price plus accumulated and unpaid dividends, if any, payable upon redemption. If we redeem the Series B Preferred Shares for any reason, you may not be able to reinvest the redemption price you receive in a similar security.

Market interest rates may adversely affect the value of our Series B Preferred Shares.

One of the factors that may influence the price of our Series B Preferred Shares is the dividend yield on the Series B Preferred Shares (as a percentage of the price of our Series B Preferred Shares) relative to market interest rates. An increase in market interest rates, which are currently at low levels relative to historical rates, may lead prospective purchasers of our Series B Preferred Shares to expect a higher dividend yield, and higher interest rates would likely increase our borrowing costs and potentially decrease funds available for distribution. Accordingly, higher market interest rates could cause the market price of our Series B Preferred Shares to decrease.

As a holder of Series B Preferred Shares you have extremely limited voting rights.

Your voting rights as a holder of Series B Preferred Shares are extremely limited. Our common shares are the only outstanding class or series of our shares carrying full voting rights. Holders of Series B Preferred Shares have no voting rights other than the ability, subject to certain exceptions, to elect one director if dividends for six quarterly dividend periods (whether or not consecutive) payable on our Series B Preferred Shares are in arrears and certain other limited protective voting rights.

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

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

The amount of your liquidation preference is fixed and you will have no right to receive any greater payment regardless of the circumstances.

The payment due upon a liquidation is fixed at the redemption preference of $25.00 per share plus accumulated and unpaid dividends to the date of liquidation. If, in the case of our liquidation, there are remaining assets to be distributed after payment of this amount, you will have no right to receive or to participate in these amounts. Furthermore, if the market price for your Series B Preferred Shares is greater than the liquidation preference, you will have no right to receive the market price from us upon our liquidation.

Item 4. Information on the Company

B. History and development of the Company

Diana Shipping Inc. is a holding company incorporated under the laws of Liberia in March 1999 as Diana Shipping Investments Corp. In February 2005, the Company's articles of incorporation were amended. Under the amended and restated articles of incorporation, the Company was renamed Diana Shipping Inc. and was re-domiciled from the Republic of Liberia to the Republic of the Marshall Islands. Our executive offices are located at Pendelis 16, 175 64 Palaio Faliro, Athens, Greece. Our telephone number at this address is +30-210-947-0100. Our agent and authorized representative in the United States is our wholly-owned subsidiary, Bulk Carriers (USA) LLC, established in September 2006, in the State of Delaware, 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 the Company's Internet site is http://www.dianashippinginc.com.

Business Development and Capital Expenditures and Divestitures

In January 2016, we entered into a loan agreement with the China Export Import Bank, or CEXIM Bank for a loan of up to $75.7 million to finance part of the construction cost of *San Francisco*, *Newport News* and Hull *DY6006*. On January 4, 2017, we drew down $57.24 million. On February 6, 2017, we signed a Deed of Release with the bank, pursuant to which, the owner of Hull *DY6006* was released from all of its obligations under the loan agreement as a borrower as a result of the cancellation of its shipbuilding contract with the yards.

In February 2016, we acquired from a related party three Panamax vessels for an aggregate price of $39.3 million. Two of the vessels, the *Selina* and the *Ismene*, were delivered in March 2016 and the third vessel, the *Maera*, was delivered in May 2016. The Company had agreed to acquire the vessels from entities affiliated with Mrs. Semiramis Paliou and Mrs. Aliki Paliou, each of whom is a family member of the Company's Chief Executive Officer and Chairman of the Board. Mrs. Semiramis Paliou is also a director of the Company. The transaction was approved unanimously by a committee of the Board of Directors established for the purpose of considering the transaction and consisting of the Company's independent directors and each of its executive directors other than Mrs. Semiramis Paliou and Mr. Simeon Palios. The agreed upon purchase price of the vessels was based, among other factors, on independent third party broker valuations obtained by the Company.

In March 2016, we entered into a term loan agreement with ABN AMRO Bank N.V. for a loan of $25.755 million, drawn on March 30, 2016, to finance the acquisition cost of the Selina and the Ismene.

On May 10, 2016, we entered into a term loan agreement with DNB Bank ASA and the CEXIM Bank for a loan of $13.51 million, drawn on the same date, to finance the acquisition cost of the Maera.

In September 2016, we entered into an amendment to the loan agreement with Performance Shipping, dated May 20, 2013 and amended in September 2015, pursuant to which the repayment of all outstanding principal amounts was deferred until the later of (i) the repayment or prepayment in full by Performance Shipping of a deferred amount under its loan agreement with The Royal Bank of Scotland plc, whose repayment was scheduled to commence on March 15, 2019 and to be completed not later than June 15, 2021, and (ii) September 15, 2018. The amendment also changed the borrower under the loan to another wholly-owned subsidiary of Performance Shipping and provided for an increase of the interest rate for the period between September 12, 2016 (the effective date of the amendment) and December 31, 2018 to 3.35% per annum over LIBOR.

In October 2016, we provided a notice of cancellation of the shipbuilding contract, dated January 2014 for the construction of Hull DY6006 for a contract price of $28.8 million, pursuant to our right under the contract to cancel the contract due to a delay in delivery of 150 days after the original delivery date and to claim a refund of the pre-delivery installment payments together with interest at a rate of 5% per annum, amounting to $9.4 million, which was received in December 2016.

In December 2016, one of our wholly-owned subsidiaries, upon signing a settlement agreement with a former charterer, received an amount of $5.5 million as partial payment pursuant to an arbitration award. The partial payment of the arbitration award is without prejudice, and we intend to seek the recovery of the balance of the award.

In January 2017, we took delivery of two Newcastlemax dry bulk vessels, Hull H2548, named *San Francisco,* and Hull H2549, named *Newport News,* which were under construction at China Shipbuilding Trading Company, Limited and Jiangnan Shipyard (Group) Co., Ltd. for a contract price of $47.7 million each.

In April 2017, we issued a total 20,125,000 common shares, at a price of $4.00 per share, in a public offering. As part of the offering, entities affiliated with Simeon Palios, our Chief Executive Officer and Chairman, executive officers and certain directors, purchased an aggregate of 5,500,000 common shares at the public offering price. The net proceeds from the offering after deducting underwriting discounts and other offering expenses were approximately $77.3 million. Substantially all of the net proceeds of the offering were used to fund the acquisition costs of the three dry bulk vessels delivered to us in May 2017 described below.

In April 2017, we acquired from unaffiliated third party sellers two 2013-built Post-Panamax vessels, the *Electra* and the *Phaidra*, for a purchase price of $22.25 million per vessel and a 2013-built Kamsarmax dry bulk carrier, the *Astarte*, for a purchase price of $22.75 million. All three vessels were delivered in May 2017.

In May 2017, we acquired 100 shares of newly-designated Series C Preferred Stock, par value $0.01 per share, of Performance Shipping, in exchange for a reduction of $3.0 million in the principal amount of our loan to Performance Shipping, dated May 20, 2013, as amended. The Series C Preferred Stock has no dividend or liquidation rights. The Series C Preferred Stock votes with the common shares of Performance Shipping and each share of the Series C Preferred Stock entitles the holder thereof to up to 250,000 votes, subject to a cap such that the aggregate voting power of any holder of Series C Preferred Stock together with its affiliates does not exceed 49.0%, on all matters submitted to a vote of the stockholders of Performance Shipping. The acquisition of shares of Series C Preferred Stock was approved by an Independent Committee of our Board of Directors.

In June 2017, we refinanced our unsecured loan facility with Performance Shipping with a new secured loan facility of $82.6 million, which included the $42.4 million outstanding principal balance as of June 30, 2017, increased by the flat fee of $0.2 million payable at maturity, plus an additional loan amount to Performance Shipping of $40.0 million. The loan also had an additional $5.0 million interest-bearing discount premium, bore interest at the rate of 6% per annum for the first twelve (12) months of the loan, scaled to 9% for the next three (3) months, and further scaled to 12% for the remaining three (3) months of the loan. The loan was fully repaid by Performance Shipping in July 2018.

In July 2017, the *Melite* run aground at Pulau Laut, Indonesia, following which, the vessel was considered a constructive total loss. In October 2017, the vessel was sold to an unrelated third party for demolition, on an "as is where is" basis, for approximately $2.5 million, before commissions. As a result of this sale, the outstanding balance of the loan assigned to the vessel amounting to $5.8 million was also prepaid. On November 14, 2017, the Company also received the balance of the insured value (net of the price sold and commissions), amounting to $11.5 million.

In July 2018, the Company signed a term loan facility with BNP Paribas for up to $75 million with maturity date on July 16, 2023, secured by the vessels *Alcmene, Seattle, Electra, Phaidra, Astarte, G P. Zafirakis* and *P.S. Palios*. The proceeds from the loan facility together with available cash were used to voluntarily prepay in full the balance of $130 million of the existing credit facility with BNP Paribas dated June 22, 2015 which had maturity date on July 24, 2020. The new loan facility has resulted in the release of mortgages on 17 of the Company's vessels as of that date.

In September 2018, the Company issued $100 million of senior unsecured bond maturing in September 2023 and callable beginning three years after issuance, or the Bond. In addition, the Company may issue up to an additional $25 million of the Bond on one or more occasions. The Bond offering was priced with a U.S. dollar fixed-rate coupon of 9.50%. Interest will be payable semi-annually in arrears in March and September of each year, commencing in March 2019. Since December 4, 2018, the Bond is listed on the Oslo Stock Exchange under the ticker symbol "DIASH01".

In September 2018, using part of the proceeds from the Bond, the Company exercised its option to redeem all of its outstanding 8.50% Senior Notes due 2020 (NYSE: DSXN), or the Notes, of which an aggregate principal amount of approximately $63.25 million was outstanding. The redemption date was October 29, 2018 and the redemption price was 100% of the principal amount of the Notes, or $25.00 per Note, plus accrued and unpaid interest to, but excluding, the date of redemption. Following the redemption, the Notes were delisted from the New York Stock Exchange.

In November 2018, the Company, through, separate wholly-owned subsidiaries, entered into two Memoranda of Agreement to sell to an unaffiliated third party, the 2001-built vessel Triton for a sale price of $7.35 million before commissions and the 2001-built vessel Alcyon, for a sale price of $7.45 million before commissions. Both vessels were delivered to their new owners in December 2018.

In December 2018, the Company completed a tender offer to purchase 4,166,666 shares, or about 3.86%, of its outstanding common stock using funds available from cash and cash equivalents at a price of $3.60 per share, or $15 million, in the aggregate.

In January 2019, the Company issued 10,675 shares of its newly-designated Series C Preferred Stock, par value $0.01 per share, to an affiliate of its Chairman and Chief Executive Officer, Mr. Simeon Palios, for an aggregate purchase price of approximately $1.07 million. The Series C Preferred Stock will vote with the common shares of the Company, and each share entitles the holder thereof to 1,000 votes on all matters submitted to a vote of the stockholders of the Company. The Series C Preferred Stock has no dividend or liquidation rights and cannot be transferred without the consent of the Company except to the holder's affiliates and immediate family members. The issuance of shares of Series C Preferred Stock was approved by an independent committee of the Board of Directors, which received a fairness opinion from an independent third party that the transaction was fair from a financial point of view to the issuer.

In February 2019, the Company signed, through two separate wholly-owned subsidiaries, two Memoranda of Agreement to sell to two affiliated parties, the vessels *Danae* and *Dione*, each a 2001-built dry bulk vessel for $7.2 million each. The sale of the vessels was approved by disinterested directors of the Company and the vessels were sold at a price equal to the higher of two independent broker valuations. The Company expects the *Danae* to be delivered to her buyer by June 28, 2019 and the *Dione* to her buyer by April 15, 2019.

In February 2019, the Company commenced a tender offer to purchase 5,178,571 shares, or about 4.9%, of its outstanding common stock using funds available from cash and cash equivalents at a price of $2.80 per share, or $14.5 million, net to the seller, in cash, less any applicable withholding taxes and without interest. The tender offer is scheduled to expire on March 27, 2019.

In March 2019, the Company, through two wholly owned subsidiaries, entered into a $19.0 million loan agreement with DNB Bank ASA, for working capital. The loan will be available until March 20, 2019 and will be repayable by March 20, 2024.

Please see "Item 5. Operating and Financial Review and Prospects—B. Liquidity and Capital Resources" for a discussion of our loan facilities.

B. Business overview

We are a global provider of shipping transportation services. We specialize in the ownership of dry bulk vessels.

As of December 31, 2018 and the date of this report, our operating fleet consists of 48 dry bulk carriers, of which 20 are Panamax, five are Kamsarmax, five are Post-Panamax, 14 are Capesize and four are Newcastlemax vessels, having a combined carrying capacity of approximately 5.7 million dwt and a weighted average age of 9.1 years and 9.3 years, respectively. As of the date of this report, we have agreed to sell the vessels *Dione* and *Danae* to affiliated companies, with deliveries to their new buyers expected in April and June 2019, respectively.

As of December 31, 2017, our fleet consisted of 50 vessels of which 22 were Panamax, five were Kamsarmax, five were Post-Panamax, 14 were Capesize and four were Newcastlemax vessels, having a combined carrying capacity of approximately 5.8 million dwt, and a weighted average age of 8.4 years.

As of December 31, 2016, our fleet consisted of 46 vessels of which 23 were Panamax, four were Kamsarmax, three were Post-Panamax, 14 were Capesize and two were Newcastlemax vessels, having a combined carrying capacity of approximately 5.2 million dwt, and a weighted average age of 8.2 years. In addition, we had two vessels under construction which were delivered in January 2017.

During 2018, 2017 and 2016, we had a fleet utilization of 99.1%, 98.2% and 99.4%, respectively, our vessels achieved daily time charter equivalent rates of $12,179, $8,568 and $6,106, respectively, and we generated revenues of $226.2 million, $161.9 million and $114.3 million, respectively.

The following table presents certain information concerning the dry bulk carriers in our fleet, as of March 11, 2019.

Vessel BUILT DWT	Sister Ships*	Gross Rate (USD Per Day)	Com**	Charterers	Delivery Date to Charterers***	Redelivery Date to Owners****	Notes
20 Panamax Bulk Carriers							
1DANAE 2001 75,106	A	$10,000 $8,100	5.00% 5.00%	Phaethon International Company AG	22-Dec-17 7-Feb-19	7-Feb-19 7-Jan-20 - 7-Apr-20	1
2DIONE 2001 75,172	A	$10,350	5.00%	Ausca Shipping Limited, Hong Kong	23-Jan-18	23-Mar-19 - 23-Apr-19	2,3,4
3NIREFS 2001 75,311	A	$10,750	3.75%	Hudson Shipping Lines Incorporated	11-Aug-18	11-Jul-19 - 11-Oct-19	
4OCEANIS 2001 75,211	A	$10,350	5.00%	Ausca Shipping Limited, Hong Kong	16-Nov-18	1-Jan-20 - 31-Mar-20	
5THETIS 2004 73,583	B	$10,650	3.75%	Hudson Shipping Lines Incorporated	16-Nov-18	16-Jan-20 - 16-Apr-20	
6PROTEFS 2004 73,630	B	$11,000	3.75%	Hudson Shipping Lines Incorporated	19-Sep-18	4-Sep-19 - 19-Dec-19	
7CALIPSO 2005 73,691	B	$12,200	5.00%	Glencore Agriculture B.V., Rotterdam	12-Mar-18	28-May-19 - 12-Sep-19	
8CLIO 2005 73,691	B	$10,600	5.00%	Ausca Shipping Limited, Hong Kong	10-Nov-18	10-Sep-19 - 10-Dec-19	
9NAIAS 2006 73,546	B	$10,000 $10,000	5.00% 5.00%	Phaethon International Company AG	26-Nov-17 26-Jan-19	26-Jan-19 26-Dec-20 - 10-Apr-21	
10ARETHUSA 2007 73,593	B	$12,600	5.00%	Glencore Agriculture B.V., Rotterdam	27-Apr-18	27-Apr-19 - 27-Jul-19	
11ERATO 2004 74,444	C	$10,500	5.00%	Phaethon International Company AG	30-Dec-17	18-Mar-19 - 30-May-19	4
12CORONIS 2006 74,381	C	$11,300	5.00%	CJ International Italy Societa Per Azioni	10-Oct-18	11-Aug-19 - 11-Nov-19	
13MELIA 2005 76,225		$12,000	5.00%	United Bulk Carriers International S.A., Luxemburg	28-Apr-18	28-Sep-19 - 28-Dec-19	
14ARTEMIS 2006 76,942		$12,600	5.00%	Ausca Shipping Limited, Hong Kong	17-Sep-18	17-Sep-19 17-Dec-19	

15LETO 2010 81,297		$12,500	5.00%	Glencore Agriculture B.V., Rotterdam	10-Jan-18	10-May-19 - 25-Aug-19	
16SELINA 2010 75,700	D	$12,250	5.00%	BG Shipping Co., Limited, Hong Kong	6-Feb-18	6-Jun-19 - 6-Sep-19	
17MAERA	D	$11,750	5.00%	ST Shipping and Transport Pte. Ltd., Singpore	4-Jul-18	10-Feb-19	
		$7,000	5.00%	Glencore Agriculture B.V., Rotterdam	10-Feb-19	27-Mar-19	
		$9,450	5.00%		27-Mar-19	10-Apr-20 - 10-Jul-20	
2013 75,403							
18ISMENE 2013 77,901		$12,125	5.00%	Koch Shipping Pte. Ltd., Singapore	12-Dec-18	1-Jan-20 - 31-Mar-20	
19CRYSTALIA	E	$11,100	5.00%	Glencore Agriculture B.V., Rotterdam	3-Oct-17	28-Jan-19	5,6
		$10,500	5.00%		2-Mar-19	2-May-20 - 2-Aug-20	
2014 77,525							
20ATALANDI 2014 77,529	E	$13,500	5.00%	Uniper Global Commodities SE, Düsseldorf	27-Apr-18	27-Jun-19 - 27-Sep-19	
5 Kamsarmax Bulk Carriers							
21MAIA 2009 82,193	F	$13,300	5.00%	Glencore Agriculture B.V., Rotterdam	12-Nov-18	1-Jan-20 - 31-Mar-20	
22MYRSINI 2010 82,117	F	$12,750	5.00%	Glencore Agriculture B.V., Rotterdam	22-Dec-18	22-Oct-19 - 22-Dec-19	
23MEDUSA 2010 82,194	F	$14,000	4.75%	Cargill International S.A., Geneva	3-Sep-18	3-Oct-19 - 3-Dec-19	
24MYRTO 2013 82,131	F	$14,000	4.75%	Cargill International S.A., Geneva	25-Apr-18	25-May-19 - 25-Jul-19	
25ASTARTE 2013 81,513		$14,250	5.00%	Glencore Agriculture B.V., Rotterdam	16-Oct-18	16-Dec-19 - 16-Mar-20	
5 Post-Panamax Bulk Carriers							
26ALCMENE 2010 93,193		$11,500	5.00%	BG Shipping Co., Limited, Hong Kong	21-Nov-18	21-Oct-19 - 21-Jan-20	
27AMPHITRITE	G	$11,150	4.75%	Cargill International S.A., Geneva	28-Sep-17	27-Jan-19	
		$12,750	5.00%	Uniper Global Commodities SE, Düsseldorf	27-Jan-19	27-Mar-20 - 27-Jun-20	7
2012 98,697							
28POLYMNIA 2012 98,704	G	$16,000	4.75%	Cargill International S.A., Geneva	9-Jul-18	9-Sep-19 - 9-Dec-19	
29ELECTRA 2013 87,150	H	$13,500	5.00%	Uniper Global Commodities SE, Düsseldorf	19-Oct-18	15-Sep-19 - 15-Dec-19	

30PHAIDRA 2013 87,146	H	$12,700	5.00%	Uniper Global Commodities SE, Düsseldorf	13-Jan-18	14-Mar-19 - 13-Apr-19	4
14 Capesize Bulk Carriers							
31NORFOLK 2002 164,218		$13,250	5.00%	SwissMarine Services S.A., Geneva	1-Dec-17	1-Sep-19 - 1-Dec-19	
32ALIKI 2005 180,235		$18,000	5.00%	SwissMarine Services S.A., Geneva	9-Apr-18	9-Dec-19 - 9-Feb-20	
33BALTIMORE 2005 177,243		$18,050	5.00%	Koch Shipping Pte. Ltd., Singapore	6-Jun-18	22-May-19 - 21-Aug-19	
34SALT LAKE CITY 2005 171,810		$16,250 $9,750	4.75% 4.75%	Cargill International S.A., Geneva	1-May-18 14-Mar-19	14-Mar-19 14-Nov-20 - 14-Feb-21	8,9 10
35SIDERIS GS 2006 174,186	I	$15,350	5.00%	Berge Bulk Shipping Pte. Ltd., Singapore	15-Dec-18	15-Dec-19 - 30-Mar-20	
36SEMIRIO 2007 174,261	I	$20,050	5.00%	Pacific Bulk Cape Company Limited, Hong Kong	1-Sep-18	1-Jul-19 - 16-Sep-19	
37BOSTON 2007 177,828	I	$17,000	5.00%	EGPN Bulk Carrier Co., Limited, Hong Kong	6-Dec-17	6-Apr-19 - 6-Jul-19	
38HOUSTON 2009 177,729	I	$19,000 $10,125	5.00% 5.00%	SwissMarine Services S.A., Geneva Koch Shipping Pte. Ltd., Singapore	9-May-18 17-Feb-19	17-Feb-19 17-Apr-20 - 1-Aug-20	
39NEW YORK 2010 177,773	I	$16,000	5.00%	DHL Project & Chartering Limited, Hong Kong	2-Feb-18	2-Jun-19 - 2-Sep-19	
40SEATTLE 2011 179,362	J	$16,000	5.00%	SwissMarine Services S.A., Geneva	24-Dec-18	24-Apr-20 - 24-Jul-20	
41P. S. PALIOS 2013 179,134	J	$17,350	5.00%	Koch Shipping Pte. Ltd., Singapore	24-May-18	9-Jun-19 - 24-Aug-19	
42G. P. ZAFIRAKIS 2014 179,492	K	$17,000	5.00%	SwissMarine Services S.A., Geneva	31-Dec-18	31-May-20 - 31-Aug-20	
43SANTA BARBARA 2015 179,426	K	$20,250	4.75%	Cargill International S.A., Geneva	24-Apr-18	9-Oct-19 - 9-Dec-19	
44NEW ORLEANS 2015 180,960		$21,000	5.00%	SwissMarine Services S.A., Geneva	24-Mar-18	12-Mar-19 - 30-Mar-19	4

4 Newcastlemax Bulk Carriers

45 LOS ANGELES 2012 206,104	L	$19,150 $13,250	5.00% 5.00%	SwissMarine Services S.A., Geneva	16-Apr-18 6-Mar-19	6-Mar-19 6-Jun-20 - 6-Sep-20
46 PHILADELPHIA 2012 206,040	L	$20,000	5.00%	Koch Shipping Pte. Ltd., Singapore	18-Jun-18	3-Feb-20 - 18-May-20
47 SAN FRANCISCO 2017 208,006	M	$24,000 $16,000	5.00% 5.00%	Koch Shipping Pte. Ltd., Singapore	14-May-18 5-Mar-19	5-Mar-19 5-Oct-20 - 20-Jan-21
48 NEWPORT NEWS 2017 208,021	M	BCI_2014 5TCs AVG + 24% $16,500	5.00% 5.00%	SwissMarine Services S.A., Geneva	10-Jan-17 25-Feb-19	25-Feb-19 25-Jun-20 - 25-Sep-20

* Each dry bulk carrier is a "sister ship", or closely similar, to other dry bulk carriers that have the same letter.
** Total commission percentage paid to third parties.
*** In case of newly acquired vessel with time charter attached, this date refers to the expected/actual date of delivery of the vessel to the Company.
**** Range of redelivery dates, with the actual date of redelivery being at the Charterers' option, but subject to the terms, conditions, and exceptions of the particular charterparty.

1 Vessel sold and expected to be delivered to her new Owners at the latest by June 28, 2019.
2 Vessel off hire for drydocking from December 17, 2018 to January 12, 2019.
3 Vessel sold and expected to be delivered to her new Owners at the latest by April 15, 2019.
4 Based on latest information.
5 Charterers have agreed to pay the average value between "P2A_03 Skaw - Gibraltar trip to Taiwan - Japan" and "P3A_03 Japan - South Korea transpacific round voyage", as published by the Baltic Exchange on January 18, 2019, for the excess period commencing from January 18, 2019.
6 Vessel on scheduled drydocking from January 30, 2019 to March 2, 2019.
7 The charter rate was US$5,000 per day for the first 5 days of the charter period.
8 Charterers have agreed to pay Owners as daily hire, for the period from March 1, 2019 until the actual redelivery date and time, the current charterparty agreed hire rate.
9 Estimated redelivery date from the charterers.
10 Estimated delivery date to the charterers.

Each of our vessels is owned through a separate wholly-owned subsidiary.

Management of Our Fleet

The business of Diana Shipping Inc. is the ownership of dry bulk vessels. The parent holding company wholly owns the subsidiaries which own the vessels that comprise our fleet. The holding company sets general overall direction for the company and interfaces with various financial markets. The commercial and technical management of our fleet, as well as the provision of administrative services relating to the fleet's operations, are carried out by our wholly-owned subsidiary, Diana Shipping Services S.A., which we refer to as DSS, and Diana Wilhelmsen Management Limited, a 50/50 joint venture with Wilhelmsen Ship Management, which we refer to as DWM. In exchange for providing us with commercial and technical services, personnel and office space, we pay DSS a commission, which is a percentage of the managed vessels' gross revenues, a fixed monthly fee per managed vessel and an additional monthly fee for the administrative services provided to Diana Shipping Inc. Such services may include budgeting, reporting, monitoring of bank accounts, compliance with banks, payroll services and any other possible service that Diana Shipping Inc. would require to perform its operations. Similarly, in exchange for providing us with commercial and technical services, we pay DWM a commission which is a percentage of the managed vessels' gross revenues and a fixed management monthly fee for each managed vessel. The amounts deriving from the agreements with DSS are considered inter-company transactions and, therefore, are eliminated from our consolidated financial statements. The management fees deriving from the agreements with DWM are included in our statement of operations as "Management fees to related party", whereas commercial fees are included in "Voyage expenses".

Since June 1, 2010, Diana Enterprises Inc., renamed to Steamship Shipbroking Enterprises Inc., or Steamship, a related party controlled by our Chief Executive Officer and Chairman of the Board, Mr. Simeon Palios, provides brokerage services to us. Brokerage fees are included in "General and Administrative expenses" in our statement of operations. The terms of this relationship are currently governed by a Brokerage Services Agreement dated November 21, 2018.

Our Customers

Our customers include regional and international companies, such as Cargill International S.A., Glencore Grain B.V., RWE Supply and Trading Gmbh, Koch Shipping Pte Ltd and Swissmarine Services S.A. During 2018, five of our charterers accounted for 55% of our revenues: Swissmarine (16%), Koch (15%), Cargill (14%) and Glencore (10%). During 2017, three of our charterers accounted for 43% of our revenues: Koch (17%), Swissmarine (14%), and Cargill (12%). During 2016, four of our charterers accounted for 54% of our revenues: RWE Supply (19%), Swissmarine (15%), Cargill (10%) and Glencore (10%).

We charter our dry bulk carriers to customers pursuant to time charters. 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 canal and port charges. We remain responsible for paying the chartered vessel's operating expenses, including the cost of crewing, insuring, repairing and maintaining the vessel. In 2018, we paid commissions that ranged from 3.75% to 5.0% of the total daily charter hire rate of each charter to unaffiliated ship brokers and to in-house brokers associated with the charterer, depending on the number of brokers involved with arranging the charter.

We strategically monitor developments in the dry bulk shipping industry on a regular basis and, subject to market demand, seek to adjust the charter hire periods for our vessels according to prevailing market conditions. In order to take advantage of relatively stable cash flow and high utilization rates, we fix some of our vessels on long-term time charters. Currently, the majority of our vessels are employed on short to medium-term time charters, which provides us with flexibility in responding to market developments. We continuously evaluate our balance of short- and long-term charters and extend or reduce the charter hire periods of the vessels in our fleet according to the developments in the dry bulk shipping industry.

The Dry Bulk Shipping Industry

The global dry bulk carrier fleet could be divided into seven categories based on a vessel's carrying capacity. These categories consist of:

- ***Very Large Ore Carriers***. Very large ore carriers, or VLOCs, have a carrying capacity of more than 200,000 dwt and are a comparatively new sector of the dry bulk carrier fleet. VLOCs are built to exploit economies of scale on long-haul iron ore routes.

- ***Capesize***. Capesize vessels have a carrying capacity of 110,000-199,999 dwt. Only the largest ports around the world possess the infrastructure to accommodate vessels of this size. Capesize vessels are primarily used to transport iron ore or coal and, to a much lesser extent, grains, primarily on long-haul routes.

- ***Post-Panamax***. Post-Panamax vessels have a carrying capacity of 80,000-109,999 dwt. These vessels tend to have a shallower draft and larger beam than a standard Panamax vessel with a higher cargo capacity. These vessels have been designed specifically for loading high cubic cargoes from draught restricted ports, although they cannot transit the Panama Canal.

- ***Panamax***. Panamax vessels have a carrying capacity of 60,000-79,999 dwt. These vessels carry coal, iron ore, grains, and, to a lesser extent, minor bulks, including steel products, cement and fertilizers. Panamax vessels are able to pass through the Panama Canal, making them more versatile than larger vessels with regard to accessing different trade routes. Most Panamax and Post-Panamax vessels are "gearless," and therefore must be served by shore-based cargo handling equipment. However, there are a small number of geared vessels with onboard cranes, a feature that enhances trading flexibility and enables operation in ports which have poor infrastructure in terms of loading and unloading facilities.

- ***Handymax/Supramax***. Handymax vessels have a carrying capacity of 40,000-59,999 dwt. These vessels operate in a large number of geographically dispersed global trade routes, carrying primarily grains and minor bulks. Within the Handymax category there is also a sub-sector known as Supramax. Supramax bulk carriers are ships between 50,000 to 59,999 dwt, normally offering cargo loading and unloading flexibility with on-board cranes, or "gear," while at the same time possessing the cargo carrying capability approaching conventional Panamax bulk carriers.

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

Other size categories occur in regional trade, such as Kamsarmax, with a maximum length of 229 meters, the maximum length that can load in the port of Kamsar in the Republic of Guinea. Other terms such as Seawaymax, Setouchmax, Dunkirkmax, and Newcastlemax also appear in regional trade.

The supply of dry bulk carriers is dependent on the delivery of new vessels and the removal of vessels from the global fleet, either through scrapping or loss. The level of scrapping activity is generally a function of scrapping prices in relation to current and prospective charter market conditions, as well as operating, repair and survey costs. The average age at which a vessel is scrapped was 28 years in 2018, 25 years in 2017 and 23 years in 2016.

The demand for dry bulk carrier capacity is determined by the underlying demand for commodities transported in dry bulk carriers, which in turn is influenced by trends in the global economy. Demand for dry bulk carrier capacity is also affected by the operating efficiency of the global fleet, along with port congestion, which has been a feature of the market since 2004, absorbing tonnage and therefore leading to a tighter balance between supply and demand. In evaluating demand factors for dry bulk carrier capacity, the Company believes that dry bulk carriers can be the most versatile element of the global shipping fleets in terms of employment alternatives.

Charter Hire Rates

Charter hire rates fluctuate by varying degrees among dry bulk carrier size categories. The volume and pattern of trade in a small number of commodities (major bulks) affect demand for larger vessels. Therefore, charter rates and vessel values of larger vessels often show greater volatility. Conversely, trade in a greater number of commodities (minor bulks) drives demand for smaller dry bulk carriers. Accordingly, charter rates and vessel values for those vessels are usually subject to less volatility.

Charter hire rates paid for dry bulk carriers are primarily a function of the underlying balance between vessel supply and demand, although at times other factors may play a role. Furthermore, the pattern seen in charter rates is broadly mirrored across the different charter types and the different dry bulk carrier categories. In the time charter market, rates vary depending on the length of the charter period and vessel-specific factors such as age, speed and fuel consumption.

In the voyage charter market, rates are, among other things, influenced by cargo size, commodity, port dues and canal transit fees, as well as commencement and termination regions. In general, a larger cargo size is quoted at a lower rate per ton than a smaller cargo size. Routes with costly ports or canals generally command higher rates than routes with low port dues and no canals to transit. Voyages with a load port within a region that includes ports where vessels usually discharge cargo or a discharge port within a region with ports where vessels load cargo also are generally quoted at lower rates, because such voyages generally increase vessel utilization by reducing the unloaded portion (or ballast leg) that is included in the calculation of the return charter to a loading area.

Within the dry bulk shipping industry, the charter hire rate references most likely to be monitored are the freight rate indices issued by the Baltic Exchange. These references are based on actual charter hire rates under charters entered into by market participants as well as daily assessments provided to the Baltic Exchange by a panel of major shipbrokers. The Baltic Panamax Index is the index with the longest history. The Baltic Capesize Index and Baltic Handymax Index are of more recent origin.

The Baltic Dry Index, or BDI, a daily average of charter rates in 20 shipping routes measured on a time charter and voyage basis and covering Capesize, Panamax, Supramax, and Handysize dry bulk carriers declined from a high of 11,793 in May 2008 to a low of 663 in December 2008. In 2016, the BDI ranged from a record low of 290 in February to a high of 1,257 in November. In 2017, the BDI ranged from a low of 685 in February to a high of 1,743 in December. In 2018, the BDI ranged from a low of 948 in April to a high of 1,774 in July.

Vessel Prices

Dry bulk vessel values in 2018 generally remained at the same levels as compared to 2017. Consistent with these trends were the market values of our dry bulk carriers. As charter rates and vessel values remain at relatively low levels, there can be no assurance as to how long charter rates and vessel values will remain at their current levels or whether they will decrease or improve to any significant degree in the near future.

Competition

Our business fluctuates in line with the main patterns of trade of the major dry bulk cargoes and varies according to changes in the supply and demand for these items. We operate in markets that are highly competitive and based primarily on supply and demand. We compete for charters on the basis of price, vessel location, size, age and condition of the vessel, as well as on our reputation as an owner and operator. We compete with other owners of dry bulk carriers in the Panamax, Post-Panamax and smaller class sectors and with owners of Capesize and Newcastlemax dry bulk carriers. Ownership of dry bulk carriers is highly fragmented.

We believe that we possess a number of strengths that provide us with a competitive advantage in the dry bulk shipping industry:

- *We own a modern, high quality fleet of dry bulk carriers.* We believe that owning a modern, high quality fleet reduces operating costs, improves safety and provides us with a competitive advantage in securing favorable time charters. We maintain the quality of our vessels by carrying out regular inspections, both while in port and at sea, and adopting a comprehensive maintenance program for each vessel.

- *Our fleet includes thirteen groups of sister ships.* We believe that maintaining a fleet that includes sister ships enhances the revenue generating potential of our fleet by providing us with operational and scheduling flexibility. The uniform nature of sister ships also improves our operating efficiency by allowing our fleet manager to apply the technical knowledge of one vessel to all vessels of the same series and creates economies of scale that enable us to realize cost savings when maintaining, supplying and crewing our vessels.

- *We have an experienced management team.* Our management team consists of experienced executives who have, on average, more than 30 years of operating experience in the shipping industry and has demonstrated ability in managing the commercial, technical and financial areas of our business. Our management team is led by Mr. Simeon Palios, a qualified naval architect and engineer who has more than 40 years of experience in the shipping industry.

- We benefit from the experience and reputation of Diana Shipping Services S.A. and the relationship with Wilhelmsen Ship Management through the Diana Wilhelmsen Management Limited joint venture.

- *We benefit from strong relationships with members of the shipping and financial industries.* We have developed strong relationships with major international charterers, shipbuilders and financial institutions that we believe are the result of the quality of our operations, the strength of our management team and our reputation for dependability.

- *We have a strong balance sheet and a relatively low level of indebtedness.* We believe that our strong balance sheet and relatively low level of indebtedness provide us with the flexibility to increase the amount of funds that we may draw under our loan facilities in connection with any future acquisitions or otherwise and enable us to use cash flow that would otherwise be dedicated to debt service for other purposes.

Permits and Authorizations

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

Disclosure Pursuant to Section 219 of the Iran Threat Reduction And Syrian Human Rights Act

Section 219 of the U.S. Iran Threat Reduction and Syria Human Rights Act of 2012, or the ITRA, added new Section 13(r) to the U.S. Securities Exchange Act of 1934, as amended, or the Exchange Act, requiring each SEC reporting issuer to disclose in its annual and, if applicable, quarterly reports whether it or any of its affiliates have knowingly engaged in certain activities, transactions or dealings relating to Iran or with the Government of Iran or certain designated natural persons or entities involved in terrorism or the proliferation of weapons of mass destruction during the period covered by the report.

Pursuant to Section 13(r) of the Exchange Act, we note that for the period covered by this annual report, one of our vessels made one port call to Iran in 2018.

The vessel *Myrto* made a call to the port of Bandar Imam Khomeini on April 12, 2018, discharging soybeans, and remained in the port of Bandar Imam Khomeini during 2018 for ten days. During this time the *Myrto* was on time charter to Cargill at a gross rate of $8,000 per day.

The aggregate gross revenue attributable to these ten days that our vessel remained in the port of Bandar Imam Khomeini was $80,000. As we do not attribute profits to specific voyages under a time charter, we have not attributed any profits to the voyages which included this port call. Our charter party agreements for our vessels restrict the charterers from calling in Iran in violation of U.S. sanctions, or carrying any cargo to Iran which is subject to U.S. sanctions. However, there can be no assurance that the vessel referenced above or another of our vessels will not, from time to time in the future on charterer's instructions, perform voyages which would require disclosure pursuant to Exchange Act Section 13(r).

Environmental and Other Regulations in the Shipping Industry

Government regulation 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 inspections. These entities include the local port authorities (applicable national authorities such as the United States Coast Guard ("USCG"), harbor master or equivalent), classification societies, flag state administrations (countries of registry) and charterers, particularly terminal operators. Certain of these entities require us to obtain permits, licenses, certificates and other authorizations for the operation of our vessels. Failure to maintain necessary permits or approvals could require us to incur substantial costs or result in the temporary suspension of the operation of 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 United States and international regulations. We believe that the operation of our vessels is in substantial compliance with applicable environmental laws and regulations and that our vessels have all material permits, licenses, certificates or other authorizations necessary for the conduct of our operations. However, because such laws and regulations frequently change and may impose increasingly stricter requirements, we cannot predict the ultimate cost of complying with these requirements, or the impact of these requirements on the resale value or useful lives of our vessels. In addition, a 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 (IMO)

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," adopted the International Convention for the Safety of Life at Sea of 1974 ("SOLAS Convention"), 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 is applicable to drybulk, tanker and LNG carriers, among other vessels, and is broken into six Annexes, each of which regulates a different source of pollution. Annex I relates to oil leakage or spilling; Annexes II and III relate to harmful substances carried in bulk in liquid or in packaged form, respectively; Annexes IV and V relate to sewage and garbage management, respectively; and Annex VI, lastly, relates to air emissions. Annex VI was separately adopted by the IMO in September of 1997.

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. 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 MEPC, adopted amendments to Annex VI regarding emissions of sulfur oxide, nitrogen oxide, particulate matter and ozone depleting substances, which entered into force on July 1, 2010. The amended Annex VI seeks to further reduce air pollution by, among other things, implementing a progressive reduction of the amount of sulfur contained in any fuel oil used on board ships. On October 27, 2016, at its 70th session, the MEPC agreed to implement a global 0.5% m/m sulfur oxide emissions limit (reduced from 3.50%) starting from January 1, 2020. This limitation can be met by using low-sulfur compliant fuel oil, alternative fuels, or certain exhaust gas cleaning systems. Once the cap becomes effective, ships will be 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% sulphur, added for combustion purposes, for propulsion, or operation on board a ship - unless the ship has an exhaust gas cleaning system ("scrubber") fitted, will take effect March 1, 2020. 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 in excess of 0.1%. Amended Annex VI establishes procedures for designating new ECAs. Currently, the IMO has designated four ECAs, including specified portions of the Baltic Sea area, North Sea area, North American area and United States Caribbean area. Ocean-going vessels in these areas will be subject to stringent emission controls and may cause us to incur additional costs. 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.

Amended Annex VI also establishes new tiers of stringent nitrogen oxide emissions standards for marine diesel engines, depending on their date of installation. At the MEPC meeting held from March to April 2014, amendments to Annex VI were adopted which address the date on which Tier III Nitrogen Oxide (NOx) standards in ECAs will go into effect. Under the amendments, Tier III NOx standards apply to ships that operate in the North American and U.S. Caribbean Sea ECAs designed for the control of NOx produced by vessels with a marine diesel engine installed and constructed on or after January 1, 2016. Tier III requirements could apply to areas that will be designated for Tier III NOx in the future. At MEPC 70 and MEPC 71, the MEPC approved the North Sea and Baltic Sea as ECAs for nitrogen oxide for ships built after January 1, 2021. The EPA promulgated equivalent (and in some senses stricter) emissions standards in late 2009. As a result of these designations or similar future designations, we may be required to incur additional operating or other costs.

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

As of January 1, 2013, MARPOL made mandatory certain measures relating to energy efficiency for ships. All ships are now required to develop and implement Ship Energy Efficiency Management Plans ("SEEMPS"), and new ships must be designed in compliance with minimum energy efficiency levels per capacity mile as defined by the Energy Efficiency Design Index ("EEDI"). Under these measures, by 2025, all new ships built will be 30% more energy efficient than those built in 2014.

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.

Safety Management System Requirements

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

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

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

Regulation II-1/3-10 of the SOLAS Convention governs ship construction and stipulates that ships over 150 meters in length must have adequate strength, integrity and stability to minimize risk of loss or pollution. Goal-based standards amendments in SOLAS regulation II-1/3-10 entered into force in 2012, with July 1, 2016 set for application to new oil tankers and bulk carriers. The SOLAS Convention regulation II-1/3-10 on goal-based ship construction standards for bulk carriers and oil tankers, which entered into force on January 1, 2012, requires that all oil tankers and bulk carriers of 150 meters in length and above, for which the building contract is placed on or after July 1, 2016, satisfy applicable structural requirements conforming to the functional requirements of the International Goal-based Ship Construction Standards for Bulk Carriers and Oil Tankers (GBS Standards).

Amendments to the SOLAS Convention Chapter VII apply to vessels transporting dangerous goods and require those vessels be in compliance with the International Maritime Dangerous Goods Code ("IMDG Code"). Effective January 1, 2018, the IMDG Code includes (1) updates to the provisions for radioactive material, reflecting the latest provisions from the International Atomic Energy Agency, (2) new marking, packing and classification requirements for dangerous goods, and (3) new mandatory training requirements.

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

Furthermore, recent action by the IMO's Maritime Safety Committee and United States agencies indicate that cybersecurity regulations for the maritime industry are likely to be further developed in the near future in an attempt to combat cybersecurity threats. For example, cyber-risk management systems must be incorporated by ship-owners 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, (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.

On December 4, 2013, the IMO Assembly passed a resolution revising the application dates of BWM Convention so that the dates are triggered by the entry into force date and not the dates originally in the BWM Convention. This, in effect, makes all vessels delivered before the entry into force date "existing vessels" and allows for the installation of ballast water management systems on such vessels at the first International Oil Pollution Prevention ("IOPP") renewal survey following entry into force of the convention. The MEPC adopted updated guidelines for approval of ballast water management systems (G8) at MEPC 70. At MEPC 71, the schedule regarding the BWM Convention's implementation dates was also discussed and amendments were introduced to extend the date existing vessels are subject to certain ballast water standards. Ships over 400 gross tons generally must comply with a "D-1 standard," requiring the exchange of ballast water only in open seas and away from coastal waters. The "D -2 standard" specifies the maximum amount of viable organisms allowed to be discharged, and compliance dates vary depending on the IOPP renewal dates. Depending on the date of the IOPP renewal survey, existing vessels must comply with the D-2 standard on or after September 8, 2019. For most ships, compliance with the D-2 standard will involve installing on-board systems to treat ballast water and eliminate unwanted organisms. Ballast Water Management systems, which include systems that make use of chemical, biocides, organisms or biological mechanisms, or which alter the chemical or physical characteristics of the ballast water, must be approved in accordance with IMO Guidelines (Regulation D-3). Costs of compliance with these regulations may be substantial.

Once mid-ocean ballast exchange ballast water treatment requirements become mandatory under the BWM Convention, the cost of compliance could increase for ocean carriers and may have a material effect on our operations. However, many countries already regulate the discharge of ballast water carried by vessels from country to country to prevent the introduction of invasive and harmful species via such discharges. The U.S., for example, requires vessels entering its waters from another country to conduct mid-ocean ballast exchange, or undertake some alternate measure, and to comply with certain reporting requirements.

The IMO also adopted the International Convention on Civil Liability for Bunker Oil Pollution Damage (the "Bunker Convention") to impose strict liability on ship owners (including the registered owner, bareboat charterer, manager or operator) for pollution damage in jurisdictional waters of ratifying states caused by discharges of bunker fuel. The Bunker Convention requires registered owners of ships over 1,000 gross tons to maintain insurance for pollution damage in an amount equal to the limits of liability under the applicable national or international limitation regime (but not exceeding the amount calculated in accordance with the LLMC). With respect to non-ratifying states, liability for spills or releases of oil carried as fuel in ship's bunkers typically is determined by the national or other domestic laws in the jurisdiction where the events or damages occur.

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

Anti-Fouling Requirements

In 2001, the IMO adopted the International Convention on the Control of Harmful Anti-fouling Systems on Ships, 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.] We have obtained Anti-fouling System Certificates for all of our vessels that are subject to the Anti-fouling Convention.

Compliance Enforcement

Noncompliance with the ISM Code or other IMO regulations may subject the ship owner or bareboat charterer to increased liability, may lead to decreases in available insurance coverage for affected vessels and may result in the denial of access to, or detention in, some ports. The USCG and European Union authorities have indicated that vessels not in compliance with the ISM Code by applicable deadlines will be prohibited from trading in U.S. and European Union ports, respectively. As of the date of this report, each of our vessels is ISM Code certified. 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.

U.S. Regulations

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

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

Under OPA, vessel owners and operators are "responsible parties" and are jointly, severally and strictly liable (unless the spill results solely from the act or omission of a third party, an act of God or an act of war) for all containment and clean-up costs and other damages arising from discharges or threatened discharges of oil from their vessels, including bunkers (fuel). OPA defines these other damages broadly to include:

(i) injury to, destruction or loss of, or loss of use of, natural resources and related assessment costs;
(ii) injury to, or economic losses resulting from, the destruction of real and personal property;
(iii) loss of subsistence use of natural resources that are injured, destroyed or lost;
(iv) net loss of taxes, royalties, rents, fees or net profit revenues resulting from injury, destruction or loss of real or personal property, or natural resources;
(v) lost profits or impairment of earning capacity due to injury, destruction or loss of real or personal property or natural resources; and
(vi) net cost of increased or additional public services necessitated by removal activities following a discharge of oil, such as protection from fire, safety or health hazards, and loss of subsistence use of natural resources.

OPA contains statutory caps on liability and damages; such caps do not apply to direct cleanup costs. Effective December 21, 2015, the USCG adjusted the limits of OPA liability for non-tank vessels, edible oil tank vessels, and any oil spill response vessels, to the greater of $1,100 per gross ton or $939,800 (subject to periodic adjustment for inflation). These limits of liability do not apply if an incident was proximately caused by the violation of an applicable U.S. federal safety, construction or operating regulation by a responsible party (or its agent, employee or a person acting pursuant to a contractual relationship), or a responsible party's gross negligence or willful misconduct. The limitation on liability similarly does not apply if the responsible party fails or refuses to (i) report the incident where the responsible party knows or has reason to know of the incident; (ii) reasonably cooperate and assist as requested in connection with oil removal activities; or (iii) without sufficient cause, comply with an order issued under the Federal Water Pollution Act (Section 311 (c), (e)) or the Intervention on the High Seas Act.

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

OPA and CERCLA each preserve the right to recover damages under existing law, including maritime tort law. OPA and CERCLA both require owners and operators of vessels to establish and maintain with the USCG evidence of financial responsibility sufficient to meet the maximum amount of liability to which the particular responsible person may be subject. Vessel owners and operators may satisfy their financial responsibility obligations by providing a proof of insurance, a surety bond, qualification as a self-insurer or a guarantee. We comply and plan to 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 released proposed changes to the Well Control Rule, which could roll back certain reforms regarding the safety of drilling operations, and the U.S. president proposed leasing new sections of U.S. waters to oil and gas companies for offshore drilling, expanding the U.S. waters that are available for such activity over the next five years. The effects of these proposals are currently unknown. Compliance with any new requirements of OPA and future legislation or regulations applicable to the operation of our vessels could impact the cost of our operations and adversely affect our business.

OPA specifically permits individual states to impose their own liability regimes with regard to oil pollution incidents occurring within their boundaries, provided they accept, at a minimum, the levels of liability established under OPA and some states have enacted legislation providing for unlimited liability for oil spills. Many U.S. states that border a navigable waterway have enacted environmental pollution laws that impose strict liability on a person for removal costs and damages resulting from a discharge of oil or a release of a hazardous substance. 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 intends to comply with all applicable state regulations in the ports where the Company's vessels call.

We currently maintain pollution liability coverage insurance in the amount of $1 billion per incident for each of our vessels. If the damages from a catastrophic spill were to exceed our insurance coverage, it could 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. 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. Following litigation on the revised WOTUS rule, in December 2018, the EPA and Department of the Army proposed a revised, limited definition of "waters of the United States." The effect of this proposal on U.S. environmental regulations is still unknown.

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 will replace the 2013 Vessel General Permit ("VGP") program (which authorizes discharges incidental to operations of commercial vessels and contains numeric ballast water discharge limits for most vessels

to reduce the risk of invasive species in U.S. waters, stringent requirements for exhaust gas scrubbers, and requirements for the use of environmentally acceptable lubricants) and current Coast Guard ballast water management regulations adopted under the U.S. National Invasive Species Act ("NISA"), such as mid-ocean ballast exchange programs and installation of approved USCG technology for all vessels equipped with ballast water tanks bound for U.S. ports or entering U.S. waters. VIDA establishes a new framework for the regulation of vessel incidental discharges under Clean Water Act (CWA), requires the EPA to develop performance standards for those discharges within two years of enactment, and requires the U.S. Coast Guard to develop implementation, compliance, and enforcement regulations within two years of EPA's promulgation of standards. Under VIDA, all provisions of the 2013 VGP and USCG regulations regarding ballast water treatment remain in force and effect until the EPA and U.S. Coast Guard regulations are finalized. Non-military, non-recreational vessels greater than 79 feet in length must continue to comply with the requirements of the VGP, including submission of a Notice of Intent ("NOI") or retention of a PARI form and submission of annual reports. We have submitted NOIs for our vessels where required. Compliance with the EPA, U.S. Coast Guard and state regulations could require the installation of ballast water treatment equipment on our vessels 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 starting on January 1, 2018, which may cause us to incur additional expenses.

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

International Labour Organization

The International Labor 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 above 500 gross tons in international trade. We believe that all our vessels are in substantial compliance with and are certified to meet MLC 2006.

Greenhouse Gas Regulation

Currently, the emissions of greenhouse gases from international shipping are not subject to the Kyoto Protocol to the United Nations Framework Convention on Climate Change, which entered into force in 2005 and pursuant to which adopting countries have been required to implement national programs to reduce greenhouse gas emissions with targets extended through 2020. International negotiations are continuing with respect to a successor to the Kyoto Protocol, and restrictions on shipping emissions may be included in any new treaty. In December 2009, more than 27 nations, including the U.S. and China, signed the Copenhagen Accord, which includes a non-binding commitment to reduce greenhouse gas emissions. The 2015 United Nations Climate Change Conference in Paris resulted in the Paris Agreement, which entered into force on November 4, 2016 and does not directly limit greenhouse gas emissions from ships. On June 1, 2017, the U.S. President announced that the United States intends to withdraw from the Paris Agreement. The timing and effect of such action has yet to be determined, but the Paris Agreement provides for a four-year exit process.

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

The EU made a unilateral commitment to reduce overall greenhouse gas emissions from its member states from 20% of 1990 levels by 2020. The EU also committed to reduce its emissions by 20% under the Kyoto Protocol's second period from 2013 to 2020. Starting in January 2018, large ships calling at EU ports are required to collect and publish data on carbon dioxide emissions and other information.

In the United States, the EPA issued a finding that greenhouse gases endanger the public health and safety, adopted regulations to limit greenhouse gas emissions from certain mobile sources, and proposed regulations to limit greenhouse gas emissions from large stationary sources. However, in March 2017, the U.S. President signed an executive order to review and possibly eliminate the EPA's plan to cut greenhouse gas emissions. The EPA or individual U.S. states could enact environmental regulations that would affect our operations.

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

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 Facilities Security Code ("the ISPS Code"). The ISPS Code is designed to enhance the security of ports and ships against terrorism. To trade internationally, a vessel must attain an International Ship Security Certificate ("ISSC") from a recognized security organization approved by the vessel's flag state. Ships operating without a valid certificate may be detained, expelled from, or refused entry at port until they obtain an ISSC. The various requirements, some of which are found in the SOLAS Convention, include, for example, on-board installation of automatic identification systems to provide a means for the automatic transmission of safety-related information from among similarly equipped ships and shore stations, including information on a ship's identity, position, course, speed and navigational status; a continuous synopsis record kept onboard showing a vessel's history including the name of the ship, the state whose flag the ship is entitled to fly, the date on which the ship was registered with that state, the ship's identification number, the port at which the ship is registered and the name of the registered owner(s) and their registered address; and compliance with flag state security certification requirements.

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

The cost of vessel security measures has also been affected by the escalation in the frequency of acts of piracy against ships, notably off the coast of Somalia, including the Gulf of Aden and Arabian Sea area. Substantial loss of revenue and other costs may be incurred as a result of detention of a vessel or additional security measures, and the risk of uninsured losses could significantly affect our business. Costs are incurred in taking additional security measures in accordance with Best Management Practices to Deter Piracy, notably those contained in the BMP4 industry standard.

Inspection by Classification Societies

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

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

Risk of Loss and Liability Insurance

General

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

While we maintain hull and machinery insurance, war risks insurance, protection and indemnity cover and freight, demurrage and defense cover for our operating fleet in amounts 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 that our present insurance coverage is adequate, 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 & Machinery and War Risks Insurance

We maintain marine hull and machinery and war risks insurance, which cover, among other marine risks, the risk of actual or constructive total loss, for all of our vessels. Our vessels are each covered up to at least fair market value with deductibles ranging to a maximum of $100,000 per vessel per incident for Panamax, Kamsarmax and Post-Panamax vessels and $150,000 per vessel per incident for Capesize and Newcastlemax vessels.

Protection and Indemnity Insurance

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

Our current protection and indemnity insurance coverage for pollution is $1 billion per vessel per incident. The 13 P&I Associations that comprise the International Group insure approximately 90% of the world's commercial tonnage and have entered into a pooling agreement to reinsure each association's liabilities. The International Group's website states that the Pool provides a mechanism for sharing all claims in excess of US$ 10 million up to, currently, approximately US$ 8.2 billion. As a member of a P&I Association, which is a member of the International Group, we are subject to calls payable to the associations based on our claim records as well as the claim records of all other members of the individual associations and members of the shipping pool of P&I Associations comprising the International Group. Our vessels 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.

C. Organizational structure

Diana Shipping Inc. is the sole owner of all of the issued and outstanding shares of the subsidiaries listed in exhibit 8.1 to this annual report.

D. Property, plants and equipment

Since October 8, 2010, DSS owns the land and the building where we have our principal offices in Athens, Greece and in December 2014, DSS acquired a plot of land jointly with two other related entities from unrelated individuals. Other than this interest in real property, our only material properties are the vessels in our fleet.

Item 4A. Unresolved Staff Comments

None.

Item 5. Operating and Financial Review and Prospects

The following management's discussion and analysis should be read in conjunction with our historical consolidated financial statements and their notes included elsewhere in this annual 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 "Risk Factors" and elsewhere in this annual report.

A. Operating results

We charter our vessels to customers pursuant to short-term, medium-term and long-term time charters. Currently, the majority of our vessels are employed on short-term and medium-term time charters. 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. However, our voyage results may be affected by differences in bunker prices. We remain responsible for paying the chartered vessel's operating expenses, including the cost of crewing, insuring, repairing and maintaining the vessel, the costs of spares and consumable stores, tonnage taxes and other miscellaneous expenses, and we also pay commissions to one or more unaffiliated ship brokers and to in-house brokers associated with the charterer for the arrangement of the relevant charter.

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 and 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 as the number of our available days in a period less the aggregate number of days that our vessels are off-hire due to any reason, including unforeseen circumstances. 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, special surveys or vessel positioning for such events.

- *TCE rates.* We define Time Charter Equivalent, or TCE rates as our time charter revenues less voyage expenses during a period divided by the number of our available days during the period, which is consistent with industry standards. TCE rate is a non-GAAP measure and is a standard shipping industry performance measure used primarily to compare daily earnings generated by vessels on time charters with daily earnings generated by vessels on voyage charters, because charter hire rates for vessels on voyage charters are generally not expressed in per day amounts while charter hire rates for vessels on time charters generally are expressed in such amounts.

The following table reflects our ownership days, available days, operating days, fleet utilization and TCE rates for the periods indicated.

	Year Ended December 31,		
	2018	**2017**	**2016**
Ownership days	18,204	18,119	16,542
Available days	17,964	17,890	16,447
Operating days	17,799	17,566	16,354
Fleet utilization	99.1%	98.2%	99.4%
Time charter equivalent (TCE) rate (1)	$ 12,179	$ 8,568	$ 6,106

(1) Please see “Item 3. Key Information—A. Selected Financial Data” for a reconciliation of TCE to GAAP measures.

Lack of Historical Operating Data for Vessels before Their Acquisition

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

Where we identify any intangible assets or liabilities associated with the acquisition of a vessel, we record all identified assets or liabilities at fair value. Fair value is determined by reference to market data. We value any asset or liability arising from the market value of the time charters assumed when a vessel is acquired. The amount to be recorded as an asset or liability at the date of vessel delivery is based on the difference between the current fair market value of the charter and the net present value of future contractual cash flows. When the present value of the time charter assumed is greater than the current fair market value of such charter, the difference is recorded as prepaid charter revenue. When the opposite situation occurs, any difference, capped to the vessel’s fair value on a charter-free basis, is recorded as deferred revenue. Such assets and liabilities, respectively, are amortized as a reduction of, or an increase in, revenue over the period of the time charter assumed.

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

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

When we charter a vessel pursuant to a long-term time charter agreement with varying rates, we recognize revenue on a straight line basis, equal to the average revenue during the term of the charter.

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:

- 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;
- onboard safety procedures auditing;
- accounting;
- vessel insurance arrangement;

- vessel chartering;
- vessel security training and security response plans (ISPS);
- obtaining of ISM certification and audit for each vessel within the six months of taking over a vessel;
- vessel hiring management;
- vessel surveying; and
- vessel performance monitoring.

The management of financial, general and administrative elements involved in the conduct of our business and ownership of our vessels 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 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.

Time Charter Revenues

Our revenues are driven primarily by the number of vessels in our fleet, the number of days during which our vessels operate and the amount of daily charter hire rates 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 dry bulk shipping industry; and
- other factors affecting spot market charter rates for dry bulk carriers.

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 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 period charters, future spot charter rates may be higher or lower than the rates at which we have employed our vessels on period charters. Our time charter agreements subject us to counterparty risk. In depressed market conditions, charterers may seek to renegotiate the terms of their existing charter parties or avoid their obligations under those contracts. Should a counterparty fail to honor their 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. For 2019, we expect our revenues to remain at the same levels compared to 2018. Although we have already obtained in 2018 charter rates covering part of 2019, the market rates have since been declining. Additionally, we have sold four vessels, two in December 2018 and two in 2019, which are expected to be delivered to their new buyers by April and by June 2019.

Voyage Expenses

We incur voyage expenses that mainly include commissions because all of our vessels are employed under time charters that require the charterer to bear voyage expenses such as bunkers (fuel oil), port and canal charges. Although the charterer bears the cost of bunkers, we also have bunker gain or loss deriving from the price differences of bunkers. When a vessel is delivered to a charterer, bunkers are purchased by the charterer and sold back to us on the redelivery of the vessel. Bunker gain, or loss, result when a vessel is redelivered by her charterer and delivered to the next charterer at different bunker prices, or quantities.

We currently pay commissions ranging from 3.75% to 5.00% of the total daily charter hire rate of each charter to unaffiliated ship brokers, in-house brokers associated with the charterers, depending on the number of brokers involved with arranging the charter. In addition we pay a commission to DWM and to DSS for those vessels for which they provide commercial management services. The commissions paid to DSS are eliminated from our consolidated financial statements as intercompany transactions. For 2019, we expect our voyage expenses to remain at the same levels compared to 2018, or increase, depending on the change in revenues and the gain, or loss from bunkers.

Vessel Operating Expenses

Vessel operating expenses include crew wages and related costs, the cost of insurance, expenses relating to repairs and maintenance, the cost of spares and consumable stores, tonnage taxes, environmental plan costs and HSQ and vetting. Our vessel operating expenses, which generally represent fixed costs, have historically increased as a result of the enlargement of our fleet with the exception of 2016 when operating expenses decreased despite the enlargement of our fleet, as a result of our efforts to decrease costs without compromising the quality and seaworthiness of our vessels. For 2019, we expect our operating expenses to remain at the same levels as in 2018 or decrease as a result of the sale of four vessels, two in December 2018 and two in 2019 which are expected to be delivered to their new buyers by April and by June 2019.

Vessel Depreciation

The cost of our vessels is depreciated on a straight-line basis over the estimated useful life of each vessel. Depreciation is based on the cost of the vessel less its estimated salvage value. We estimate the useful life of our dry bulk vessels to be 25 years from the date of initial delivery from the shipyard, which we believe is common in the dry bulk shipping industry. Furthermore, we estimate the salvage values of our vessels based on historical average prices of the cost of the light-weight ton of vessels being scrapped. Our depreciation charges decreased rapidly in 2018 due to the vessel cost impairment we recorded in 2017. For 2019, we expect depreciation expense to decrease as a result of the sale of four vessels, two in December 2018 and two in 2019 with expected deliveries to their new buyers in April and June 2019.

General and Administrative Expenses

We incur general and administrative expenses which include our onshore related expenses such as payroll expenses of employees, executive officers, directors and consultants, compensation cost of restricted stock awarded to senior management and non-executive directors, traveling, promotional and other expenses of the public company, such as legal and professional expenses and other general expenses. For 2019, we expect our general and administrative expenses to remain at the same levels.

Interest and Finance Costs

We have historically incurred interest expense and financing costs in connection with vessel-specific debt, since May 2015 until October 2018 in connection with senior unsecured Notes and since September 2018 in connection with our Bond. As at December 31, 2018 our debt amounted to $534.9 million, including our Bond. 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. For 2019, we expect interest and finance expenses to decrease due to decreased average debt.

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

In "Critical Accounting Policies – Impairment of long-lived assets," 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 2017, we recorded impairment charges for 20 vessels in our fleet, as our impairment test exercise indicated that their carrying values were not recoverable.

Based on: (i) the carrying value of each of our vessels as of December 31, 2018 and 2017, consisting of the net book value of the vessels and the unamortized value of deferred dry-dock and special surveys cost and (ii) what we believe the charter-free market value of each of our vessels was as of December 31, 2018 and 2017, the aggregate carrying value of 23 and 22 of the vessels in our fleet as of December 31, 2018 and 2017, respectively, exceeded their aggregate charter-free market value by approximately $92 million and $114 million, respectively, as noted in the table below. This aggregate difference represents the approximate analysis of the amount by which we believe we would have to increase our loss or reduce our net income if we sold all of such vessels at December 31, 2018 and 2017, on a charter-free basis, on industry standard terms, in cash transactions, and to a willing buyer where we were not under any compulsion to sell, and where the buyer was not under any compulsion to buy. For purposes of this calculation, we have assumed that these 23 and 22 vessels would be sold at a price that reflects our estimate of their charter-free market values as of December 31, 2018 and 2017, respectively.

Our estimates of charter-free market value assume that our vessels were all in good and seaworthy condition without need for repair and if inspected would be certified in class without notations of any kind. Our estimates are based on 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;
- news and industry reports of sales of vessels that are not similar to our vessels where we have made certain adjustments in an attempt to derive information that can be used as part of our estimates;
- approximate market values for our vessels or similar vessels that we have received from shipbrokers, whether solicited or unsolicited, or that shipbrokers have generally disseminated;
- 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 and other sources, our estimates of charter-free market value 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 value of our vessels or prices that we could achieve if we were to sell them. We also refer you to the risk factor in "Item 3. Key Information—D. Risk Factors" entitled "The market values of our vessels have declined and may further decline, which could limit the amount of funds that we can borrow and could trigger breaches of certain financial covenants contained in our current and future loan facilities, which could adversely affect our operating results, and we may incur a loss if we sell vessels following a decline in their market values" and the discussion under the heading "Item 4. Information on the Company—B. Business Overview–Vessel Prices."

Vessel	Dwt	Year Built	Carrying Value (in millions of US dollars)	
			2018	2017
1Alcmene	93,193	2010	14.8	15.5
2Alcyon**	75,247	2001	-	8.3
3Aliki	180,235	2005	16.2	17.1
4Amphitrite	98,697	2012	18.8	19.6
5Arethusa	73,593	2007	11.0 *	11.4
6Artemis	76,942	2006	15.2 *	16.2 *
7Astarte	81,513	2013	21.6 *	22.7 *
8Atalandi	77,529	2014	20.0	20.8
9Baltimore	177,243	2005	20.5 *	21.8 *
10Boston	177,828	2007	19.4	20.4
11Calipso	73,691	2005	11.0 *	11.6 *
12Clio	73,691	2005	11.2 *	11.9 *
13Coronis	74,381	2006	10.1	10.6
14Crystalia	77,525	2014	19.7	20.5
15Danae	75,106	2001	9.7 *	9.6 *
16Dione	75,172	2001	9.4 *	9.5 *
17Electra	87,150	2013	17.8	18.6
18Erato	74,444	2004	9.0	9.6
19G.P. Zafirakis	179,492	2014	49.3 *	51.4 *
20Houston	177,729	2009	23.1	24.1
21Ismene	77,901	2013	13.2	13.2
22Leto	81,297	2010	16.6	17.4
23Los Angeles	206,104	2012	45.5 *	47.7 *
24Maera	75,403	2013	12.6	13.3
25Maia	82,193	2009	15.7	16.6
26Medusa	82,194	2010	15.5	16.3
27Melia	76,225	2005	14.0 *	15.0 *
28Myrsini	82,117	2010	18.1 *	19.0 *
29Myrto	82,131	2013	21.5 *	22.2 *
30Naias	73,546	2006	10.3	10.9
31New Orleans	180,960	2015	38.8 *	40.2 *
32New York	177,773	2010	42.7 *	45.0 *
33Newport News	208,021	2017	48.8	50.6 *
34Nirefs	75,311	2001	7.7 *	8.3
35Norfolk	164,218	2002	11.4	12.0
36Oceanis	75,211	2001	7.9 *	8.7 *
37P.S. Palios	179,134	2013	42.7 *	44.7 *
38Phaidra	87,146	2013	19.2 *	18.3
39Philadelphia	206,040	2012	46.2 *	48.5 *
40Polymnia	98,704	2012	19.1	19.9

41Protefs	73,630	2004	10.7 *	11.5 *
42Salt Lake City	171,810	2005	16.5	17.3
43San Francisco	208,006	2017	48.9	50.7 *
44Santa Barbara	179,426	2015	43.3 *	45.0 *
45Seattle	179,362	2011	25.2	26.4
46Selina	75,700	2010	10.6	11.1
47Semirio	174,261	2007	18.4	19.3
48Sideris GS	174,186	2006	17.4	18.3
49Thetis	73,583	2004	9.4 *	9.5
50Triton**	75,336	2001	-	8.5 *
Total	**5,837,330**		**996**	**1,056**

(**)*Triton* and *Alcyon* were sold to unrelated third parties in December 2018

*****Indicates dry bulk vessels for which we believe, as of December 31, 2018 and 2017, the charter-free market value was lower than the vessel's carrying value. We believe that the aggregate carrying value of these vessels exceeded their aggregate charter-free market value by approximately $92 million and $114 million, respectively.

Critical Accounting 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 those financial statements requires us to make estimates and judgments that affect the reported amounts of assets and liabilities, revenues and expenses and related disclosure 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, 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.

Accounting for Revenues and Expenses

Revenues are generated from time charter agreements which contain a lease as they meet the criteria of a lease under ASC 842. Agreements with the same charterer are accounted for as separate agreements according to their specific terms and conditions. All agreements contain a minimum non-cancellable period and an extension period at the option of the charterer. Each lease term is assessed at the inception of that lease. Under a time charter agreement, the charterer pays a daily hire for the use of the vessel and reimburses the owner for hold cleanings, extra insurance premiums for navigating in restricted areas and damages caused by the charterers. Additionally, the charterer pays to third parties port, canal and bunkers consumed during the term of the time charter agreement. Such costs are considered direct costs and are not recorded as they are directly paid by charterers, unless they are for the account of the owner, in which case they are included in voyage expenses. Additionally, the owner pays commissions on the hire revenue, to both the charterer and to brokers, which are direct costs and are recorded in voyage expenses. Under a time charter agreement, the owner pays for the operation and the maintenance of the vessel, including crew, insurance, spares and repairs, which are recognized in operating expenses. The Company, as lessor, has elected not to allocate the consideration in the agreement to the separate lease and non-lease components (operation and maintenance of the vessel) as their timing and pattern of transfer to the charterer, as the lessee, are the same and the lease component, if accounted for separately, would be classified as an operating lease. Additionally, the lease component is considered the predominant component as the Company has assessed that more value is ascribed to the vessel rather than to the services provided under the time charter contracts.

Voyage expenses, primarily consisting of commissions, are expensed over the related voyage charter period to the extent revenue has been recognized since commissions are due as the Company's revenues are earned. All vessel operating expenses are expensed as incurred.

Impairment of Long-lived Assets

Long-lived assets (vessels, land, and building) held and used by an entity are reviewed 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 the assets plus unamortized dry-docking costs may not be recoverable or that their useful lives require modification. When the estimate of undiscounted projected net operating cash flows, excluding interest charges, expected to be generated by the use of the asset over its remaining useful life and its eventual disposition is less than its carrying amount, we should evaluate the asset for an impairment loss. Measurement of the impairment loss is based on the fair value of the asset. We determine the fair value of our assets based on management estimates and assumptions and by making use of available market data and taking into consideration third party valuations.

With respect to our vessels, the current conditions in the dry bulk market with low charter rates and vessel market values are conditions that the Company considers indicators of a potential impairment. We determine undiscounted projected net operating cash flows for each vessel and compare it to the vessel's carrying amount. The projected net operating cash flows are determined by considering the historical and estimated vessels' performance and utilization, by considering future revenues, expected outflows for scheduled vessels' maintenance, vessel operating expenses and fleet utilization. The average annual inflation rate applied on vessels' maintenance and operating costs approximates current projections for global inflation rate for the remaining useful life of our vessels. Effective fleet utilization assumed is in line with the Company's historical performance and our expectations for future fleet utilization under our current fleet deployment strategy. We calculate future revenues for the fixed days, using the fixed charter rate of each vessel from existing time charters. With respect to the unfixed days, we calculate the estimated revenues by reference to the most recent ten-year blended average one-year time charter rates available for each type of vessel over the remaining estimated life of each vessel, net of commissions. Historical ten-year blended average one-year time charter rates used in our impairment test exercise are in line with our overall chartering strategy, especially in periods/years of depressed charter rates; they reflect the full operating history of vessels of the same type and particulars with our operating fleet (Panamax/Post-Panamax/Kamsarmax and Capesize/Newcastlemax vessels) and they cover at least a full business cycle, where applicable. During the fourth quarter of 2017, we reassessed our method to estimate future revenues for the unfixed days and decided to exclude from the ten-year blended average one-year time charter rates three years for which the rates were well above the average. We determined that the expectations, following positive signs and gradual increase in charter rates since the second quarter of 2017, for recovery of the market in the last quarter of 2017 at levels close to the ten-year blended average one-year time charter rates, were not eventually verified and that the market had stabilized to lower levels. We estimated that factors such as worldwide demand for drybulk products, supply of tonnage and order book indicated that the charter rates for the years 2008-2010, which were removed from the calculation following our reassessment, were considered exceptional. Following this reassessment, our test of cash flows resulted in an impairment of $422.5 million recorded in the fourth quarter of 2017. Our 2018 test (by excluding similarly to 2017 the charter rates for the years 2009-2010) did not result to impairment.

A comparison of the average estimated daily time charter equivalent rate used in our impairment analysis with the average "break even rate" for each major class of vessels is presented below:

	Average estimated daily time charter equivalent rate used	Average break even rate
Panamax/Kamsarmax/Post-Panamax	$ 10,504	$ 9,491
Capesize/Newcastlemax	$ 14,715	$ 12,236

Our impairment test exercise is sensitive to variances in the time charter rates and fleet effective utilization. Our current analysis, which also involved a sensitivity analysis by assigning possible alternative values to these two significant inputs, indicated that with only a 1% reduction in time charter rates or a 2% increase of off hire days (other than for dry docking and special surveys) would result to an impairment of individual long lived assets. However, there can be no assurance as to how long charter rates and vessel values will remain at their current low levels or whether they will improve by any significant degree. Charter rates may remain at depressed levels for some time which could adversely affect our revenue and profitability, and future assessments of vessel impairment.

For the purpose of presenting our investors with additional information to determine how the Company's future results of operations may be impacted in the event that daily time charter rates do not improve from their current levels in future periods, we set forth below an analysis that shows the 1-year, 3-year and 5-year average blended rates and the effect of the use of each of these rates would have on the Company's impairment analysis.

	1-year (period)	Impairment charge (in USD million)	3-year (period)	Impairment charge (in USD million)	5-year (period)	Impairment charge (in USD million)
Panamax/Kamsarmax/Post-Panamax	$ 13,029	-	$ 9,986	$ 6	$ 9,897	$ 6
Capesize/Newcastlemax	$ 18,139	-	$ 13,159	$ 70	$ 14,255	$ 32

Results of Operations

Year ended December 31, 2018 compared to the year ended December 31, 2017

Time Charter Revenues. Time charter revenues increased by $64.3 million, or 40%, to $226.2 million in 2018, compared to $161.9 million in 2017. The increase was mainly due to increased time charter rates which resulted in a 42% increase in our average charter rates from $8,568 in 2017 to $12,179 in 2018. This increase was also due to increased operating days resulting from the delivery of the *Electra*, *Phaidra* and *Astarte* in May 2017 and was also due to decreased drydock and off hire days in 2018 compared to 2017, for which our vessels did not earn revenue. In 2018 we had total operating days of 17,799 and fleet utilization of 99.1%, compared to 17,566 total operating days and a fleet utilization of 98.2% in 2017. This increase was partly offset by decreased revenues due to the sale of the *Melite* in October 2017 and the *Triton* and *Alcyon* in December 2018.

Voyage Expenses. Voyage expenses decreased by $1.2 million, or 14%, to $7.4 million in 2018 compared to $8.6 million in 2017. This decrease in voyage expenses is primarily attributable to bunkers which resulted in gain of $4.8 million compared to gain of $0.2 million in 2017. This decrease was partly offset by increased commissions in 2018 compared to 2017 due to the increase in revenues.

Vessel Operating Expenses. Vessel operating expenses increased by $5.1 million, or 6%, to $95.5 million in 2018 compared to $90.4 million in 2017. The increase in operating expenses is attributable to increased expenses in all expense categories but primarily due to increased vessels' maintenance. Daily operating expenses were $5,247 in 2018 compared to $4,987 in 2017, representing a 5% increase.

Depreciation and Amortization of Deferred Charges. Depreciation and amortization of deferred charges decreased by $34.8 million, or 40%, to $52.2 million in 2018, compared to $87.0 million in 2017. This decrease was due to the impairment loss recorded last year, decreasing the vessel's cost. Similarly, a significant part of the deferred cost relating to dry-dockings was written off in 2017 resulting to decreased amortization in 2018. Finally, depreciation was also reduced due to the sale of the *Triton* and the *Alcyon* in December 2018 and of the *Melite* in October 2017.

General and Administrative Expenses. General and Administrative Expenses increased by $3.2 million, or 12%, to $29.5 million in 2018 compared to $26.3 million in 2017. The increase is mainly attributable to increased payroll and training cost, legal fees, board of directors' fees and expenses and the exchange rate of Euro to U.S. Dollars.

Management fees to related party. Management fees to a related party amounted to $2.4 million in 2018 compared to $1.9 million in 2017. The increase is attributable to the increased average number of vessels managed by DWM in 2018 compared to 2017.

Loss from sale of vessels. Loss from sale of vessels is the result from the sale of the vessels *Triton* and *Alcyon*, delivered to their new owners in December 2018.

Interest and finance costs. Interest and finance costs increased by $3.9 million, or 15%, to $30.5 million in 2018 compared to $26.6 million in 2017. The increase is primarily attributable to higher average interest rates to, however, decreased average long term debt outstanding during 2018 compared to 2017. Interest expense in 2018 amounted to $28.3 million compared to $25.0 million 2017.

Interest and other income. Interest and other income increased by $4.3 million, or 96%, to $8.8 million in 2018 compared to $4.5 million in 2017. The increase is attributable to increased interest income from our loan agreement with Performance Shipping, which was fully collected in July 2018, and resulted from the increase in interest rates, average debt and the $5 million discount premium which had not been recorded until its payment.

Gain/(loss) from equity method investments. Gain from equity method investments relates to the gain from our 50% interest in DWM compared to $49,382 last year. Last year this amount also included a loss from our investment in Performance Shipping including an impairment charge of $3.1 million and $0.8 million loss from the sale of the investment.

Year ended December 31, 2017 compared to the year ended December 31, 2016

Time Charter Revenues. Time charter revenues increased by $47.6 million, or 42%, to $161.9 million in 2017, compared to $114.3 million in 2016. The increase was due to increased time charter rates which resulted in a 40% increase in our average charter rates from $6,106 in 2016 to $8,568 in 2017. This increase was also due to increased revenues due to a 10% increase of our ownership days resulting from the delivery of the *Ismene* and the *Selina* in March 2016; the *Maera* in May 2016; the *San Francisco* and *Newport News* in January 2017; and the *Electra*, Phaidra and *Astarte* in May 2017. This increase was partly offset by decreased revenues due to increased drydock and off hire days in 2017 compared to 2016, for which our vessels did not earn revenue. In 2017 we had total operating days of 17,566 and fleet utilization of 98.2%, compared to 16,354 total operating days and a fleet utilization of 99.4% in 2016.

Voyage Expenses. Voyage expenses decreased by $5.2 million, or 38%, to $8.6 million in 2017 compared to $13.8 million in 2016. This decrease in voyage expenses is primarily attributable to bunkers which resulted in gain of $0.2 million compared to loss of $7.5 million in 2016. This decrease was partly offset by increased commissions in 2017 compared to 2016 due to the increase in revenues.

Vessel Operating Expenses. Vessel operating expenses increased by $4.4 million, or 5%, to $90.4 million in 2017 compared to $86.0 million in 2016. The increase in operating expenses is primarily attributable to the 10% increase in ownership days resulting from the delivery of the new vessels to our fleet in 2017 and to increased expenses for repairs and maintenance. This increase was partly offset by decreased costs in all other operating expense categories. Daily operating expenses were $4,987 in 2017 compared to $5,196 in 2016, representing a 4% decrease.

Depreciation and Amortization of Deferred Charges. Depreciation and amortization of deferred charges increased by $5.4 million, or 7%, to $87.0 million in 2017, compared to $81.6 million in 2016. This increase was due to the enlargement of our fleet. Additionally, the increase in depreciation and amortization was due to increased amortization of deferred drydocking costs in 2017 compared to 2016.

General and Administrative Expenses. General and Administrative Expenses increased by $0.8 million, or 3%, to $26.3 million in 2017 compared to $25.5 million in 2016. The increase is mainly attributable to increased payroll cost and was partly offset by decreased legal fees and board of directors' expenses.

Management fees to related party. Management fees to a related party amounted to $1.9 million in 2017 compared to $1.5 million in 2016. The increase is attributable to the increased average number of vessels managed by DWM in 2017 compared to 2016.

Impairment loss. Impairment loss includes $422.5 million non-cash impairment recorded for 20 vessels in our fleet whose carrying value was written down to their market value. Impairment loss also includes $19.8 million non-cash impairment in the cost of the *Melite*, which was grounded in July 2017, resulting in the total loss of the vessel.

Insurance recoveries, net of other loss. Insurance recoveries, net of other loss includes the proceeds received by the Hull and Machinery insurers of the *Melite*, after her grounding in July 2017, decreased by other costs incurred due to the grounding of the vessel and sale expenses.

Interest and finance costs. Interest and finance costs increased by $4.7 million, or 21%, to $26.6 million in 2017 compared to $21.9 million in 2016. The increase is primarily attributable to higher average interest rates, and to increased average long-term debt outstanding during 2017 compared to 2016. Interest expense in 2017 amounted to $25.0 million compared to $19.5 million 2016.

Interest and other income. Interest and other income increased by $2.1 million, or 88%, to $4.5 million in 2017 compared to $2.4 million in 2016. The increase is attributable to increased interest income from our loan agreement with Performance Shipping, resulting from the increase in interest rates and average debt.

Loss from equity method investments. Loss from equity method investments is mainly attributable to loss from our investment in Performance Shipping, amounting to $5.7 million in 2017. This amount included an impairment charge of $3.1 million and $0.8 million loss from the sale of the investment. This compared to a loss of $56.5 million in 2016, which included a $17.6 million impairment. This loss also includes a minor gain in 2017 from DWM, our 50% owned joint venture established in 2015, and a $0.1 million gain in 2016.

Inflation

Inflation does not have a material effect on our expenses given current economic conditions. In the event that significant global inflationary pressures appear, these pressures would increase our operating, voyage, administrative and financing costs.

C. Liquidity and Capital Resources

We have historically financed our capital requirements with cash flow from operations, equity contributions from shareholders, long-term bank debt, Senior Notes and, since September 2018, our Bond. Our main uses of funds have been capital expenditures for the acquisition and construction of new vessels, expenditures incurred in connection with ensuring that our vessels comply with international and regulatory standards and repayments of bank loans. We will require capital to fund ongoing operations, vessel improvements to meet requirements under new regulations, debt service and the payment of our preferred dividends. As at December 31, 2018 and 2017, working capital, which is current assets minus current liabilities, including the current portion of long-term debt, amounted to $16.8 million and $58.3 million, respectively. The decrease in working capital is mainly due to increased liabilities relating to long term debt. For 2019, we believe that anticipated revenues will result in internally generated cash flows along with cash on hand which will be sufficient to fund our capital requirements. We also plan to incur additional debt and we may issue additional equity, if deemed necessary to fund our capital requirements in the next twelve months.

Cash Flow

Cash and cash equivalents, including restricted cash, was $151.4 million as at December 31, 2018 and $65.8 million as at December 31, 2017. Restricted cash mainly consists of the amount kept against the Company's loan facilities. As at December 31, 2018 and 2017, restricted cash amounted to $24.6 million and $25.6 million, respectively and also includes $0.6 million of pledged cash provided as guarantee to third parties. 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.

Net Cash Provided By/(Used In) Operating Activities

Net cash provided by operating activities increased by $56.5 million to $79.9 million in 2018 compared to $23.4 million net cash used in operating activities in 2017. This increase in cash from operating activities was mainly attributable to the increase in charter rates during the year and less drydocking costs.

Net cash used in operating activities was $23.4 million in 2017 compared to net cash provided by operating activities of $21.0 million in 2016. This increase in cash from operating activities was mainly attributable to the increase in charter rates during the year, partly offset by increased drydocking costs.

Net Cash Used In Investing Activities

Net cash provided by investing activities was $99.4 million for 2018, which consists of $2.6 million paid for vessel improvements due to new regulations; $14.6 million of proceeds from the sale of the *Triton* and the *Alcyon*; $87.6 million of proceeds received from Performance Shipping, and $0.2 million relating to the acquisition of office equipment.

Net cash used in investing activities was $152.3 million for 2017, which consists of $125.8 million paid for delivery of our vessels under construction and the acquisition of three vessels during the year; $2.0 million of proceeds from the sale of the Melite and $11.4 million of additional proceeds received by the H&M insurers of the vessel, net of other expenses; $0.2 million of proceeds received from the sale of Performance Shipping's shares; $40.0 million loan provided to Performance Shipping, and $0.1 million relating to the acquisition of property and equipment.

Net cash used in investing activities was $41.6 million for 2016, which consists of $50.9 million paid for predelivery installments for our vessels under construction and the acquisition of three vessels during the year; $9.4 million of proceeds received due to the cancellation of a shipbuilding contract consisting of predelivery installments paid until then and interest; $0.1 million of dividends received from Performance Shipping, during the year; and $0.2 million relating to the acquisition of property and equipment.

Net Cash Provided By / (Used In) Financing Activities

Net cash used in financing activities was $93.7 million for 2018, which consists of $100.0 million of proceeds from our Bond; $169.9 million of indebtedness that we repaid; $5.8 million of dividends paid on our Series B Preferred Shares; $15.2 million for repurchase of common stock and $2.8 million of loan fees relating to the Bond and our refinancing agreement with BNP.

Net cash provided by financing activities was $73.6 million for 2017, which consists of $57.2 million of proceeds drawn under our new loan facility with CEXIM Bank; $55.2 million of indebtedness that we repaid; $5.8 million of dividends paid on our Series B Preferred Shares; and $77.3 million of proceeds from the issuance of 20,125,000 of additional common stock in 2017.

Net cash used in financing activities was $9.5 million for 2016, which consists of $39.3 million of proceeds drawn under new loan facilities; $42.5 million of indebtedness that we repaid; $0.5 million of financing costs we paid relating to our new loan agreements; $5.8 million of dividends paid on our Series B Preferred Shares.

Net cash provided by/used in financing activities for the year ended December 31, 2016 has been adjusted to reflect the change in presentation of cash, cash equivalents and restricted cash, following our adoption of ASU 2016-18 Statements of cash flows – Restricted cash.

Loan Facilities, Senior Unsecured Notes and Senior Bond

As at December 31, 2018, we had $534.9 million of long term debt outstanding under our facilities and Bond, which as of the date of this annual report was $495.6 million, and consists of the agreements described below.

Secured Term Loans:

On October 22, 2009, our wholly-owned subsidiary Gala Properties Inc. entered into a $40.0 million loan agreement with Bremer Landesbank ("Bremer") to partly finance the acquisition cost of the *Houston*. The loan is repayable in 40 quarterly installments of $0.9 million plus one balloon installment of $4.0 million to be paid together with the last installment on November 12, 2019. The loan bears interest at LIBOR plus a margin of 2.15% per annum.

On October 2, 2010, our wholly-owned subsidiaries Lae Shipping Company Inc. ("Lae") and Namu Shipping Company Inc., ("Namu") entered into a loan agreement with Export-Import Bank of China ("CEXIM Bank") and DnB NOR Bank ASA ("DnB") to finance part of the construction cost of the *Los Angeles*, and the *Philadelphia,* for an amount of up to $82.6 million, of which $72.1 million was drawn. The Lae advance is repayable in 40 quarterly installments of approximately $0.6 million and a balloon of $12.3 million payable together with the last installment on February 15, 2022. The Namu advance is repayable in 40 quarterly installments of approximately $0.6 million and a balloon of $11.4 million payable together with the last installment on May 18, 2022. Pursuant to an amendment of the loan agreement dated May 18, 2017, each of the individual banks are allowed to demand repayment in full of such bank's contribution in any or all advances on August 16, 2019. On March 1, 2019, the banks waived their right to exercise the prepayment option. The loan bears interest at LIBOR plus a margin of 2.50% per annum.

On September 13, 2011, our wholly-owned subsidiary Bikar Shipping Company Inc. ("Bikar") entered into a loan agreement with Emporiki Bank of Greece S.A. ("Emporiki") for a loan of up to $15.0 million to refinance part of the acquisition cost of the *Arethusa*. On December 13, 2012, Bikar, the Company, DSS and Credit Agricole Corporate and Investment Bank ("Credit Agricole") entered into a supplemental loan agreement to transfer the outstanding loan balance, the ISDA master swap agreement and the existing security documents from Emporiki to Credit Agricole. The loan is repayable in 20 equal semiannual installments of $0.5 million each and a balloon payment of $5.0 million to be paid together with the last installment on September 15, 2021. The loan bears interest at LIBOR plus a margin of 2.5% per annum, or 1% for such loan amount that is equivalently secured by cash pledge in favor of the bank.

On May 24, 2013, our wholly-owned subsidiaries Erikub Shipping Company Inc. ("Erikub") and Wotho Shipping Company Inc. ("Wotho") entered into a loan agreement with CEXIM Bank and DnB to finance part of the construction cost of *Crystalia* and *Atalandi* for an amount of up to $15.0 million for each vessel, drawn on May 22, 2014. Each advance was repayable in 19 quarterly installments of $250,000 and a balloon of $10.3 million payable together with the last installment on February 22, 2019, which has been paid. The loan bore interest at LIBOR plus a margin of 3.0% per annum.

On January 9, 2014, our wholly-owned subsidiaries Taka Shipping Company Inc. and Fayo Shipping Company Inc. entered into a loan agreement with Commonwealth Bank of Australia, London Branch, for a loan facility of up to $18.0 million to finance part of the acquisition cost of the *Melite* and *Artemis*. The loan bears interest at LIBOR plus a margin of 2.25%. The loan was drawn in two tranches, one of $8.5 million assigned to *Melite* and one of $9.5 million assigned to *Artemis*. Tranche A is repayable in 24 equal consecutive quarterly installments of $195,833 each; and a balloon of $3.8 million payable on January 13, 2020. Tranche B is repayable in 32 equal consecutive quarterly installments of $156,250 each and a balloon of $4.5 million payable on January 13, 2022. As a result of the grounding incident of the *Melite* and the subsequent sale of the vessel, Tranche A was repaid in full in October 2017.

On December 18, 2014, our wholly-owned subsidiaries Weno Shipping Company Inc. ("Weno") and Pulap Shipping Company Inc. ("Pulap") entered into a loan agreement with BNP Paribas ("BNP"), for a loan facility of up to $55.0 million to finance part of the acquisition cost of the *G. P. Zafirakis* and the *P. S. Palios*, of which $53.5 million was drawn. The loan bears interest at LIBOR plus a margin of 2%, and is repayable in 14 equal semi-annual installments of approximately $1.6 million and a balloon of $31.5 million, payable on November 30, 2021.

On March 17, 2015, eight of our wholly-owned subsidiaries entered into a loan facility with Nordea to refinance the existing agreements with the bank and to add additional vessels. On March 19, 2015, after repaying in full all outstanding indebtedness with the bank, we drew down the amount of $93.1 million. The loan is repayable in 24 equal consecutive quarterly installments of approximately $1.9 million and a balloon of $48.4 million payable together with the last installment on March 19, 2021. The loan bears interest plus a margin of 2.1% of LIBOR.

On March 26, 2015, three of our wholly-owned subsidiaries entered into a loan agreement with ABN AMRO Bank N.V. for a secured term loan facility of up to $53.0 million, to refinance part of the acquisition cost of the vessels *New York*, *Myrto* and *Maia* of which $50.2 million was drawn on March 30, 2015. The loan is repayable in 24 equal consecutive quarterly installments of about $1.0 million and a balloon of $26.3 million payable together with the last installment on March 30, 2021. The loan bears interest at LIBOR plus a margin of 2.0%.

On April 29, 2015, our wholly-owned subsidiary Lelu Shipping Company Inc. ("Lelu") entered into a term loan agreement with Danish Ship Finance A/S for a loan facility of $30.0 million, drawn on April 30, 2015 to partly finance the acquisition cost of the *Santa Barbara*, which was delivered in January 2015. The loan is repayable in 28 equal consecutive quarterly installments of $0.5 million each and a balloon of $16.0 million payable together with the last installment on April 30, 2022. The loan bears interest at LIBOR plus a margin of 2.15%.

On July 22, 2015, we entered into a term loan agreement with BNP Paribas for a loan of $165.0 million drawn on July 24, 2015. The loan was repayable in 20 consecutive quarterly installments, the first eight installments in an amount of $2.5 million, followed by four installments in an amount of $5.0 million; eight installments in an amount of $7.0 million; and a balloon installment of $69.0 million payable together with the last installment on July 24, 2020. The loan bore interest at LIBOR plus a margin of 2.35% per annum for the first two years; 2.3% per annum for the third year and 2.25% per annum until the final maturity of the loan. The loan, having a balance of $130 million on July 16, 2018, was repaid in full with $75 million of proceeds under a new loan agreement entered into with BNP Paribas on July 13, 2018 and with cash on hand. The new loan has a term of five years and is repayable in 20 consecutive quarterly installments of $1.56 million and a balloon installment of $43.75 million payable together with the last installment on July 16, 2023. The loan bears interest at LIBOR plus a margin of 2.3%.

On September 30, 2015, our wholly-owned subsidiaries, Ujae Shipping Company Inc. ("Ujae") and Rairok Shipping Company Inc. ("Rairok") entered into a term loan agreement with ING Bank N.V. for a loan of up to $39.7 million, available in two advances to finance part of the acquisition cost of the *New Orleans* and the *Medusa*. Advance A of about $28.0 million was drawn on November 19, 2015 and is repayable in 28 consecutive quarterly installments of about $0.5 million and a balloon installment of about $15.0 million payable together with the last installment on November 19, 2022. Advance B of about $11.7 million was drawn on October 6, 2015 and is repayable in 28 consecutive quarterly installments of about $0.3 million and a balloon installment of about $3.5 million payable together with the last installment on October 6, 2022. The loan bears interest at LIBOR plus a margin of 1.65%.

On January 7, 2016, three of our wholly-owned subsidiaries entered into a secured loan agreement with the CEXIM Bank for a loan of up to $75.7 million in order to finance part of the construction cost of three vessels. On January 4, 2017, we drew down $57.24 million to finance part of the construction cost of *San Francisco* and *Newport News*, both delivered on January 4, 2017. The balance of the committed loan amount, including the tranche for Hull *DY6006* whose shipbuilding contract was cancelled on October 31, 2016, was cancelled. On February 6, 2017, we also entered into a Deed of Release with the CEXIM Bank in order to release the owner of Hull *DY6006* of all of its obligations under the loan agreement as borrower. The loan is payable in 60 equal quarterly installments of $954,000 each, the last of which is payable by January 4, 2032, and bears interest at LIBOR plus a margin of 2.3%.

On March 29, 2016, two of our wholly-owned subsidiaries entered into a term loan agreement with ABN AMRO Bank N.V. for a loan of $25.755 million, drawn on March 30, 2016, to finance the acquisition cost of the *Selina* and the Ismene. The loan is payable in eight consecutive quarterly installments of $855,000 each and a balloon installment of $18.9 million payable together with the last installment by June 30, 2019. The first repayment installment was repaid on September 30, 2017. The loan bears interest at LIBOR plus a margin of 3%.

On May 10, 2016, one of our wholly-owned subsidiaries entered into a term loan agreement with DNB Bank ASA and the CEXIM Bank for a loan of $13.51 million, drawn on the same date, being the purchase price of the *Maera*. The loan was payable in seven equal consecutive quarterly installments of $19,775 each, four equal consecutive quarterly installments of $282,500 each and a balloon of about $12.2 million payable together with the last installment on January 4, 2019. The loan bore interest at LIBOR plus a margin of 3% per annum. In 2018 and according to the terms of the loan agreement, we prepaid an additional amount of $360,417 which was deducted from the balloon which was fully paid in January 2019.

Under the secured term loans outstanding as of December 31, 2018, 33 vessels of the Company's fleet were mortgaged with first preferred or priority ship mortgages. Additional securities required by the banks include first priority assignment of all earnings, insurances, first assignment of time charter contracts with duration that exceeds a certain period, pledge over the shares of the borrowers, manager's undertaking and subordination and requisition compensation and either a corporate guarantee by Diana Shipping Inc. (the "Guarantor") or a guarantee by the ship owning companies (where applicable), financial covenants, as well as operating account assignments. The lenders may also require additional security in the future in the event the borrowers breach certain covenants under the loan agreements. The secured term loans generally include restrictions as to changes in management and ownership of the vessels, additional indebtedness, as well as minimum requirements regarding hull cover ratio and minimum liquidity per vessel owned by the borrowers, or the guarantor, maintained in the bank accounts of the borrowers, or the guarantor. Furthermore, the secured term loans contain cross default provisions and additionally the Company is not permitted to pay any dividends following the occurrence of an event of default.

As of December 31, 2017, 2018 and the date of this report, we were in compliance with all of our loan covenants.

Currently, 32 vessels have been provided as collateral to secure our loan facilities.

Senior Notes due 2020

On May 28, 2015, we issued $55.0 million aggregate principal amount of our 8.5% senior unsecured notes due 2020, or our Notes, in a registered public offering and on June 5, 2015, we issued an additional $8.25 million aggregate principal amount of the Notes, pursuant to the underwriters' option to purchase additional Notes. The Notes were redeemed on October 29, 2018 at a redemption price equal to 100% of the principal amount to be redeemed, plus accrued and unpaid interest to, but excluding, the redemption date. The Notes bore interest at a rate of 8.500% per annum, payable quarterly on each February 15, May 15, August 15 and November 15, commencing on August 15, 2015. The Notes traded on the NYSE from May 29, 2015 until redemption under the symbol "DSXN."

Senior Unsecured Bond due 2023

On September 27, 2018, the Company issued a $100 million senior unsecured bond (the "Bond") maturing in September 2023 and may issue up to an additional $25 million of the Bond on one or more occasions. Entities affiliated with the Company's chief executive officer, Mr. Simeon Palios, and other executive officers and directors of the Company purchased $16.2 million aggregate principal amount of the Bond. The Bond bears interest from September 27, 2018 at a US Dollar fixed-rate coupon of 9.50% and is payable semi-annually in arrears in March and September of each year. The Bond is callable in three years and includes financial and other covenants. The Bond is trading on the Oslo Stock Exchange.

As of December 31, 2018, 2017 and 2016 and as of the date of this annual report, we did not and have not designated any financial instruments as accounting hedging instruments.

Capital Expenditures

We make capital expenditures from time to time in connection with vessel acquisitions and constructions, which we finance with cash from operations, debt under loan facilities at terms acceptable to us, with funds from equity issuances and we have also issued senior notes and a bond. Currently, we do not have capital expenditures for vessel acquisitions or constructions, but we incur capital expenditures when our vessels undergo surveys. This process of recertification may require us to reposition these vessels from a discharging port to shipyard facilities, which will reduce our operating days during the period. We also incur capital expenditures for vessel improvements to meet new regulations. The loss of earnings associated with the decrease in operating days together with the capital needs for repairs and upgrades result in increased cash flow needs. We expect to cover such capital expenditures and cash flow needs with cash from operations and cash on hand.

D. Research and development, patents and licenses

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

D. Trend information

Our results of operations depend primarily on the charter hire rates that we are able to realize, and the demand for dry bulk vessel services. The Baltic Dry Index, or the BDI, has long been viewed as the main benchmark to monitor the movements of the dry bulk vessel charter market and the performance of the entire dry bulk shipping market. The BDI declined 94% in 2008 from a peak of 11,793 in May 2008 to a low of 663 in December 2008 and has remained volatile since then. In 2016, the BDI ranged from a record low of 290 in February to a high of 1,257 in November. In 2017, the BDI ranged from a low of 685 in February to a high of 1,743 in December. In 2018, the BDI ranged from a low of 948 in April to a high of 1,774 in July.

The decline and volatility in charter rates in the dry bulk market reflects in part the fact that the supply of dry bulk vessels in the market has been increasing, and the number of newbuilding dry bulk vessels on order is high. Demand for dry bulk vessel services is influenced by global financial conditions. The recovery in China and India positively influenced the charter rates; however, global financial conditions remain volatile and demand for dry bulk services may decrease in the future. The combination of increasing dry bulk capacity (both current and expected) and decreasing demand or demand which is not offset by the increase in dry bulk capacity may result in reductions in charter hire rates and, as a consequence, adversely affect our operating results.

Additionally, we believe we have structured our capital expenditure requirements, debt commitments and liquidity resources in a way that will provide us with financial flexibility (see “Item 5. Operating and Financial Review and Prospects—B. Liquidity and Capital Resources” for more information).

E. Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements.

F. Tabular Disclosure of Contractual Obligations

The following table sets forth our contractual obligations, in thousands of U.S. dollars, and their maturity dates as of December 31, 2018:

Contractual Obligations	Payments due by period				
	Total Amount	Less than 1 year	2-3 years	4-5 years	More than 5 years
	(in thousands of US dollars)				
Loan Agreements and Bond (1)	$ 534,850	$ 97,521	$ 174,876	$ 230,971	$ 31,482
Estimated Interest Payments on Loan Agreements and Bond (1)	103,890	28,300	45,800	23,027	6,763
Broker services agreement (2)	500	500	-	-	-
Preferred dividends (3)	1,923	1,923	-	-	-
Total	$ 641,163	$ 128,244	$ 220,676	$ 253,998	$ 38,245

(1) As of December 31, 2018, we had an aggregate principal amount of $534.9 million of indebtedness outstanding under our loan facilities and our Bond. Estimated interest payments represent projected interest payments on our long-term debt, which are based on the weighted average LIBOR rate in 2018 plus the margin of our loan agreements in 2018 and the fixed interest rate of our Bond.

(2) Our agreement with Steamship (formerly Diana Enterprises Inc.) dated April 1, 2018, as amended on November 21, 2018 expires on March 31, 2019.

(3) On February 24, 2014 we completed an offering of 2,600,000 shares of Series B Perpetual Preferred Stock, at the price of $25.0 per share, and dividends are payable at a rate equal to 8.875% per annum. At any time on or after February 14, 2019, the Series B Preferred Shares may be redeemed, in whole or in part, at a redemption price of $25.00 per share, plus an amount equal to all accumulated and unpaid dividends thereon to the date of redemption, whether or not declared. The table above presents our obligations for dividend payments until February 14, 2019, which was the optional redemption date of the preferred stock.

G. Safe Harbour

See the section entitled “Forward-Looking Statements” at the beginning of this annual report.

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. Effective August 2018, our Board of Directors increased its size from nine to eleven members and Mr. Andreas Michalopoulos and Mr. Christos Glavanis were appointed to fill the resulting vacancies. 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 appointed or their employment is terminated.

Name	Age	Position
Simeon Palios	77	Class I Director, Chief Executive Officer and Chairman
Anastasios Margaronis	63	Class I Director and President
Ioannis Zafirakis	47	Class I Director, Chief Strategy Officer and Secretary
Andreas Michalopoulos	47	Class III Director, Chief Financial Officer and Treasurer
Semiramis Paliou	44	Class III Director, Chief Operating Officer
Maria Dede	46	Chief Accounting Officer
William (Bill) Lawes	75	Class II Director
Konstantinos Psaltis	80	Class II Director
Kyriacos Riris	69	Class II Director
Apostolos Kontoyannis	70	Class III Director
Konstantinos Fotiadis	68	Class III Director
Christos Glavanis	65	Class I Director

The term of our Class I directors expires in 2021, the term of our Class II directors expires in 2022, and the term of our Class III directors expires in 2020.

The business address of each officer and director is the address of our principal executive offices, which are located at Pendelis 16, 175 64 Palaio Faliro, Athens, Greece.

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

Simeon P. Palios has served as the Chief Executive Officer and Chairman of Diana Shipping Inc. since February 21, 2005 and as a Director since March 9, 1999 and has served as the Chief Executive Officer and Chairman of Performance Shipping Inc. since January 13, 2010. Mr. Palios also serves currently as the President of Diana Shipping Services S.A., our management company. Prior to November 12, 2004, Mr. Palios was the Managing Director of Diana Shipping Agencies S.A. Since 1972, when he formed Diana Shipping Agencies S.A., Mr. Palios has had overall responsibility for its activities. Mr. Palios has experience in the shipping industry since 1969 and expertise in technical and operational issues. He has served as an ensign in the Greek Navy for the inspection of passenger boats on behalf of Ministry of Merchant Marine and is qualified as a naval architect and marine engineer. Mr. Palios is a member of various leading classification societies worldwide and he is a member of the board of directors of the United Kingdom Freight Demurrage and Defense Association Limited. Since October 7, 2015, Mr. Palios has served as President of the Association "Friends of Biomedical Research Foundation, Academy of Athens". He holds a bachelor's degree in Marine Engineering from Durham University.

Anastasios C. Margaronis has served as our President and as a Director since February 21, 2005 and has served as the Director and President of Performance Shipping Inc. since January 13, 2010. Mr. Margaronis is a Deputy President of Diana Shipping Services S.A., where he also serves as a Director and Secretary. Prior to February 21, 2005, Mr. Margaronis was employed by Diana Shipping Agencies S.A. and performed on our behalf the services he now performs as President. He joined Diana Shipping Agencies S.A. in 1979 and has been responsible for overseeing our vessels' insurance matters, including hull and machinery, protection and indemnity and war risks insurances. Mr. Margaronis has experience in the shipping industry, including in ship finance and insurance, since 1980. He is a member of the Greek National Committee of the American Bureau of Shipping and a member of the board of directors of the United Kingdom Mutual Steam Ship Assurance Association (Europe) Limited. He holds a bachelor's degree in Economics from the University of Warwick and a master's of science degree in Maritime Law from the Wales Institute of Science and Technology.

Ioannis G. Zafirakis has served as our Director, Chief Strategy Officer and Secretary since August 2018. Under his capacity as Chief Strategy Officer, Mr. Zafirakis is responsible for establishing and reviewing key strategic priorities and translating them into a comprehensive strategic plan, monitoring the execution of the plan, facilitating and driving key strategic initiatives through inception phase. He is also responsible for communicating the Company's strategy and overall goals internally and externally. In addition, Mr. Zafirakis is the Chief Strategy Officer of Diana Shipping Services S.A., where he also serves as Director and Treasurer. Since February 2005, Mr. Zafirakis served for the same companies in various positions such as Chief Operating Officer, Executive Vice-President and Vice-President. From June 1997 to February 2005, Mr. Zafirakis was employed by Diana Shipping Agencies S.A. where he held a number of positions in its finance and accounting department. He currently also serves as Director, Chief Strategy Officer and Secretary of Performance Shipping Inc. Mr. Zafirakis is a member of the Business Advisory Committee of the Shipping Programs of ALBA Graduate Business School at The American College of Greece. He holds a bachelor's degree in Business Studies from City University Business School in London and a master's degree in International Transport from the University of Wales in Cardiff.

Andreas Michalopoulos has served as the Company's Chief Financial Officer and Treasurer since March 8, 2006 and also has served in these positions with Performance Shipping Inc. since January 13, 2010. Mr. Michalopoulos 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. Mr. 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. Mr. Andreas Michalopoulos is married to the youngest daughter of Mr. Simeon Palios, the Company's Chief Executive Officer and Chairman.

Semiramis Paliou has served as a Director of Diana Shipping Inc. since March 2015. Mrs. Paliou has 20 years of experience in shipping operations, technical management and crewing. Mrs. Paliou began her career at Lloyd's Register of Shipping from 1996 to 1998 as a trainee ship surveyor. She was then employed by Diana Shipping Agencies S.A. From 2007 to 2010 she was employed as a Director and President of Alpha Sigma Shipping Corp. From February 2010 to November 2015 she was the Head of the Operations, Technical and Crew department of Diana Shipping Services S.A. From November 2015 to October 2016 she served as Vice President of the same company. From November 2016 to the end of July 2018, she served as Managing Director and Head of the Technical, Operations, Crew and Supply department of Unitized Ocean Transport Limited. As of August 2018, she is the Chief Operating Officer of Diana Shipping Inc. and Diana Shipping Services S.A. As of November 2018, Mrs. Paliou serves as Chief Operating Officer of Performance Shipping Inc. Mrs. Paliou obtained her BSc in Mechanical Engineering from Imperial College, London and her MSc in Naval Architecture from University College, London. In 2016 she completed a course in Finance for Senior Executives at Harvard Business School. She is the daughter of Simeon Palios, our Chief Executive Officer and Chairman, and is a member of the Greek committee of Det Norske Veritas - Germanischer Lloyd, a member of the Greek committee of Nippon Kaiji Kyokai and a member of the Greek committee of Bureau Veritas. Since March 2018, Mrs. Paliou is on the board of directors of the Hellenic Marine Environment Protection Association.

Maria Dede has served as our Chief Accounting Officer since September 1, 2005 during which time she has been responsible for all financial reporting requirements. Mrs. Dede has also served as an employee of Diana Shipping Services S.A. since March 2005. In 2000 Mrs. Dede joined the Athens branch of Arthur Andersen, which merged with Ernst and Young (Hellas) in 2002, where she served as an external auditor of shipping companies until 2005. From 1996 to 2000 Mrs. Dede was employed by Venus Enterprises S.A., a ship-management company, where she held a number of positions primarily in accounting and supplies. Mrs. Dede holds a Bachelor's degree in Maritime Studies from the University of Piraeus, a Master's degree in Business Administration from the ALBA Graduate Business School and a Master's degree in Auditing and Accounting from the Greek Institute of Chartered Accountants.

William (Bill) Lawes has served as a Director and the Chairman of our Audit Committee since March 2005. Mr. Lawes served as a Managing Director and a member of the Regional Senior Management Board of JPMorgan Chase and its predecessor banks from 1987 until 2002. Prior to joining JPMorgan Chase, he was Global Head of Shipping Finance at Grindlays Bank. Since December 2007, he has served as an independent member of the Board of Directors and Chairman of the Audit Committee of Teekay Tankers Ltd. Mr. Lawes joined Seafarers UK, a maritime charity, as Trustee and Finance Committee member in 2016. Mr. Lawes is qualified as a member of the Institute of Chartered Accountants of Scotland.

Konstantinos Psaltis has served as a Director since March 2005 and as the Chairman of our Nominating Committee since May 2015 and a member of our Compensation Committee since May 2017. From 1981 to 2006, Mr. Psaltis served as Managing Director of Ormos Compania Naviera S.A., a company that specializes in operating and managing multipurpose container vessels and from 2006 until today as a President of the same company. Prior to joining Ormos Compania Naviera S.A., Mr. Psaltis simultaneously served as a technical manager in the textile manufacturing industry and as a shareholder of shipping companies managed by M.J. Lemos. From 1961 to 1964, he served as ensign in the Royal Hellenic Navy. He holds a degree in Mechanical Engineering from Technische Hochschule Reutlingen & Wuppertal and a bachelor's degree in Business Administration from Tubingen University in Germany.

Kyriacos Riris has served as a Director since March 2015 and as a member of our Nominating Committee since May 2015. Commencing in 1998, Mr. Riris served in a series of positions in PricewaterhouseCoopers (PwC), Greece, including Senior Partner, Managing Partner of the Audit and the Advisory/Consulting Lines of Service. From 2009 to 2014, Mr. Riris served as Chairman of the Board of Directors of PricewaterhouseCoopers (PwC), Greece. Prior to its merger with PwC, Mr. Riris was employed at Grant Thornton, Greece, where in 1984 he became a Partner. From 1976 to 1982, Mr. Riris was employed at Arthur Young, Greece. Since November 2018, Mr Riris has served as Chairman of Titan Cement International S.A., a Belgian corporation. Mr. Riris holds a degree from Birmingham Polytechnic (presently Birmingham City University) and completed his professional qualifications with the Association of Certified Chartered Accountants (ACCA) in the UK in 1975, becoming a Fellow of the Association of Certified Accountants in 1985.

Apostolos Kontoyannis has served as a Director and as the Chairman of our Compensation Committee and a member of our Audit Committee since March 2005. Mr. Kontoyannis has over 40 years of experience in shipping finance and currently serves as financial consultant to various shipping companies. He was employed by Chase Manhattan Bank N.A. in Frankfurt (Corporate Bank), London (Head of Shipping Finance South Western European Region) and Piraeus (Manager, Ship Finance Group) from 1975 to 1987. Mr. Kontoyannis holds a bachelor's degree in Finance and Marketing and a master's degree in business administration in Finance from Boston University.

Konstantinos Fotiadis has served as a Director since 2017. Mr. Fotiadis served as an independent Director and as the Chairman of the Audit Committee of Performance Shipping Inc. since the completion of the private offering and until February 8, 2011. From 1990 until 1994 Mr. Fotiadis served as the President and Managing Director of Reckitt & Colman (Greece), part of the British multinational Reckitt & Colman plc, manufacturers of household, cosmetics and health care products. From 1981 until its acquisition in 1989 by Reckitt & Colman plc, Mr. Fotiadis was a General Manager at Dr. Michalis S.A., a Greek company manufacturing and marketing cosmetics and health care products. From 1978 until 1981 Mr. Fotiadis held positions with Esso Chemicals Ltd. and Avrassoglou S.A. Mr. Fotiadis has also been active as a business consultant and real estate developer. Mr. Fotiadis holds a degree in Economics from Technische Universitaet Berlin and in Business Administration from Freie Universitaet Berlin.

Christos Glavanis has served as a Director since August 2018. Mr. Glavanis has over 30 years of experience in the audit profession, serving in several senior roles at Ernst & Young, including as Chairman and Managing Partner of EY Greece from 1987 to 2010 and Managing Partner of EY South East Europe from 1996 to 2010. Mr. Glavanis was also a main Board Member of EY EMEIA Regional and a member of EY Global Council. Currently, Mr. Glavanis is a non-executive board member of W S Karoulias S.A., a beverage distribution company based in Athens, Greece and BuyaPowa Ltd., a London, England based online platform allowing users to design, launch, and analyze social sales campaigns. He is also the trustee of Phase Worldwide, a United Kingdom charity. He previously served as a non-executive board member and chairman of the Audit Committee of Korres S.A, a Greece based cosmetics company, chairman of the Audit Committee of the Hellenic Financial Stability Fund, board member and audit committee member of Eurobank SA and a non-executive board member of Pharmaten S.A. Greece based pharmaceutical company.

B. Compensation

Aggregate executive compensation (including amounts paid to Steamship (formerly Diana Enterprises Inc.) pursuant to the Brokerage Services Agreements) for 2018 was $5.3 million. Since June 1, 2010, Steamship (formerly Diana Enterprises Inc.), a related party, as described in "Item 7. Major Shareholders and Related Party Transactions—B. Related Party Transactions" has provided to us brokerage services. Under the Brokerage Services Agreements in effect during 2018, fees for 2018 amounted to $1.85 million. We consider fees under these agreements to be part of our executive compensation due to the affiliation with Steamship. We expect such fees to remain the same in 2019.

Non-employee directors receive annual compensation in the amount of $52,000 plus reimbursement of out-of-pocket expenses. In addition, until July 2018, each non-executive director serving as chairman of a committee received additional annual compensation of $26,000, plus reimbursement for out-of-pocket expenses; and each non-executive serving as member of a committee received additional annual compensation of $13,000, plus reimbursement for out-of-pocket expenses. Since July 2018, each non-executive director serving as chairman of the audit and compensation committee receives additional annual compensation of $40,000; and each non-executive director serving as chairman of the nominating committee receives additional annual compensation of $26,000. Each non-executive director serving as member of the audit committee receives additional annual compensation of $26,000 and all other members receive $13,000, plus reimbursement for out-of-pocket expenses. For 2018, 2017 and 2016 fees and expenses of our non-executive directors amounted to $0.5 million, $0.4 million and $0.4 million, respectively.

Since 2008 and until the date of this annual report, our board of directors has awarded an aggregate amount of 13,675,241 shares of restricted common stock, of which 11,354,657 shares were awarded to senior management and 2,320,584 shares were awarded to non-employee directors. All restricted shares vest ratably over three years, except for 600,000 shares awarded in 2008 which vested ratably over a period of six years until 2014 and 1,314,000 shares awarded in 2014 which will vest ratably over a period of six years until 2022. The restricted shares are subject to forfeiture until they become vested. Unless they forfeit their shares, grantees have the right to vote, to receive and retain all dividends paid and to exercise all other rights, powers and privileges of a holder of shares.

In 2018, compensation costs relating to the aggregate amount of restricted stock awards amounted to $7.3 million.

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

Equity Incentive Plan

In November 2014, our board of directors approved, and the Company adopted the 2014 Equity Incentive Plan, or the 2014 Plan, for 5,000,000 common shares, which on May 31, 2018 was amended to increase the common shares to 13,000,000. Currently, 7,124,759 shares remain reserved for issuance.

Under the 2014 Plan and as amended, the Company's employees, officers and directors are entitled to receive options to acquire the Company's common stock. The 2014 Plan is administered by the Compensation Committee of the Company's Board of Directors or such other committee of the Board as may be designated by the Board. Under the terms of the 2014 Plan, the Company's Board of Directors is able to grant a) incentive stock options, b) non-qualified stock options, c) stock appreciation rights, d) dividend equivalent rights, e) restricted stock, f) unrestricted stock, g) restricted stock units, and h) performance shares. No options, stock appreciation rights or restricted stock units can be exercisable prior to the first anniversary or subsequent to the tenth anniversary of the date on which such award was granted. Under the 2014 Plan, the Administrator may waive or modify the application of forfeiture of awards of restricted stock and performance shares in connection with cessation of service with the Company.

C. Board Practices

We have established an Audit Committee, comprised of two board members, which 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 the rules of the NYSE and the rules and regulations of the SEC. As directed by its written charter, the Audit Committee is responsible for appointing, and overseeing the work of the independent auditors, including reviewing and approving their engagement letter and all fees paid to our auditors, reviewing the adequacy and effectiveness of the Company's accounting and internal control procedures and reading and discussing with management and the independent auditors the annual audited financial statements. The members of the Audit Committee are Mr. William Lawes (chairman and financial expert) and Mr. Apostolos Kontoyannis (member and financial expert).

We have established a Compensation Committee comprised of two members, which, as directed by its written charter, is responsible for setting the compensation of executive officers of the Company, reviewing the Company's incentive and equity-based compensation plans, and reviewing and approving employment and severance agreements. The members of the Compensation Committee are Mr. Apostolos Kontoyannis (chairman) and Mr Konstantinos Psaltis (member).

We have established a Nominating Committee comprised of two members, which, as directed by its written charter, is responsible for identifying, evaluating and making recommendations to the board of directors concerning individuals for selections as director nominees for the next annual meeting of stockholders or to otherwise fill board of director vacancies. The members of the Nominating Committee are Mr. Konstantinos Psaltis (chairman) and Mr. Kyriacos Riris (member).

We have established an Executive Committee comprised of the five executive directors, Mr. Simeon Palios (chairman), Mr. Anastasios Margaronis (member), Mr. Ioannis Zafirakis (member), Mr. Andreas Michalopoulos (member) and Mrs. Semiramis Paliou (member). The Executive Committee has, to the extent permitted by law, the powers of the Board of Directors in the management of the business and affairs of the Company.

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. Our executive directors have employment agreements, which, if terminated without cause, entitle them to continue receiving their basic salary through the date of the agreement's expiration.

D. Employees

We crew our vessels primarily with Greek officers and Filipino officers and seamen and may also employ seamen from Poland, Romania and Ukraine. DSS and DWM are responsible for identifying the appropriate officers and seamen mainly through crewing agencies. The crewing agencies handle each seaman's training, travel and payroll. The management companies ensure that all our seamen have the qualifications and licenses required to comply with international regulations and shipping conventions. Additionally, our seafaring employees perform most commissioning work and supervise work at shipyards and drydock facilities. We typically man 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 DSS and the number of seafaring personnel employed by our vessel-owning subsidiaries as at December 31, 2018, 2017 and 2016.

	Year Ended December 31,		
	2018	2017	2016
Shoreside	115	93	95
Seafaring	926	1,006	923
Total	1,041	1,099	1,018

E. Share Ownership

With respect to the total amount of common shares and Series B Preferred 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 information regarding ownership of our common stock of which we are aware as of March 12, 2019, for (i) beneficial owners of five percent or more of our common stock 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 share of common stock held.

Title of Class	Identity of Person or Group	Number of Shares Owned	Percent of Class *
Common Stock, par value $0.01	Simeon Palios (1)	15,513,891	14.7%
	Anastasios Margaronis (2)	6,365,438	6%
	Franklin Resources Inc. (3)	11,561,800	11.1%
	Kopernik Global Investors, LLC (4)	7,540,217	7.3%
	Hosking Partners LLP (5)	5,307,060	5.1%
	All officers and directors as a group (6)	28,028,846	26.5%

* Based on 105,764,351 common shares outstanding as of March 12, 2019.

(1) Mr. Simeon Palios indirectly may be deemed to beneficially own 15,513,891 shares beneficially owned by Steamship Shipbroking Enterprises Inc. (formerly Diana Enterprises Inc.), including 15,339,690 shares beneficially owned through Taracan Investments S.A. and 174,201 shares beneficially owned through Limon Compania Financiera S.A., as the result of his ability to control the vote and disposition of such entities. As of December 31, 2016, 2017 and 2018, Mr. Simeon Palios owned indirectly 22.2%, 22.5% and 24.3%, respectively, of our outstanding common stock. Additionally, on January 31, 2019, we issued 10,675 shares of newly designated Series C Preferred Stock, par value $0.01 per share, to Taracan. The Series C Preferred Stock will vote with our common shares and each share of the Series C Preferred Stock shall entitle the holder thereof to 1,000 votes on all matters submitted to a vote of the common stockholders of the Issuer. Through his beneficial ownership of common shares and shares of Series C Preferred Stock, Palios currently controls 22.5% of the vote of any matter submitted to the vote of the common shareholders.

(2) Mr. Anastasios Margaronis, our President and a member of our board of directors may be deemed to beneficially own an aggregate of 6,365,438 shares through Anamar Investments Inc. as the result of his ability to control the vote and disposition of such entity.

(3) This information is derived from a Schedule 13G/A filed with the SEC on January 25, 2019, adjusting the percentage figure based on the common shares issued and outstanding as of the date of this report.

(4) This information is derived from a Schedule 13G/A filed with the SEC on February 13, 2019, adjusting the percentage figure based on the common shares issued and outstanding as of the date of this report.

(5) This information is derived from a Schedule 13G filed with the SEC on January 24, 2019, adjusting the percentage figure based on the common shares issued and outstanding as of the date of this report.

(6) Mr. Simeon Palios and Mr. Anastasios Margaronis are our only directors or officers that beneficially own 5% or more of our outstanding common stock. Mr. Andreas Michalopoulos may be deemed to beneficially own 1,955,405 shares, or 1.8% of our outstanding common stock, beneficially owned through Mitzela Corp.; Mr. Ioannis Zafirakis may be deemed to beneficially own 1,955,182 shares, or 1.8% of our outstanding common stock, beneficially owned through Abra Marinvest Inc.; and Mrs. Semiramis Paliou may be deemed to beneficially own 1,106,691 shares, or 1% of our outstanding common stock, beneficially owned through 4 Sweet Dreams S.A. All other officers and directors each own less than 1% of our outstanding common stock. In addition, Abra Marinvest Inc. owns 55,390, or 2.1% of the outstanding Series B Preferred Shares, Mitzela Corp owns 45,000, or 1.7% of the outstanding Series B Preferred Shares and Mr. Anastasios Margaronis owns indirectly 28,025, or 1.1% of the outstanding Series B Preferred Shares. All officers and directors as a group own 133,575, or 5.1% of our outstanding Series B Preferred Shares.

As of March 11, 2019, we had 135 shareholders of record, 105 of which were located in the United States and held an aggregate of 80,240,791 of our common shares, representing 75.9% of our outstanding common shares. However, one of the U.S. shareholders of record is CEDE & CO., a nominee of The Depository Trust Company, which held 80,609,589 of our common shares as of that date. Accordingly, we believe that the shares held by CEDE & CO. include common shares beneficially owned by both holders in the United States and non-U.S. beneficial owners. We are not aware of any arrangements the operation of which may at a subsequent date result in our change of control.

Holders of the Series B Preferred Shares generally have no voting rights except (1) in respect of amendments to the Articles of Incorporation which would adversely alter the preferences, powers or rights of the Series B Preferred Shares or (2) in the event that we propose to issue any parity stock if the cumulative dividends payable on outstanding Preferred Stock are in arrears or any senior stock. However, if and whenever dividends payable on the Series B Preferred Shares are in arrears for six or more quarterly periods, whether or not consecutive, holders of Series B Preferred Shares (voting together as a class with all other classes or series of parity stock upon which like voting rights have been conferred and are exercisable) will be entitled to elect one additional director to serve on our board of directors until such time as all accumulated and unpaid dividends on the Series B Preferred Shares have been paid in full.

B. Related Party Transactions

Series C Preferred Stock

In January 2019, we issued 10,675 shares of newly-designated Series C Preferred Stock, par value $0.01 per share, to an affiliate of our Chairman and Chief Executive Officer, Mr. Simeon Palios, for an aggregate purchase price of approximately $1.07 million. The Series C Preferred Stock will vote with the common shares of the Company, and each share entitles the holder thereof to 1,000 votes on all matters submitted to a vote of the stockholders of the Company. The Series C Preferred Stock has no dividend or liquidation rights and cannot be transferred without the consent of the Company except to the holder's affiliates and immediate family members. The issuance of shares of Series C Preferred Stock was approved by an independent committee of the Board of Directors, which received a fairness opinion from an independent third party that the transaction was fair from a financial point of view to the Issuer.

Steamship Shipbroking Enterprises Inc.

Steamship (formerly Diana Enterprises Inc.), an affiliated entity that is controlled by our Chief Executive Officer and Chairman of the Board, Mr. Simeon Palios, provides to us brokerage services for an annual fee pursuant to a Brokerage Services Agreement. In 2018, brokerage fees amounted to $1.85 million. The terms of this relationship are currently governed by a Brokerage Services Agreement dated April 1, 2018 and amended on November 21, 2018, due to expire on March 31, 2019.

Altair Travel Agency S.A.

Altair Travel Agency S.A., or Altair, an affiliated entity that is controlled by our Chief Executive Officer and Chairman of the Board, Mr. Simeon Palios, provides us with travel related services. Travel related expenses in 2018, amounted to $2.3 million. We believe that the amounts that we pay to Altair Travel Agency S.A. for acquiring tickets and other travel related services are no greater than fees we would pay to an unrelated third party for comparable services.

Performance Shipping, Non-Competition Agreement

On March 1, 2013, we entered into an amended and restated non-competition agreement with Performance Shipping, where we have agreed that, as long as any of our current or continuing executive officers also serves as an executive for Performance Shipping, and for six months thereafter, we will not acquire or charter any vessel, or otherwise operate in, the containership sector and Performance Shipping will not acquire or charter any vessel, or otherwise operate in, the dry bulk sector.

Performance Shipping, Loan Agreement and Series C Preferred Stock

On May 20, 2013, we entered into a loan agreement with Eluk Shipping Company Inc., a subsidiary of Performance Shipping, to provide to it an unsecured loan of up to $50.0 million to be used for general corporate purposes and working capital, which was drawn on August 20, 2013. The loan was approved by an Independent Committee of our Board of Directors and by our Board of Directors and bore interest at LIBOR plus a margin of 5% per annum and a back-end fee equal to 1.25% per annum on the outstanding amount, receivable on the repayment date of such amount. The loan was amended on July 28, 2014, and further amended on September 9, 2015, pursuant to which the loan maturity was extended to March 15, 2022; interest decreased to at LIBOR plus a margin of 3% per annum; the back-end fee accumulated up to and became payable on the date of the amendment; and the borrowers agreed to pay to the lender a fee of $0.2 million on the maturity date. In addition, the outstanding principal amount of the loan was to be repaid in amounts totalling $5.0 million per annum, but not to exceed $32.5 million in the aggregate. The unsecured loan was guaranteed by Performance Shipping, and Performance Shipping and its subsidiaries were not able to incur additional indebtedness during the term of the loan without our prior consent. Also, the loan was subordinated to Performance Shipping's then existing loan with the Royal Bank of Scotland. On August 24, 2016, an Independent Committee of our Board of Directors and our Board of Directors approved another amendment to the loan, pursuant to which the repayment of all outstanding principal amounts were to be deferred until the later of (i) the repayment or prepayment in full by Performance Shipping of a deferred amount under its then existing loan agreement with The Royal Bank of Scotland plc, whose repayment was scheduled to commence on March 15, 2019 and be completed not later than June 15, 2021, and (ii) September 15, 2018. The amendment also changed the borrower under the loan to another wholly-owned subsidiary of Performance Shipping, Kapa Shipping Company Inc., and provided for an increase of the interest rate for the period between September 12, 2016 (the effective date of the amendment) and December 31, 2018 to 3.35% per annum over LIBOR.

On May 30, 2017, we further amended the loan to Performance Shipping, pursuant to which we acquired 100 shares of newly-designated Series C Preferred Stock, par value $0.01 per share, of Performance Shipping, in exchange for a reduction of $3.0 million in the principal amount of the loan. The Series C Preferred Stock has no dividend or liquidation rights. The Series C Preferred Stock votes with the common shares of Performance Shipping and each share of the Series C Preferred Stock entitles the holder thereof to up to 250,000 votes, subject to a cap such that the aggregate voting power of any holder of Series C Preferred Stock together with its affiliates does not exceed 49.0%, on all matters submitted to a vote of the stockholders of Performance Shipping Inc. The acquisition of shares of Series C Preferred Stock was approved by an Independent Committee of our Board of Directors.

Refinancing of Loan Agreement

On June 30, 2017, we refinanced our loan agreement with Performance Shipping described above with a new secured loan facility of $82.6 million, which includes the $42.4 million outstanding principal balance as of June 30, 2017, increased by the flat fee of $0.2 million payable at maturity, plus an additional loan amount to Performance Shipping of $40.0 million. We refer to this loan as the Refinanced Loan. The loan was repaid in full in July 2018 and bore interest at the rate of 6% per annum for the first twelve (12) months of the loan, scaled to 9% for the next three (3) months, until repayment. The loan also had an additional $5.0 million interest-bearing amount, classified as discount premium, which was also paid in full on the repayment date. The loan facility included financial and other covenants.

In connection with the refinancing transaction, Performance Shipping entered into a loan agreement with Addiewell Ltd., an unaffiliated third party, dated June 30, 2017, in the amount of $35.0 million, which we refer to as the Addiewell Loan. The Addiewell Loan also has an additional $10.0 million interest-bearing amount, which is classified as discount premium. Performance Shipping used the aggregate new borrowings of $75.0 million under the Addiewell Loan and Refinanced Loan, together with $10.0 million cash on hand, to pay an aggregate of $85.0 million for full and final settlement of Performance Shipping's then existing $148.0 million secured loan facility with The Royal Bank of Scotland plc, entered into on September 10, 2015, as amended, which had an outstanding balance of $128.9 million as of June 30, 2017. The Refinanced Loan and Addiewell Loan are each secured by second and first priority mortgages, respectively, on all vessels of Performance Shipping, pursuant to which the $35.0 million funded under the Addiewell Loan has the first repayment priority, followed in priority order by the $40.0 million funded under the Refinanced Loan, the balance of the principal amount under the Addiewell Loan, and the balance of the amounts owed to Performance Shipping under the Refinanced Loan.

Income from interest (including the discount premium) for 2018, amounted to $7.1 million.

Diana Wilhelmsen Management Limited

Diana Wilhelmsen Management Limited, or DWM, is a 50/50 joint venture which provides management services to eight vessels in our fleet for a fixed monthly fee and commercial services charged as a percentage of the vessels' gross revenues. Management fees for 2018 amounted to $2.4 million, whereas commercial fees amounted to about $0.5 million.

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

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 reviews and amends our dividend policy from time to time in light of our business plans and other factors. As of November 2008, our board of directors has suspended the payment of dividends on our common shares, with the exception of a stock dividend of the shares of Performance Shipping representing 80% of our interest at that date, distributed to all shareholders on a pro-rata basis as a result of the partial spin-off of Performance Shipping, effective January 19, 2011.

We believe that the suspension of dividend payments has positioned us better in a recently depressed market and has enhanced our flexibility by permitting cash flow that would have been devoted to dividends to be used for opportunities that have arisen, and may continue to arise in the marketplace, such as funding our operations, acquiring vessels and servicing our debt.

Marshall Islands law generally prohibits the payment of dividends other than from surplus or when a company is insolvent or if the payment of the dividend would render the company insolvent. Also, our loan facilities and Bond prohibit the payment of dividends should an event of default arise.

We believe that, under current law, any dividends that we have paid and may pay in the future from earnings and profits constitute "qualified dividend income" and as such are generally subject to a 20% United States federal income tax rate with respect to non-corporate United States shareholders. Distributions in excess of our earnings and profits will be treated first as a non-taxable return of capital to the extent of a United States shareholder's tax basis in its common stock on a dollar-for-dollar basis and thereafter as capital gain. Please see the section of this annual report entitled "Taxation" under Item 10.E for additional information relating to the tax treatment of our dividend payments.

Cumulative dividends on our Series B Preferred Shares are payable on each January 15, April 15, July 15 and October 15, when, as and if declared by our board of directors or any authorized committee thereof out of legally available funds for such purpose. The dividend rate for our Series B Preferred Shares is 8.875% per annum per $25.00 of liquidation preference per share (equal to $2.21875 per annum per share) and is not subject to adjustment. Since February 14, 2019, we may redeem, in whole or from time to time in part, the Series B Preferred Shares at a redemption price of $25.00 per share plus an amount equal to all accumulated and unpaid dividends thereon to the date of redemption, whether or not declared.

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

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 14 “Subsequent events” of our annual consolidated financial statements.

Item 9. The Offer and Listing

A. Offer and Listing Details

The trading market for shares of our common stock is the NYSE, on which our shares trade under the symbol “DSX”.

Our Series B Preferred Stock has traded on the NYSE under the symbol “DSXPRB” since February 21, 2014.

B. Plan of distribution

Not Applicable.

C. Markets

Our common shares have traded on the NYSE since March 23, 2005 under the symbol “DSX,” our Series B Preferred Stock has traded on the NYSE under the symbol "DSXPRB" since February 21, 2014, and our 8.5% Senior Notes due 2020 have traded on the NYSE since May 29, 2015 and until redemption on October 2018, under the symbol "DSXN". Since December 4, 2018, our 9.500% Senior Unsecured Bond due 2023 commenced trading on the Oslo Stock Exchange, under the symbol "DIASH01."

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 current amended and restated articles of incorporation have been filed as exhibit 1 to our Form 6-K filed with the SEC on May 29, 2008 with file number 001-32458, and our current amended and restated bylaws have been filed as exhibit 3.2 to our Form F-3 filed with the SEC on May 6, 2009 with file number 333-159016. The information contained in these exhibits is incorporated by reference herein.

Information regarding the rights, preferences and restrictions attaching to each class of our shares is described in the section entitled “Description of Capital Stock” in the accompanying prospectus to our effective Registration Statement on Form F-3 filed with the SEC on June 6, 2018 with file number 333-225964, including any subsequent amendments or reports filed for the purpose of updating such description, provided that since the date of that Registration Statement, (i) the number of our outstanding shares of common stock has increased to 105,764,351 as of March 12, 2019, and (ii) the Stockholder Rights Plan described therein has been replaced by a Stockholders Rights Agreement dated as of January 15, 2016, as described below under “Stockholders Rights Agreement ,” and (iii) in January 2019, we issued 10,675 shares of newly-designated Series C Preferred Stock, par value $0.01 per share. For additional information about our Series B Preferred Shares, please see the section entitled "Description of Registrant's Securities to be Registered" of our registration statement on Form 8-A filed with the SEC on February 13, 2014 and incorporated by reference herein. For additional information about our Series C Preferred Shares, please see the Form 6-K filed with the SEC on February 6, 2019 and incorporated by reference herein.

Stockholders Rights Agreement

On January 15, 2016, we entered into a Stockholders Rights Agreement with Computershare Trust Company, N.A., as Rights Agent, to replace the Amended and Restated Stockholders Rights Agreement, dated October 7, 2008.

Under the Stockholders Rights Agreement, we declared a dividend payable of one preferred stock purchase right, or Right, for each share of common stock outstanding at the close of business on January 26, 2016. Each Right entitles the registered holder to purchase from us one one-thousandth of a share of Series A participating preferred stock, par value $0.01 per share, at an exercise price of $40.00 per share. The Rights will separate from the common stock and become exercisable only if a person or group acquires beneficial ownership of 18.5% or more of our common stock (including through entry into certain derivative positions) 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 the Company is acquired in a merger or other business combination after an acquiring person acquires 18.5% 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 Stockholders Rights Agreement's terms, it will expire on January 14, 2026. A copy of the Stockholders Rights Agreement and a summary of its terms are contained in the Form 8-A12B filed with the SEC on January 15, 2016, with file number 001-32458.

C. Material contracts

Attached 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 the Company or any member of the group is a party. A description of these is included in our description of our agreements generally: we refer you to Item 5.B for a discussion of our loan facilities, and Item 7.B for a discussion of our agreements with companies controlled by our Chief Executive Officer and Chairman of the Board, Mr. Simeon Palios.

D. Exchange Controls

Under Marshall Islands, Panamanian, Cypriot and Greek 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 the common stock. This discussion does not purport to deal with the tax consequences of owning common stock to all categories of investors, some of which, 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 stock 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" and investors that own, actually or under applicable constructive ownership rules, 10% or more of the Company's common stock, may be subject to special rules. This discussion deals only with holders who hold the common stock as a capital asset. You are encouraged to consult your own tax advisors concerning the overall tax consequences arising in your own particular situation under U.S. federal, state, local or foreign law of the ownership of common stock.

Marshall Islands Tax Considerations

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

United States Federal Income Taxation

The following discussion is based upon the provisions of the U.S. Internal Revenue Code of 1986, as amended (the "Code"), existing and proposed U.S. Treasury Department regulations, (the "Treasury Regulations"), administrative rulings, pronouncements and judicial decisions, all as of the date of this Annual Report. This discussion assumes that we do not have an office or other fixed place of business in the United States. Unless the context otherwise requires, the reference to Company below shall be meant to refer to both the Company and its vessel-owning and operating subsidiaries.

Taxation of the Company's Shipping Income

In General

The Company anticipates that it will derive substantially all of its gross income from the use and operation of vessels in international commerce and that this income will principally consist of freights from the transportation of cargoes, hire or lease from time or voyage charters and the performance of services directly related thereto, which the Company refers to as "Shipping Income."

Shipping Income that is attributable to transportation that begins or ends, but that does not both begin and end, in the United States will be considered to be 50% derived from sources within the United States. Shipping Income attributable to transportation that both begins and ends in the United States will be considered to be 100% derived from sources within the United States. The Company is not permitted by law to engage in transportation that gives rise to 100% U.S. source Shipping Income. 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 U.S. federal income tax.

Based upon the Company's anticipated shipping operations, the Company's vessels will operate in various parts of the world, including to or from U.S. ports. Unless exempt from U.S. federal income taxation under Section 883 of the Code, the Company will be subject to U.S. federal income taxation, in the manner discussed below, to the extent its Shipping Income is considered derived from sources within the United States.

In the year ended December 31, 2018, approximately 3.8% of the Company's shipping income was attributable to the transportation of cargoes either to or from a U.S. port. Accordingly, approximately 1.9% of the Company's shipping income would be treated as derived from U.S. sources for the year ended December 31, 2018. In the absence of exemption from U.S. federal income tax under Section 883 of the Code, the Company would have been subject to a 4% tax on its gross U.S. source Shipping Income, equal to $171,823 for the year ended December 31, 2018.

Application of Exemption under Section 883 of the Code

Under the relevant provisions of Section 883 of the Code and the final Treasury Regulations promulgated thereunder, a foreign corporation will be exempt from U.S. federal income taxation on its U.S. source Shipping Income if:

(1) It is organized in a qualified foreign country which, as defined, is one that grants an equivalent exemption from tax to corporations organized in the United States in respect of the Shipping Income for which exemption is being claimed under Section 883 of the Code, or the "Country of Organization Requirement"; and

(2) It can satisfy any one of the following two stock ownership requirements:

- more than 50% of its stock, in terms of value, is beneficially owned by qualified shareholders which, as defined, includes individuals who are residents of a qualified foreign country, or the "50% Ownership Test"; or

- its stock is "primarily and regularly" traded on an established securities market located in the United States or a qualified foreign country, or the "Publicly Traded Test".

The U.S. Treasury Department has recognized the Marshall Islands, Panama and Cyprus the countries of incorporation of each of the Company and its subsidiaries that earns Shipping Income, as a qualified foreign country. Accordingly, the Company and each of the subsidiaries satisfy the Country of Organization Requirement.

For the 2018 taxable year, the Company believes that it is unlikely that the 50% Ownership Test was satisfied. Therefore, the eligibility of the Company and each subsidiary to qualify for exemption under Section 883 of the Code is wholly dependent upon the Company's ability to satisfy the Publicly Traded Test.

Under the Treasury Regulations, stock of a foreign corporation is considered "primarily traded" on an established securities market in a country if the number of shares of each class of stock that is traded during the taxable year on all established securities markets in that country exceeds the number of shares in each such class that is traded during that year on established securities markets in any other single country. The Company's common stock was "primarily traded" on the NYSE during the 2018 taxable year.

Under the Treasury Regulations, the Company's common stock will be considered to be "regularly traded" on the NYSE if: (1) more than 50% of its common stock, by voting power and total value, is listed on the NYSE, referred to as the "Listing Threshold", (2) its common stock is traded on the NYSE, other than in minimal quantities, on at least 60 days during the taxable year (or one-sixth of the days during a short taxable year), which is referred to as the "Trading Frequency Test"; and (3) the aggregate number of shares of its common stock traded on the NYSE during the taxable year is at least 10% of the average number of shares of its common stock outstanding during such taxable year (as appropriately adjusted in the case of a short taxable year), which is referred to as the "Trading Volume Test". The Trading Frequency Test and Trading Volume Test are deemed to be satisfied under the Treasury Regulations if the Company's common stock is regularly quoted by dealers making a market in the common stock.

The Company believes that its common stock has satisfied the Listing Threshold, as well as the Trading Frequency Test and Trading Volume Tests, during the 2018 taxable year.

Notwithstanding the foregoing, the Treasury Regulations provide, in pertinent part, that stock of a foreign corporation will not be considered to be "regularly traded" on an established securities market for any taxable year during which 50% or more of such stock is owned, actually or constructively under specified stock attribution rules, on more than half the days during the taxable year by persons, or "5% Shareholders", who each own 5% or more of the value of such stock, or the "5% Override Rule." For purposes of determining the persons who are 5% Shareholders, a foreign corporation may rely on Schedules 13D and 13G filings with the SEC.

Based on Schedules 13D and 13G filings, during the 2018 taxable year, less than 50% of the Company's common stock was owned by 5% Shareholders. Therefore, the Company believes that it is not subject to the 5% Override Rule and thus has satisfied the Publicly Traded Test for the 2018 taxable year. However, there can be no assurance that the Company will continue to satisfy the Publicly Traded Test in future taxable years. For example, the Company could be subject to the 5% Override Rule if another 5% Shareholder in combination with the Company's existing 5% Shareholders were to own 50% or more of the Company's common stock. In such a case, the Company would be subject to the 5% Override Rule unless it could establish that, among the shares of the common stock owned by the 5% Shareholders, sufficient shares are owned by qualified shareholders, for purposes of Section 883 of the Code, to preclude non-qualified shareholders from owning 50% or more of the Company's common stock for more than half the number of days during the taxable year. The requirements of establishing this exception to the 5% Override Rule are onerous and there is no assurance the Company will be able to satisfy them.

Based on the foregoing, the Company believes that it satisfied the Publicly Traded Test and therefore believes that it was exempt from U.S. federal income tax under Section 883 of the Code, during the 2018 taxable year, and intends to take this position on its 2018 U.S. federal income tax returns.

Taxation in Absence of Exemption Under Section 883 of the Code

To the extent the benefits of Section 883 of the Code are unavailable with respect to any item of U.S. source Shipping Income, the Company and each of its subsidiaries would be subject to a 4% tax imposed on such income by Section 887 of the Code on a gross basis, without the benefit of deductions, which is referred to as the "4% Gross Basis Tax Regime". Since under the sourcing rules described above, no more than 50% of the Company's Shipping Income would be treated as being derived from U.S. sources, the maximum effective rate of U.S. federal income tax on the Company's Shipping Income would never exceed 2% under the 4% Gross Basis Tax Regime.

Based on its U.S. source Shipping Income for the 2018 taxable year and in the absence of exemption under Section 883 of the Code, the Company would be subject to $171,823 of U.S. federal income tax under the 4% Gross Basis Tax Regime.

The 4% Gross Basis Tax Regime would not apply to U.S. source Shipping Income to the extent considered to be "effectively connected" with the conduct of a U.S. trade or business. In the absence of exemption under Section 883 of the Code, such "effectively connected" U.S. source Shipping Income, net of applicable deductions, would be subject to U.S. federal income tax currently imposed at a rate of 21%. In addition, earnings "effectively connected" with the conduct of such U.S. trade or business, as determined after allowance for certain adjustments, and certain interest paid or deemed paid attributable to the conduct of the U.S. trade or business may be subject to U.S. federal branch profits tax imposed at a rate of 30%. The Company's U.S. source Shipping Income would be considered "effectively connected" with the conduct of a U.S. trade or business only if: (1) the Company has, or is considered to have, a fixed place or business in the United States involved in the earning of Shipping Income; and (2) substantially all of the Company's U.S. source Shipping Income is attributable to regularly scheduled transportation, such as the operation of a vessel that followed 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 chartering of a vessel, is attributable to a fixed place of business in the United States. We do not intend to have, or permit circumstances that would result in having a vessel operating to the United States on a regularly scheduled basis. Based on the foregoing and on the expected mode of our shipping operations and other activities, we believe that none of our U.S. source Shipping Income will be effectively connected with the conduct of a U.S. trade or business.

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 Taxation of U.S. Holders

The following is a discussion of the material U.S. federal income tax considerations relevant to an investment decision by a U.S. Holder, as defined below, with respect to our common stock. This discussion does not purport to deal with the tax consequences of owning our common stock to all categories of investors, some of which may be subject to special rules. 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 stock.

As used herein, the term "U.S. Holder" means a beneficial owner of our common stock that (i) is a 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 and (ii) owns the common stock as a capital asset, generally, for investment purposes.

If a partnership holds our common stock, 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 our common stock, you are encouraged to consult your own tax advisor on this issue.

Distributions

Subject to the discussion of passive foreign investment companies below, any distributions made by the Company with respect to its common stock 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 the Company's current or accumulated earnings and profits, as determined under U.S. federal income tax principles. Distributions in excess of the Company's earnings and profits will be treated first as a non-taxable return of capital to the extent of the U.S. Holder's tax basis in his common stock on a dollar-for-dollar basis and thereafter as capital gain. Because the Company is not a U.S. corporation, U.S. Holders that are corporations will generally not be entitled to claim a dividends-received deduction with respect to any distributions they receive from the Company.

Dividends paid to a U.S. Holder which is an individual, trust, or estate, referred to herein as a "U.S. Non-Corporate Holder," will generally be treated as "qualified dividend income" that is taxable to Holders at preferential U.S. federal income tax rates, provided that (1) the common stock is readily tradable on an established securities market in the United States (such as the NYSE on which the common stock is listed); (2) the Company is not a passive foreign investment company for the taxable year during which the dividend is paid or the immediately preceding taxable year (which the Company does not believe it is, has been or will be); (3) the U.S. Non-Corporate Holder has owned the common stock for more than 60 days in the 121-day period beginning 60 days before the date on which the common stock becomes ex-dividend; and (4) the U.S. Non-Corporate Holder is not under an obligation (whether pursuant to a short sale or otherwise) to make payments with respect to positions in substantially similar or related property. There is no assurance that any dividends paid on our common stock will be eligible for these preferential rates in the hands of a U.S. Non-Corporate Holder. Any dividends paid by the Company which are not eligible for these preferential rates will be taxed as ordinary income to a U.S. Non-Corporate 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 share of our common stock. If we pay an "extraordinary dividend" on our common stock 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 stock will be treated as long-term capital loss to the extent of such dividend.

Sale, Exchange or other Disposition of Common Stock

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 the Company's common stock in an amount equal to the difference between the amount realized by the U.S. Holder from such sale, exchange or other disposition and the U.S. Holder's tax basis in such stock. Such gain or loss will be treated as long-term capital gain or loss if the U.S. Holder's holding period in the common stock is greater than one year at the time of the sale, exchange or other disposition. Long-term capital gain of a U.S. Non-Corporate Holder is taxable at preferential U.S. Federal income tax rates. 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 passive foreign investment company, or a "PFIC", for U.S. federal income tax purposes. In general, the Company will be treated as a PFIC with respect to a U.S. Holder if, for any taxable year in which such Holder held the Company's common stock, either:

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

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

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

Based on the Company's current operations and future projections, the Company does not believe that it is, nor does it expect to become, a PFIC with respect to any taxable year. Although there is no legal authority directly on point, the Company's belief is based principally on the position that, for purposes of determining whether the Company is a PFIC, the gross income the Company derives or is deemed to derive from the time chartering and voyage chartering activities of its wholly-owned subsidiaries should constitute services income, rather than rental income. Correspondingly, the Company believes that such income does not constitute passive income, and the assets that the Company or its wholly-owned subsidiaries own and operate in connection with the production of such income, in particular, the vessels, do not constitute assets that produce or are held for the production of passive income for purposes of determining whether the Company is a PFIC. The Company believes there is substantial legal authority supporting its position consisting of case law and Internal Revenue Service, or the "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. It should be noted that in the absence of any legal authority specifically relating to the statutory provisions governing PFICs, the IRS or a court could disagree with this position. In addition, although the Company intends to conduct its affairs in a manner to avoid being classified as a PFIC with respect to any taxable year, there can be no assurance that the nature of its operations will not change in the future.

As discussed more fully below, if the Company were to be treated as a PFIC for any taxable year, a U.S. Holder would be subject to different U.S. federal income taxation rules depending on whether the U.S. Holder makes an election to treat the Company as a "Qualified Electing Fund," which election is referred to as a "QEF Election." As discussed below, as an alternative to making a QEF Election, a U.S. Holder should be able to make a "mark-to-market" election with respect to the common stock, which election is referred to as a "Mark-to-Market Election". If the Company were to be treated as a PFIC, a U.S. Holder would be required to file with respect to taxable years ending on or after December 31, 2013 IRS Form 8621 to report certain information regarding the Company.

Taxation of U.S. Holders Making a Timely QEF Election

If a U.S. Holder makes a timely QEF Election, which U.S. Holder is referred to as an "Electing Holder", the Electing Holder must report each year for U.S. federal income tax purposes his pro rata share of the Company's ordinary earnings and net capital gain, if any, for the Company's taxable year that ends with or within the taxable year of the Electing Holder, regardless of whether or not distributions were received by the Electing Holder from the Company. The Electing Holder's adjusted tax basis in the common stock will be increased to reflect amounts included in the Electing Holder's income. Distributions received by an Electing Holder that had been previously taxed will result in a corresponding reduction in the adjusted tax basis in the common stock 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 the common stock.

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

Alternatively, if the Company were to be treated as a PFIC for any taxable year and, as anticipated, the common stock is treated as "marketable stock," a U.S. Holder would be allowed to make a Mark-to-Market Election with respect to the Company's common stock. 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 stock at the end of the taxable year over such Holder's adjusted tax basis in the common stock. 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 stock over its 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 his common stock would be adjusted to reflect any such income or loss amount. Gain realized on the sale, exchange or other disposition of the common stock would be treated as ordinary income, and any loss realized on the sale, exchange or other disposition of the common stock 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 Election or Mark-to-Market Election

Finally, if the Company were to be treated as a PFIC for any taxable year, a U.S. Holder who does not make either a QEF Election or a Mark-to-Market Election for that year, whom is referred to as a "Non-Electing Holder", would be subject to special U.S. federal income tax rules with respect to (1) any excess distribution (i.e., the portion of any distributions received by the Non-Electing Holder on the common stock in a taxable year in excess of 125% of the average annual distributions received by the Non-Electing Holder in the three (3) preceding taxable years, or, if shorter, the Non-Electing Holder's holding period for the common stock), and (2) any gain realized on the sale, exchange or other disposition of the common stock. Under these special rules:

- the excess distribution or gain would be allocated ratably over the Non-Electing Holder's aggregate holding period for the common stock;
- the amount allocated to the current taxable year and any taxable years before the Company 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 penalties would not apply to a pension or profit sharing trust or other tax-exempt organization that did not borrow funds or otherwise utilize leverage in connection with its acquisition of the common stock. If a Non-Electing Holder who is an individual dies while owning the common stock, such Holder's successor generally would not receive a step-up in tax basis with respect to such stock.

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

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

Dividends on Common Stock

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

Sale, Exchange or Other Disposition of Common Stock

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

- the gain is effectively connected with the Non-U.S. Holder's conduct of a trade or business in the United States. If the Non-U.S. Holder is entitled to the benefits of a U.S. income tax treaty with respect to that gain, the gain is taxable in the United States only if 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 our common stock, including dividends and the gain from the sale, exchange or other disposition of the common stock, that is effectively connected with the conduct of that U.S. trade or business will generally be subject to U.S. federal income tax in the same manner as discussed in the previous section relating to the taxation of U.S. Holders. In addition, in the case of a corporate Non-U.S. Holder, such Holder's earnings and profits that are attributable to the effectively connected income, subject to certain adjustments, may be subject to an additional U.S. federal 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 a holder will be subject to U.S. federal information reporting requirements. Such payments will also be subject to U.S. federal "backup withholding" if paid to a non-corporate U.S. holder who:

- fails to provide an accurate taxpayer identification number;

- is notified by the IRS that he has failed to report all interest or dividends required to be shown on his U.S. federal income tax returns; or

- in certain circumstances, fails 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 a holder sells his common stock to or through a U.S. office of a broker, the payment of the proceeds is subject to both backup withholding and information reporting unless the holder establishes an exemption. If a holder sells his common stock through a non-U.S. office of a non-U.S. broker and the sales proceeds are paid to the holder outside the United States, then information reporting and backup withholding generally will not apply to that payment. However, information reporting requirements, but not backup withholding, will apply to a payment of sales proceeds, including a payment made to a holder outside the United States, if the holder sells his common stock through a non-U.S. office of a broker that is a U.S. person or has some other contacts with the United States.

Backup withholding is not an additional tax. Rather, a taxpayer generally may obtain a refund of any amounts withheld under backup withholding rules that exceed the taxpayer's U.S. federal income tax liability by 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 stock, unless the common stock is 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 (3) years after the date that the required information is filed.

F. Dividends and paying agents

Not Applicable.

G. Statement by experts

Not Applicable.

E. 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 facilities, according to which we pay interest at LIBOR plus a margin; and as such increases in interest rates could affect our results of operations. An increase of 1% in the interest rates of our loan facilities bearing a variable interest rate during 2018, could have increased our interest cost from $28.3 million to $33.3 million.

We will continue to have debt outstanding, which could impact our results of operations and financial condition. 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.

As of December 31, 2018, 2017 and 2016 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 less than half of our operating expenses (around 37% in 2018 and around 38% in 2017) and about half of our general and administrative expenses (around 52% in 2018 and around 48% in 2017) in currencies other than the U.S. dollar, primarily the Euro. For accounting purposes, including throughout this annual report, expenses incurred in Euros are converted into U.S. dollars at the exchange rate prevailing on the date of each transaction. Because a significant portion of our expenses are incurred in currencies other than the U.S. dollar, our expenses may from time to time increase relative to our revenues as a result of fluctuations in exchange rates, particularly between the U.S. dollar and the Euro, which could affect our results of operations in future periods. Currently, we do not consider the risk from exchange rate fluctuations to be material for our results of operations, as during 2018 and 2017, these non-US dollar expenses represented 22% and 29%, respectively of our revenues and therefore, we are not engaged in extensive derivative instruments to hedge a considerable part of those expenses.

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

Item 12. Description of Securities Other than Equity Securities

Not Applicable.

PART II

Item 13. Defaults, Dividend Arrearages and Delinquencies

None.

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

None.

Item 15. Controls and Procedures

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 annual 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 the Company in the reports that it files or submits 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. The Company's internal control over financial reporting is a process designed under the supervision of the Company's Chief Executive Officer and Chief Financial Officer to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Company's financial statements for external reporting purposes in accordance with U.S. GAAP.

Management has conducted an assessment of the effectiveness of the Company's internal control over financial reporting based on the framework established in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 Framework). Based on this assessment, management has determined that the Company's internal control over financial reporting as of December 31, 2018 is effective.

The registered public accounting firm that audited the financial statements included in this annual report containing the disclosure required by this Item 15 has issued an attestation report on management's assessment of our internal control over financial reporting.

c) Attestation Report of Independent Registered Public Accounting Firm

The attestation report on the Company's internal control over financial reporting issued by the registered public accounting firm that audited the Company's consolidated financial statements, Ernst Young (Hellas) Certified Auditors Accountants S.A., appears on page F-3 of the financial statements filed as part of this annual report.

d) Changes in Internal Control over Financial Reporting

Since the establishment in 2015 of our 50% owned joint venture, Diana Wilhelmsen Management Limited, our internal controls over financial reporting have changed in order to incorporate in our procedures and controls those conducted by the joint venture in managing our vessels.

Inherent Limitations on Effectiveness of Controls

Our management, including our Chief Executive Officer and our 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 error or mistake. Controls can also be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the controls. The design of any system of controls is based in part on certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Projections of any evaluation of controls effectiveness to future periods are subject to risks. Over time, controls may become inadequate because of changes in conditions or deterioration in the degree of compliance with policies or procedures.

Item 16A. Audit Committee Financial Expert

Our Board of Directors has determined that both the members of our Audit Committee, Mr. William Lawes and Mr. Apostolos Kontoyannis, qualify as "Audit Committee financial experts" and that they are both considered to be "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.dianashippinginc.com, under "About Us—Code of Ethics" and is filed as Exhibit 11.1 to this Annual Report. Copies of our code of ethics are available in print, free of charge, upon request to Diana Shipping Inc., Pendelis 16, 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. Audit fees in 2018 and 2017 amounted to € 420,000 and € 420,000, or approximately $517,471 and $465,988, respectively, and relate to audit services provided in connection with timely AS 4105 reviews, the audit of our consolidated financial statements and the audit of internal control over financial reporting.

b) Audit-Related Fees

Audit related fees in 2018 amounted to € 9,975 and € 40,000, or approximately $11,677 and $44,640, respectively and relate to audit services provided in connection with the Company's filings with the SEC.

c) Tax Fees

During 2018 and 2017, we received services for which fees amounted to $18,000 and $18,600, respectively, for the calculation of Earnings and Profits of the Company.

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 the audit and non-audit services performed by the independent auditors in order to assure that they do not impair the auditor's independence from the Company. The Audit Committee has adopted a policy which sets forth the procedures and the conditions pursuant to which services proposed to be performed by the independent auditors may be pre-approved.

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

Our Audit Committee consists of two independent members of our Board of Directors. Otherwise, our Audit Committee conforms to each other requirement applicable to audit committees as required by the applicable listing standards of the NYSE.

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

On May 23, 2014, we announced that our Board of Directors authorized a share repurchase plan for up to $100 million of the Company's common shares. The plan does not have an expiration date. As of December 31, 2018 and the date of this report, there is an outstanding value of about $72 million of common shares that can be repurchased under the plan.

Additionally, in December 2018, we repurchased a total of 4,166,666 common shares, at a price of $3.60 per share, in a tender offer which commenced in November 2018.

Item 16F. Change in Registrant's Certifying Accountant

Not applicable.

Item 16G. Corporate Governance

Overview

Pursuant to an exception for foreign private issuers, we, as a Marshall Islands company, are not required to comply with the corporate governance practices followed by U.S. companies under the NYSE listing standards. We believe that our established practices in the area of corporate governance are in line with the spirit of the NYSE standards and provide adequate protection to our shareholders. In fact, we have voluntarily adopted NYSE required practices, such as (a) having a majority of independent directors, (b) establishing audit, compensation and nominating committees and (c) adopting a Code of Ethics. The significant differences between our corporate governance practices and the NYSE standards are set forth below.

Executive Sessions

The NYSE requires that non-management directors meet regularly in executive sessions without management. The NYSE also requires that all independent directors meet in an executive session at least once a year. As permitted under Marshall Islands law and our bylaws, our non-management directors do not regularly hold executive sessions without management and we do not expect them to do so in the future.

Audit Committee

The NYSE requires, among other things, that a company have an audit committee with a minimum of three members. Our Audit Committee consists of two independent members of our Board of Directors. Our Audit Committee conforms to every other requirement applicable to audit committees set forth in the listing standards of the NYSE.

Shareholder Approval of Equity Compensation Plans

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

Corporate Governance Guidelines

The NYSE requires companies to adopt and disclose corporate governance guidelines. The guidelines must address, among other things: director qualification standards, director responsibilities, director access to management and independent advisers, director compensation, director orientation and continuing education, management succession and an annual performance evaluation. We are not required to adopt such guidelines under Marshall Islands law and we have not adopted such guidelines.

Share Issuances

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

Item 16H. Mine Safety Disclosure

Not applicable.

PART III

Item 17. Financial Statements

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

Exhibit Number	Description
1.1	Amended and Restated Articles of Incorporation of Diana Shipping Inc. (originally known as Diana Shipping Investment Corp.) (1)
1.2	Amended and Restated By-laws of the Company (2)
2.1	Form of Common Share Certificate (13)
2.2	Form of Series B Preferred Stock Certificate (16)
2.3	Statement of Designation of the 8.875% Series B Cumulative Redeemable Perpetual Preferred Shares of the Company (3)
2.4	Certificate of Designations of the Series A Participating Preferred Stock of the Company (4)
2.5	Base Indenture, dated May 28, 2015, by and between the Company and Deutsche Bank Trust Company Americas (5)
2.6	First Supplemental Indenture to the Base Indenture, dated May 28, 2015, by and between the Company and Deutsche Bank Trust Company Americas, as trustee, relating to the Company's 8.500% Senior Notes due 2020 (6)
2.7	Certificate of Designation of Rights, Preferences and Privileges of Series C Preferred Stock of the Company (18)
4.1	Stockholders Rights Agreement dated January 15, 2016 (7)
4.2	2014 Equity Incentive Plan (13)
4.3	Form of Technical Manager Purchase Option Agreement (8)
4.4	Form of Management Agreement (9)
4.5	Loan Agreement with Bremer Landesbank dated October 22, 2009 (17)
4.6	Loan Agreement with the Export-Import Bank of China and DnB Nor Bank ASA dated October 2, 2010 (17)
4.7	Loan Agreement with Emporiki Bank of Greece S.A., dated September 13, 2011 (14)
4.8	First Supplemental Agreement, by and between Bikar Shipping Company Inc., Diana Shipping Inc., DSS and Emporiki Bank of Greece S.A., dated December 11, 2012 (13)
4.9	Second Supplemental Agreement, by and between Bikar Shipping Company Inc., Diana Shipping Inc., DSS and Credit Agricole Corporate and Investment Bank, dated December 13, 2012 (13)
4.10	Loan Agreement, dated May 24, 2013, by and among Erikub Shipping Company Inc., Wotho Shipping Company Inc., DNB Bank ASA, and Export-Import Bank of China (11)
4.11	Loan Agreement, dated January 9, 2014, by and among Taka Shipping Company Inc., Fayo Shipping Company Inc., and Commonwealth Bank of Australia (11)
4.12	Loan Agreement, dated December 18, 2014, by and among Weno Shipping Company Inc., Pulap Shipping Company Inc., the Banks and Financial Institutions listed therein and BNP Paribas (12)
4.13	Loan Agreement, dated March 17, 2015, by and among Knox Shipping Company Inc., Bokak Shipping Company Inc., Jemo Shipping Company Inc., Guam Shipping Company Inc., Palau Shipping Company Inc., Makur Shipping Company Inc., Mandaringina Inc., Vesta Commercial, S.A., the Banks and Financial Institutions listed therein, Nordea Bank Finland Plc and Nordea Bank AB, London Branch (12)
4.14	Administrative Services Agreement, dated October 1, 2013, by and between Diana Shipping Inc. and Diana Shipping Services S.A. (11)
4.15	Amended and Restated Non-Competition Agreement, dated as of March 1, 2013, by and between Diana Shipping Inc. and Diana Containerships Inc. (renamed to Performance Shipping Inc.) (11)
4.16	Loan Agreement with ABN AMRO Bank N.V., dated March 26, 2015 (13)

4.17	Loan Agreement with Danish Ship Finance, dated April 29, 2015 (13)
4.18	Joint Venture and Subscription Agreement with Wilhelmsen Ship Management, dated January 16, 2015 (13)
4.19	Loan Agreement with BNP Paribas, dated July 22, 2015 (13)
4.20	Loan Agreement with ING Bank N.V., dated September 30, 2015 (13)
4.21	Loan Agreement with The Export-Import Bank of China, dated January 7, 2016 (13)
4.22	Loan Agreement with ABN AMRO Bank N.V., dated March 29, 2016 (15)
4.23	Brokerage Services Agreement, dated April 1, 2016, by and between Diana Shipping Inc. and Diana Enterprises Inc. (15)
4.24	Loan Agreement with DNB Bank ASA and The Export-Import Bank of China, dated May 10, 2016 (15)
4.25	Fourth Amendment to Loan Agreement, dated May 20, 2013, by and between Diana Shipping Inc., Eluk Shipping Company Inc. and Diana Containerships Inc. (renamed to Performance Shipping Inc.), dated September 12, 2016 (15)
4.26	Waiver Letter from Commonwealth Bank of Australia dated January 13, 2017 (15)
4.27	Amendment to Loan Agreement dated October 2, 2010 with the Export-Import Bank of China and DnB Nor Bank ASA, dated February 15, 2017 (15)
4.28	Brokerage Services Agreement, dated April 1, 2017, by and between Diana Shipping Inc. and Steamship Shipbroking Enterprises Inc. (formerly Diana Enterprises Inc.) (19)
4.29	Fifth Amendment to Loan Agreement, dated May 20, 2013, by and between Diana Shipping Inc., Kapa Shipping Company Inc. and Diana Containerships Inc. (renamed to Performance Shipping Inc.), dated May 30, 2017 (19)
4.30	Intercreditor Agreement with Diana Containerships Inc. (renamed to Performance Shipping Inc.), dated June 30, 2017 (19)
4.31	Subordinated Facility Agreement by and between Diana Containerships Inc. (renamed to Performance Shipping Inc.) and Diana Shipping Inc., dated June 30, 2017 (19)
4.32	Amendment to Loan Agreement dated October 2, 2010 with the Export-Import Bank of China and DnB Nor Bank ASA, dated May 18, 2017 (19)
4.33	Loan Agreement dated July 2018 with BNP Paribas
4.34	Registration Document dated as of December 3, 2018, in respect of 9.50% USD 100,000,000 Senior Unsecured Callable Bond Issue 2018/2023
4.35	Securities Note dated as of December 3, 2018, in respect of 9.50% USD 100,000,000 Senior Unsecured Callable Bond Issue 2018/2023**
4.36	Summary for Diana Shipping Inc. listing prospectus dated as of December 3, 2018, in respect of 9.50% USD 100,000,000 Senior Unsecured Callable Bond Issue 2018/2023
4.37	Loan Agreement dated March 2019 with DNB Bank ASA**
8.1	Subsidiaries of the Company**
11.1	Amended Code of Ethics**
12.1	Rule 13a-14(a)/15d-14(a) Certification of Principal Executive Officer**
12.2	Rule 13a-14(a)/15d-14(a) Certification of Principal Financial Officer**
13.1	Certification of Principal 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 Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**
15.1	Consent of Independent Registered Public Accounting Firm**
101	The following materials from the Company's Annual Report on Form 20-F for the fiscal year ended December 31, 2018, formatted in eXtensible Business Reporting Language (XBRL): (i) Consolidated Balance Sheets as of December 31, 2017 and 2018; (ii) Consolidated Statements of Operations for the years ended December 31, 2016, 2017 and 2018; (iii) Consolidated Statements of Comprehensive Income/(Loss) for the years ended December 31, 2016, 2017 and 2018; (iv) Consolidated Statements of Stockholders' Equity for the years ended December 31, 2016, 2017 and 2018; (v) Consolidated Statements of Cash Flows for the years ended December 31, 2016, 2017 and 2018; and (v) the Notes to Consolidated Financial Statements

**	Filed herewith.
(1)	Filed as Exhibit 1 to the Company's Form 6-K filed on May 29, 2008.
(2)	Filed as Exhibit 3.1 to the Company's Form 6-K filed on February 13, 2014.
(3)	Filed as Exhibit 3.3 to the Company's Form 8-A filed on February 13, 2014.
(4)	Filed as Exhibit 3.1 to the Company's Form 8-A12B/A filed on January 15, 2016.
(5)	Filed as Exhibit 4.1 to the Company's Form 6-K filed on May 28, 2015.
(6)	Filed as Exhibit 4.2 to the Company's Form 6-K filed on May 28, 2015.
(7)	Filed as Exhibit 4.1 to the Company's Form 8-A12B/A filed on January 15, 2016.
(8)	Filed as an Exhibit to the Company's Registration Statement (File No. 123052) on March 1, 2005.
(9)	Filed as an Exhibit to the Company's Amended Registration Statement (File No. 123052) on March 15, 2005.
(10)	Reserved.
(15)	Filed as an Exhibit to the Company’s Annual Report filed on Form 20-F on February 17, 2017.
(16)	Filed as Exhibit 4.1 to the Company's Form 8-A12B filed on February 13, 2014.
(17)	Filed as an Exhibit to the Company’s Annual Report filed on Form 20-F on March 31, 2011.
(18)	Filed as an Exhibit to the Company’s Form 6-K filed on February 6, 2019.
(19)	Filed as an Exhibit to the Company’s Annual Report filed on Form 20-F on March 16, 2018.

SIGNATURES

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

DIANA SHIPPING INC.

/s/ Andreas Michalopoulos
Andreas Michalopoulos
Chief Financial Officer

Dated: March 12, 2019

DIANA SHIPPING INC.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

Report of Independent Registered Public Accounting Firm

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

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Diana Shipping Inc. (the Company) as of December 31, 2018 and 2017, 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, 2018, 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, 2018 and 2017, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2018, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2018, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated March 12, 2019, expressed an unqualified opinion thereon.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

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

We have served as the Company's auditor since 2004.

Athens, Greece
March 12, 2019

Report of Independent Registered Public Accounting Firm

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

Opinion on Internal Control Over Financial Reporting

We have audited Diana Shipping Inc.'s internal control over financial reporting as of December 31, 2018, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, Diana Shipping Inc. (the Company) maintained, in all material respects, effective internal control over financial reporting as of December 31, 2018, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of Diana Shipping Inc. as of December 31, 2018 and 2017, and 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, 2018, and the related notes and our report dated March 12, 2019, expressed an unqualified opinion thereon.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Annual Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

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

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

Athens, Greece
March 12, 2019

DIANA SHIPPING INC.
CONSOLIDATED BALANCE SHEETS
December 31, 2018 and 2017
(Expressed in thousands of U.S. Dollars – except for share and per share data)

	2018	2017
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents (Note 2(e))	$ 126,825	$ 40,227
Accounts receivable, trade (Note 2(f))	2,948	4,937
Due from related parties (Notes 2(g) and 4(b))	-	82,660
Inventories (Note 2(h))	5,835	5,770
Prepaid expenses and other assets	6,364	5,167
Total current assets	141,972	138,761
FIXED ASSETS:		
Vessels' net book value (Note 5)	991,403	1,053,578
Property and equipment, net (Note 6)	22,425	22,650
Total fixed assets	1,013,828	1,076,228
OTHER NON-CURRENT ASSETS:		
Restricted cash (Notes 2(e) and 7)	24,582	25,582
Investments in related parties (Notes 2(v) and 3)	3,263	3,249
Deferred charges, net (Notes 2(m), 2(n) and 5)	4,151	2,902
Total assets	$ 1,187,796	$ 1,246,722
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Current portion of long-term debt, net of deferred financing costs, current (Note 7)	$ 96,434	$ 60,763
Accounts payable, trade and other	11,073	7,954
Due to related parties (Note 4(a) and 4(d))	182	271
Accrued liabilities	13,377	8,246
Deferred revenue	4,090	3,207
Total current liabilities	125,156	80,441
Long-term debt, net of current portion and deferred financing costs, non-current (Note 7)	434,113	540,621
Other non-current liabilities	843	902
Commitments and contingencies (Note 8)	-	-
STOCKHOLDERS' EQUITY:		
Preferred stock (Note 9(a))	26	26
Common stock, $0.01 par value; 200,000,000 shares authorized and 103,764,351 and 106,131,017 issued and outstanding at December 31, 2018 and 2017, respectively (Note 9(b))	1,038	1,061
Additional paid-in capital	1,062,645	1,070,500
Accumulated other comprehensive income	287	294
Accumulated deficit	(436,312)	(447,123)
Total stockholders' equity	627,684	624,758
Total liabilities and stockholders' equity	$ 1,187,796	$ 1,246,722

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

DIANA SHIPPING INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
For the years ended December 31, 2018, 2017 and 2016
(Expressed in thousands of U.S. Dollars – except for share and per share data)

	2018	2017	2016
REVENUES:			
Time charter revenues	$ 226,189	$ 161,897	$ 114,259
EXPENSES:			
Voyage expenses	7,405	8,617	13,826
Vessel operating expenses	95,510	90,358	85,955
Depreciation and amortization of deferred charges	52,206	87,003	81,578
General and administrative expenses	29,518	26,332	25,510
Management fees to related party (Notes 3(b) and 4(d))	2,394	1,883	1,464
Impairment loss (Note 5)	-	442,274	-
Loss from sale of vessels (Note 5)	1,448	-	-
Insurance recoveries, net of other loss (Note 5)	-	(10,879)	-
Gain on contract termination	-	-	(5,500)
Other loss/(gain)	(542)	296	(253)
Operating income/(loss)	$ 38,250	$ (483,987)	$ (88,321)
OTHER INCOME / (EXPENSES):			
Interest and finance costs (Note 10)	(30,506)	(26,628)	(21,949)
Interest and other income (Note 4(b))	8,822	4,508	2,410
Gain/(loss) from equity method investments (Note 3)	14	(5,607)	(56,377)
Total other expenses, net	$ (21,670)	$ (27,727)	$ (75,916)
Net income/(loss)	$ 16,580	$ (511,714)	$ (164,237)
Dividends on series B preferred shares (Notes 9(a) and 11)	(5,769)	(5,769)	(5,769)
Net income/(loss) attributed to common stockholders	$ 10,811	$ (517,483)	$ (170,006)
Earnings/(loss) per common share, basic and diluted (Note 11)	$ 0.10	$ (5.41)	$ (2.11)
Weighted average number of common shares, basic (Note 11)	103,736,742	95,731,093	80,441,517
Weighted average number of common shares, diluted (Note 11)	104,715,883	95,731,093	80,441,517

DIANA SHIPPING INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME/(LOSS)
For the years ended December 31, 2018, 2017 and 2016
(Expressed in thousands of U.S. Dollars)

	2018	2017	2016
Net income/(loss)	$ 16,580	$ (511,714)	$ (164,237)
Other comprehensive income/(loss) (Actuarial gain/(loss))	(7)	109	(84)
Comprehensive income/(loss)	$ 16,573	$ (511,605)	$ (164,321)

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

DIANA SHIPPING INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
For the years ended December 31, 2018, 2017 and 2016
(Expressed in thousands of U.S. Dollars – except for share data)

	Preferred Stock		Common Stock		Additional Paid-in Capital	Other Comprehensive Income / (Loss)	Retained Earnings/ (Accumulated Deficit)	Total Equity
	# of Shares	Par Value	# of Shares	Par Value				
BALANCE, December 31, 2015	2,600,000	$ 26	82,546,017	$ 825	$ 976,880	$ 269	$ 240,366	$ 1,218,366
Net loss	-	$ -	-	$ -	-	$ -	$ (164,237)	$ (164,237)
Issuance of restricted stock and compensation cost (Note 9(e))	-	-	2,150,000	22	8,291	-	-	8,313
Dividends on series B preferred stock (Note 9 (a))	-	-	-	-	-	-	(5,769)	(5,769)
Other comprehensive loss	-	-	-	-	-	(84)	-	(84)
BALANCE, December 31, 2016	2,600,000	$ 26	84,696,017	$ 847	$ 985,171	$ 185	$ 70,360	$ 1,056,589
Net loss	-	$ -	-	$ -	-	$ -	$ (511,714)	$ (511,714)
Issuance of common stock (Note 9(c))	-	-	20,125,000	201	77,110	-	-	77,311
Issuance of restricted stock and compensation cost (Note 9(e))	-	-	1,310,000	13	8,219	-	-	8,232
Dividends on series B preferred stock (Note 9 (a))	-	-	-	-	-	-	(5,769)	(5,769)
Other comprehensive income	-	-	-	-	-	109	-	109
BALANCE, December 31, 2017	2,600,000	$ 26	106,131,017	$ 1,061	$ 1,070,500	$ 294	$ (447,123)	$ 624,758
Net income/(loss)	-	$ -	-	$ -	$ -	$ -	$ 16,580	$ 16,580
Stock repurchased and retired (Note 9(d))	-	-	(4,166,666)	(41)	(15,116)	-	-	(15,157)
Issuance of restricted stock and compensation cost (Note 9(e))	-	-	1,800,000	18	7,261	-	-	7,279
Dividends on series B preferred stock (Note 9 (a))	-	-	-	-	-	-	(5,769)	(5,769)
Other comprehensive loss	-	-	-	-	-	(7)	-	(7)
BALANCE, December 31, 2018	2,600,000	$ 26	103,764,351	$ 1,038	$ 1,062,645	$ 287	$ (436,312)	$ 627,684

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

DIANA SHIPPING INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the years ended December 31, 2018, 2017 and 2016
(Expressed in thousands of U.S. Dollars)

	2018	2017	2016
Cash Flows from Operating Activities:			
Net income/(loss)	$ 16,580	$ (511,714)	$ (164,237)
Adjustments to reconcile net income/(loss) to net cash from operating activities:			
Depreciation and amortization of deferred charges	52,206	87,003	81,578
Impairment loss (Note 5)	-	442,274	-
Amortization of financing costs (Note 10)	1,939	1,455	1,503
Amortization of free lubricants benefit	-	-	(15)
Compensation cost on restricted stock (Note 9(c))	7,279	8,232	8,313
Actuarial loss/(gain)	(7)	109	(84)
Loss from sale of vessels (Note 5)	1,448	-	-
Gain from loan to a related party (Note 4 (b))	(5,000)	-	-
Gain from insurance recoveries, net of other loss (Note 5)	-	(10,879)	-
Gain on shipbuilding contract termination	-	-	(278)
Loss/(gain) from equity method investments (Note 3)	(14)	5,607	56,377
(Increase) / Decrease in:			
Accounts receivable, trade	1,989	966	(1,391)
Due from related parties	43	(141)	3,334
Inventories	(65)	90	391
Prepaid expenses and other assets	(1,197)	142	620
Increase / (Decrease) in:			
Accounts payable, trade and other	3,119	1,382	(2,391)
Due to related parties	(89)	246	(39)
Accrued liabilities, net of accrued preferred dividends	5,131	2,512	(715)
Deferred revenue	883	2,385	(1,592)
Other non-current liabilities	(59)	162	117
Drydock costs	(4,256)	(6,418)	(2,489)
Net cash provided by/(used in) Operating Activities	$ 79,930	$ 23,413	$ (20,998)
Cash Flows from Investing Activities:			
Payments for vessel acquisitions, improvements and construction (Note 5)	(2,573)	(125,781)	(50,911)
Proceeds from vessel sales, net of expenses (Note 5)	14,578	2,032	-
Proceeds from insurance contract, net of expenses (Note 5)	-	11,362	-
Proceeds from sale of investment (Note 3(a))	-	158	-
Proceeds from shipbuilding contract termination (Notes 5)	-	-	9,413
Cash dividends from investment in a related party (Note 3(a))	-	-	96
Loan to a related party (Note 4(b))	-	(40,000)	-
Proceeds from loan to a related party (Note 4(b))	87,617	-	-
Payments for plant, property and equipment (Note 6)	(252)	(104)	(217)
Net cash provided by/(used in) Investing Activities	$ 99,370	$ (152,333)	$ (41,619)
Cash Flows from Financing Activities:			
Proceeds from long-term debt (Note 7)	100,000	57,240	39,265
Proceeds from issuance of common stock, net of expenses (Note 9(c))	-	77,311	-
Cash dividends on preferred stock	(5,769)	(5,769)	(5,769)
Payments for repurchase of common stock (Note 9(d))	(15,157)	-	-
Financing costs	(2,833)	(31)	(466)
Loan payments (Note 7)	(169,943)	(55,164)	(42,489)
Net cash provided by/(used in) Financing Activities	$ (93,702)	$ 73,587	$ (9,459)
Net increase / (decrease) in cash, cash equivalents and restricted cash	85,598	(55,333)	(72,076)
Cash, cash equivalents and restricted cash at beginning of the year	65,809	121,142	193,218
Cash, cash equivalents and restricted cash at end of the year	$ 151,407	$ 65,809	$ 121,142
RECONCILIATION OF CASH, CASH EQUIVALENTS AND RESTRICTED CASH			
Cash and cash equivalents	$ 126,825	$ 40,227	$ 98,142
Restricted cash	24,582	25,582	23,000
Cash, cash equivalents and restricted cash	$ 151,407	$ 65,809	$ 121,142
SUPPLEMENTAL CASH FLOW INFORMATION			
Related party loan reduction in exchange for preferred shares (Note 3(a))	$ -	$ 3,000	$ -

Interest, net of amounts capitalized	$ 25,683	$ 24,503	$ 19,265

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

(Expressed in thousands of U.S. Dollars – expect share, per share data, unless otherwise stated)

1. Basis of Presentation and General Information

The accompanying consolidated financial statements include the accounts of Diana Shipping Inc., or DSI, and its wholly-owned and beneficially-owned subsidiaries (collectively, the "Company"). DSI was formed on March 8, 1999 as Diana Shipping Investment Corp. under the laws of the Republic of Liberia. In February 2005, the Company's articles of incorporation were amended. Under the amended articles of incorporation, the Company was renamed Diana Shipping Inc. and was re-domiciled from the Republic of Liberia to the Republic of the Marshall Islands.

The Company is engaged in the ocean transportation of dry bulk cargoes worldwide mainly through the ownership of dry bulk carrier vessels. The Company also operates the majority of its own fleet through Diana Shipping Services S.A., or DSS, a wholly-owned subsidiary and a limited number of vessels through a 50% owned joint venture (Notes 3 and 4).

Diana Shipping Services S.A., or DSS, provides the Company and its vessels with management services since November 12, 2004, pursuant to management agreements and since October 1, 2013 administrative services with regards to services related to DSI's operations and its subsidiaries. Such costs are eliminated in consolidation. As at December 31, 2018, DSS does not provide management services to eight vessels in the Company's fleet whose management has been transferred progressively since August 2015 to Diana Wilhelmsen Management Limited, or DWM, (Notes 3(b) and 4(d)).

During 2018, 2017 and 2016 charterers that individually accounted for 10% or more of the Company's time charter revenues were as follows:

Charterer	2018	2017	2016
A	16%	14%	15%
B	15%	17%	
C	14%	12%	10%
D			19%
E	10%		10%

2. 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 Diana Shipping Inc. and its wholly-owned subsidiaries. All 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. For entities in which the Company has a variable interest, the Company determines if the entity is a VIE by considering whether the entity's equity investment at risk is sufficient to finance its activities without additional subordinated financial support and whether the entity's at-risk equity holders have the characteristics of a controlling financial interest. In performing the analysis of whether the Company is the primary beneficiary of a VIE, the Company considers whether it individually has the power to direct the activities of the VIE that most significantly affect the entity's performance and also has the obligation to absorb losses or the right to receive benefits of the VIE that could potentially be significant to the VIE. The Company reconsiders the initial determination of whether an entity is a VIE if certain types of events ("reconsideration events") occur. If the Company holds a variable interest in an entity that previously was not a VIE, it reconsiders whether the entity has become a VIE. The Company has identified that it has variable interests in Diana Containerships Inc. (renamed to Performance Shipping Inc. in February 2019), or Diana Containerships, and Diana Wilhelmsen Management Limited. The Company has assessed that Diana Containerships is a VIE since 2017 but the Company is not the primary beneficiary (Notes 3(a) and 4(b)).

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 separately presents certain transactions, which are recorded directly as components of stockholders' equity. Other Comprehensive Income / (Loss) is presented in a separate statement.

d) Foreign Currency Translation: The functional currency of the Company is the U.S. dollar because the Company's vessels operate in international shipping markets, and therefore primarily transact business in U.S. dollars. The Company's accounting records are maintained in U.S. dollars. Transactions involving other currencies during the year 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 year-end exchange rates. Resulting gains or losses are reflected separately in the accompanying consolidated statements of operations.

e) Cash and Cash Equivalents and Restricted Cash: 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. Restricted cash consists mainly of cash deposits required to be maintained at all times under the Company's loan facilities (Note 7). As of December 31, 2018 and 2017, restricted cash also included $582 of cash guarantee which was restricted to withdrawal or usage.

f) Accounts Receivable, Trade: The amount shown as accounts receivable, trade, at each balance sheet date, includes receivables from charterers for hire, net of any provision for doubtful accounts. At each balance sheet date, all potentially uncollectible accounts are assessed individually for purposes of determining the appropriate provision for doubtful accounts. No provision for doubtful accounts was established as of December 31, 2018 and 2017.

g) Loan Receivable from Related Party: The amount shown as Due from related parties in the consolidated balance sheet as at December 31, 2017, represents a receivable from Diana Containerships with respect to a loan agreement, net of any provision for credit losses and does not include the $5,000 discount premium which was received in 2018 when the loan was fully collected (Note 4(b)). Interest income and fees, deriving from the agreement were recorded in the accounts as incurred. At each balance sheet date, amounts due under the aforementioned loan agreement were assessed for purposes of determining the appropriate provision for credit losses. As at December 31, 2017, the Company assessed the ability of Diana Containerships to meet its obligations under the loan agreement by taking into consideration existing economic conditions, the current financial condition of Diana Containerships, equity offerings, sale plans, historical losses, and other risks/factors that could affect Diana Containerships' future financial condition and its ability to meet its obligations. As a result of this assessment, the Company did not record any provision for credit losses, as it determined that Diana Containerships would be able to meet its obligations under the loan in the near future.

h) Inventories: Inventories consist of lubricants and victualling which are stated at the lower of cost or net realizable value. Net realizable value is the estimated selling prices in the ordinary course of business, less reasonably predictable costs of completion, disposal, and transportation. When evidence exists that the net realizable value of inventory is lower than its cost, the difference is recognized as a loss in earnings in the period in which it occurs. Cost is determined by the first in, first out method. Inventories may also consist of bunkers when on the balance sheet date a vessel remains idle. Bunkers, if any, are also stated at the lower of cost or net realizable value and cost is determined by the first in, first out method.

i) Vessel Cost: Vessels are stated at cost which consists of the contract price and any material expenses incurred upon acquisition or during construction. Expenditures for conversions and major improvements are also capitalized when they appreciably extend the life, increase the earning capacity or improve the efficiency or safety of the vessels; otherwise these amounts are charged to expense as incurred. Interest cost incurred during the assets' construction periods that theoretically could have been avoided if expenditure for the assets had not been made is also capitalized. The capitalization rate, applied on accumulated expenditures for the vessel, is based on interest rates applicable to outstanding borrowings of the period.

j) Property and equipment: The Company owns the land and building where its offices are located. Land is presented in its fair value on the date of acquisition and it is not subject to depreciation. The building has an estimated useful life of 55 years with no residual value. Depreciation is calculated on a straight-line basis. Equipment consists of office furniture and equipment, computer software and hardware and vehicles which consist of motor scooters and a car. The useful life of the car is 10 years, of the office furniture, equipment and the scooters is 5 years; and of the computer software and hardware is 3 years. Depreciation is calculated on a straight-line basis.

k) ***Impairment of Long-Lived Assets:*** Long-lived assets (vessels, land, and building) and certain identifiable intangibles held and used by an entity are reviewed 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 the assets, plus unamortized dry-docking costs, may not be recoverable. When the estimate of undiscounted projected net operating cash flows, excluding interest charges, expected to be generated by the use of the asset over its remaining useful life and its eventual disposition is less than its carrying amount, the Company should evaluate the asset for an impairment loss. Measurement of the impairment loss is based on the fair value of the asset. The Company determines the fair value of its assets based on management estimates and assumptions, by making use of available market data and taking into consideration third party valuations.

With respect to the vessels, the Company determines undiscounted projected net operating cash flows for each vessel by considering the historical and estimated vessels' performance and utilization, assuming (i) future revenues calculated for the fixed days, using the fixed charter rate of each vessel from existing time charters and for the unfixed days, the most recent 10 year average of historical 1 year time charter rates available for each type of vessel over the remaining estimated life of each vessel, net of commissions. Historical ten-year blended average one-year time charter rates are in line with the Company's overall chartering strategy, they reflect the full operating history of vessels of the same type and particulars with the Company's operating fleet and they cover at least a full business cycle, where applicable; (ii) expected outflows for scheduled vessels' maintenance; (iii) vessel operating expenses; and (iv) fleet utilization; assumptions in line with the Company's historical performance and its expectations for future fleet utilization under its current fleet deployment strategy.

During the last quarter of 2017, the Company's management considered various factors, including the recovery of the market, the worldwide demand for dry-bulk products, supply of tonnage and order book and concluded that the charter rates for the years 2008-2010 were exceptional. In this respect the Company's management decided to exclude from the 10-year average of 1 year time charters these three years for which the rates were well above the average and which were not considered sustainable for the foreseeable future. The Company performed the exercise discussed above which resulted to recording an impairment on certain vessels' carrying value (Note 5). No impairment loss was identified or recorded for 2018 (by excluding similarly to 2017 the charter rates for the years 2009-2010) and 2016.

With respect to the land and building, the Company determines undiscounted projected net operating cash flows by considering an estimated monthly rent the Company would have to pay in order to lease a similar property, during the useful life of the building. No impairment loss was identified or recorded for 2018, 2017 and 2016 and the Company has not identified any other facts or circumstances that would require the write down of the value of its land or building in the near future.

l) ***Vessel Depreciation:*** Depreciation is computed using the straight-line method over the estimated useful life of the vessels, after considering the estimated salvage (scrap) value. Each vessel's salvage value is equal to the product of its lightweight tonnage and estimated scrap rate. Management estimates the useful life of the Company's vessels to be 25 years 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 over the ability of a vessel to trade on a worldwide basis, its remaining useful life is adjusted at the date such regulations are adopted.

m) ***Accounting for Dry-Docking Costs***: The Company follows the deferral method of accounting for dry-docking costs whereby actual costs incurred are deferred and are amortized on a straight-line basis over the period through the date the next dry-docking is scheduled to become due. Unamortized dry-docking costs of vessels that are sold or impaired are written off and included in the calculation of the resulting gain or loss in the year of the vessel's sale or impairment.

n) ***Financing Costs***: Fees paid to lenders for obtaining new loans or refinancing existing ones 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 relating to drawn loan facilities are amortized to interest and finance costs over the life of the related debt using the effective interest method and fees incurred for loan facilities not used at the balance sheet date are amortized using the straight line method according to their availability terms. Unamortized fees relating to loans repaid or refinanced as debt extinguishment are expensed as interest and finance costs in the period the repayment or extinguishment is made. Loan commitment fees are charged to expense in the period incurred, unless they relate to loans obtained to finance vessels under construction, in which case they are capitalized to the vessels' cost.

o) ***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.

p) ***Accounting for Revenues and Expenses:*** Revenues are generated from time charter agreements which contain a lease as they meet the criteria of a lease under ASC 842. Agreements with the same charterer are accounted for as separate agreements according to their specific terms and conditions. All agreements contain a minimum non-cancellable period and an extension period at the option of the charterer. Each lease term is assessed at the inception of that lease. Under a time charter agreement, the charterer pays a daily hire for the use of the vessel and reimburses the owner for hold cleanings, extra insurance premiums for navigating in restricted areas and damages caused by the charterers. Additionally, the charterer pays to third parties port, canal and bunkers consumed during the term of the time charter agreement. Such costs are considered direct costs and are not recorded as they are directly paid by charterers, unless they are for the account of the owner, in which case they are included in voyage expenses. Additionally, the owner pays commissions on the hire revenue, to both the charterer and to brokers, which are direct costs and are recorded in voyage expenses. Under a time charter agreement, the owner pays for the operation and the maintenance of the vessel, including crew, insurance, spares and repairs, which are recognized in operating expenses. The Company, as lessor, has elected not to allocate the consideration in the agreement to the separate lease and non-lease components (operation and maintenance of the vessel) as their timing and pattern of transfer to the charterer, as the lessee, are the same and the lease component, if accounted for separately, would be classified as an operating lease. Additionally, the lease component is considered the predominant component as the Company has assessed that more value is ascribed to the vessel rather than to the services provided under the time charter contracts.

q) ***Repairs and Maintenance:*** All repair and maintenance expenses including underwater inspection expenses are expensed in the year incurred. Such costs are included in vessel operating expenses in the accompanying consolidated statements of operations.

r) ***Earnings / (loss) per Common Share:*** Basic earnings / (loss) per common share are computed by dividing net income / (loss) available to common stockholders by the weighted average number of common shares outstanding during the year. Diluted earnings per common share, reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised.

s) ***Segmental Reporting:*** The Company has determined that it operates under one reportable segment, relating to its operations of the dry-bulk vessels. The Company reports financial information and evaluates the operations of the segment by charter revenues and not by the length of ship employment for its customers, i.e. spot or time charters. The Company does not use discrete financial information to evaluate the operating results for each such type of charter. Although revenue can be identified for these types of charters, management cannot and does not identify expenses, profitability or other financial information for these charters. As a result, management, including the chief operating decision maker, reviews operating results solely by revenue per day and operating results of the fleet. Furthermore, when the Company charters a vessel to a charterer, the charterer is free to trade the vessel worldwide and, as a result, the disclosure of geographic information is impracticable.

t) ***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.

u) ***Share Based Payments:*** 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 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). No compensation cost is recognized for equity instruments for which employees do not render the requisite service. 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.

v) Equity method investments: Investments in common stock in entities over which the Company exercises significant influence, but does not exercise control are accounted for by the equity method of accounting. Under this method, the Company records such an investment at cost and adjusts the carrying amount for its share of the earnings or losses of the entity subsequent to the date of investment and reports the recognized earnings or losses in income. Dividends received, if any, reduce the carrying amount of the investment. When the Company's share of losses in an entity accounted for by the equity method equals or exceeds its interest in the entity, the Company does not recognize further losses, unless the Company has made advances, incurred obligations and made payments on behalf of the entity. The Company also evaluates whether a loss in value of an investment that is other than a temporary decline should be recognized. Evidence of a loss in value might include absence of an ability to recover the carrying amount of the investment or inability of the investee to sustain an earnings capacity that would justify the carrying amount of the investment. The Company assessed the financial condition of Diana Containerships (Note 3(a)), the market conditions that could affect its operations in the near future and historical losses of its investment and as a result the Company recorded impairment in 2017 and 2016, which is included in Gain/(loss) from equity method investments in the accompanying statements of operations.

w) Going concern: Management evaluates, at each reporting period, 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 financial statements are issued.

x) Financial Instruments, Recognition and Measurement: Equity securities with no determinable value, such as the Company's investment in Diana Containerships (Note 3) are recorded at their cost and they are assessed for impairment, in accordance with ASU 2016-01 Financial Instruments-Overall, Recognition and Measurement of Financial Assets and Financial Liabilities. The Company will continue to account its investment at cost minus impairment, if any, unless it determines that an observable transaction for a similar security took place, as determined in ASU 2018-03 Technical Corrections and Improvements to Financial Instruments – Overall. As at December 31, 2018 and 2017, based on the Company's qualitative assessment as of these dates, no impairment has been recognized.

y) Shares repurchased and retired: Company's shares repurchased for retirement, are immediately cancelled and the Company's share capital is accordingly reduced. Any excess of the cost of the shares over their par value is allocated in additional paid-in capital, in accordance with ASC 505-30-30, Treasury Stock.

Recent Accounting Pronouncements adopted

On January 1, 2018, the Company adopted ASU No. 2016-13 "Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments" which amends guidance on reporting credit losses for assets held at amortized cost basis and available for sale debt securities. On the same date, the Company adopted ASU No. 2018-19, "Codification Improvements to Topic 326, Financial Instruments—Credit Losses". The amendments in this update clarify that receivables arising from operating leases are not within the scope of Subtopic 326-20. Instead, impairment of receivables arising from operating leases should be accounted for in accordance with Topic 842, Leases. The adoption of ASU No. 2016-13 and ASU No. 2018-19 did not have any effect in the Company's financial statements and disclosures.

On January 1, 2018, the Company adopted the ASU No. 2017-09, "Compensation — Stock Compensation (Topic 718), Scope of Modification Accounting", which clarifies and reduces both (1) diversity in practice and (2) cost and complexity when applying the guidance in Topic 718, Compensation—Stock Compensation, to a change to the terms or conditions of a share-based payment award. The adoption of ASU 2017-09 did not have a material effect in the Company's financial statements.

On January 1, 2018, the Company adopted the provisions of ASU 2014-09 (Topic 606 – Revenue from Contracts with Customers), as amended from time to time, using the modified retrospective method to contracts that were in effect at January 1, 2018. The standard, outlines a single comprehensive model for entities to use in accounting for revenue from contracts with customers, supersedes most legacy revenue recognition guidance, and expands disclosure requirements. The core principle of the guidance in Topic 606 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services by applying the following five step method: (1) identify the contract(s) with a customer; (2) identify the performance obligations in each contract; (3) determine the transaction price; (4) allocate the transaction price to the performance obligations in each contract; and (5) recognize revenue when (or as) the entity satisfies a performance obligation. The Company's time charter agreements were determined to contain a lease and were accounted for under ASC 842 as discussed below.

The prior period comparative information has not been restated for Topic 606 and continues to be reported under the accounting guidance in effect for those periods. Implementation of the new revenue standard did not have any impact on revenue recognition. There was no cumulative effect from the adoption of the new revenue standard to opening accumulated deficit as at January 1, 2018, and no impact on any of the line items reported in the Company's consolidated financial statements.

In the fourth quarter of 2018, the Company early adopted the ASU No. 2016-02, Leases (ASC 842), as amended from time to time, with adoption reflected as of January 1, 2018, the beginning of the Company's annual period in accordance with ASC 250, using the modified retrospective transition method. The Company elected to apply the additional and optional transition method to existing leases at the beginning of the period of adoption through a cumulative effect adjustment to the opening accumulated deficit as of January 1, 2018. The prior period comparative information has not been restated and continues to be reported under the accounting guidance in effect for those periods (ASC 840), including the disclosure requirements. Also, the Company elected to apply a package of practical expedients under ASC 842 which allowed the Company, as lessor, not to reassess (i) whether any existing contracts, on the date of adoption, contained a lease, (ii) lease classification of existing leases classified as operating leases in accordance with ASC 840 and (iii) initial direct costs for any existing leases. As all existing contracts with charterers, at January 1, 2018, are operating leases and as the Company did not account for initial direct costs related to existing leases at January 1, 2018, there were no amounts to be recorded as a cumulative effect adjustment to opening accumulated deficit on January 1, 2018. The Company did not have any material lease arrangements in which it was a lessee at the adoption date.

Additionally, the Company, as lessor, elected to apply the practical expedient, to not separate lease and associated non-lease components, and instead to account for each separate lease component and the associated non-lease components as a single component, as the criteria of the paragraphs ASC 842-10-15-42A through 42B are met (Note 2(p)). There was no cumulative effect from the adoption of the standard to opening accumulated deficit as at January 1, 2018, and no impact on any of the line items reported in the Company's consolidated financial statements.

Recent Accounting Pronouncements not yet adopted

On August 2018, the FASB issued ASU No. 2018-13, "Fair Value Measurement (Topic 820)—Disclosure Framework—Changes to the Disclosure Requirements for Fair Value Measurement", which improves the effectiveness of fair value measurement disclosures. In particular, the amendments in this Update modify the disclosure requirements on fair value measurements in Topic 820, Fair Value Measurement, based on the concepts in FASB Concepts Statement, Conceptual Framework for Financial Reporting—Chapter 8: Notes to Financial Statements, including the consideration of costs and benefits. The amendments in the Update apply to all entities that are required under existing GAAP, to make disclosures about recurring and non-recurring fair value measurements. ASU No. 2018-13 is effective for annual periods, including interim periods within those annual periods, beginning after December 15, 2019. The amendments on changes in unrealized gains and losses, the range and weighted average of significant unobservable inputs used to develop Level 3 fair value measurements, and the narrative description of measurement uncertainty should be applied prospectively for only the most recent interim or annual period presented in the initial fiscal year of adoption. All other amendments should be applied retrospectively to all periods presented upon their effective date. Early adoption is permitted upon issuance of this Update. An entity is permitted to early adopt any removed or modified disclosures upon issuance of this Update and delay adoption of the additional disclosures until their effective date. The Company is currently assessing the impact that adopting this new accounting guidance will have on its consolidated financial statements and related disclosures.

On October 2018, the FASB issued ASU No. 2018-17, "Consolidation (Topic 810)—Targeted Improvements to Related Party Guidance for Variable Interest Entities". The Board is issuing this Update in response to stakeholders' observations that Topic 810, Consolidation, could be improved in the following areas: i) applying the variable interest entity (VIE) guidance to private companies under common control, ii) considering indirect interests held through related parties under common control for determining whether fees paid to decision makers and service providers are variable interests. The amendments in this Update improve the accounting for those areas, thereby improving general purpose financial reporting. ASU No. 2018-17 is effective for annual periods, including interim periods within those annual periods, beginning after December 15, 2019. All entities are required to apply the amendments in this Update retrospectively with a cumulative-effect adjustment to retained earnings at the beginning of the earliest period presented. Early adoption is permitted. The Company is currently assessing the impact that adopting this new accounting guidance will have on its consolidated financial statements and related disclosures.

3. Investments in related parties

a) Diana Containerships Inc. (renamed to Performance Shipping Inc. in February 2019), or Diana Containerships: In 2017, the Company gradually sold all shares owned in the common stock of Diana Containerships, realizing an aggregate loss of $757 from the sale of such shares. For 2017 and 2016, the investment in Diana Containerships resulted in loss of $5,656 (including the loss from the sale of shares) and $56,465, respectively, of which $3,124 and $17,568, respectively was impairment, which was recorded based on Diana Containerships' market value on Nasdaq at the date of each impairment charge recognition. The loss and impairment are included in "Gain/(loss) from equity method investments" in the accompanying consolidated statements of operations. In 2016, DSI received dividends from Diana Containerships amounting to $96.

On May 30, 2017, the company acquired 100 shares of newly-designated Series C Preferred Stock, par value $0.01 per share, of Diana Containerships for $3,000 in exchange for a reduction of an equal amount in the principal amount of the Company's outstanding loan to Diana Containerships at that date (Note 4(b)). The Series C Preferred Stock has no dividend or liquidation rights and votes with the common shares of Diana Containerships, if any. Each share of the Series C Preferred Stock entitles the holder thereof to up to 250,000 votes, subject to a cap such that

the aggregate voting power of any holder of Series C Preferred Stock together with its affiliates does not exceed 49.0%, on all matters submitted to a vote of the stockholders of Diana Containerships. The acquisition of shares of Series C Preferred Stock was approved by an independent committee of the Board of Directors of the Company. As at December 31, 2018 and 2017, the investment amounted to $3,000 for both periods and is included in "Investments in related parties".

b) Diana Wilhelmsen Management Limited, or DWM: DWM is a joint venture which was established on May 7, 2015 by Diana Ship Management Inc., a wholly owned subsidiary of DSI, and Wilhelmsen Ship Management Holding Limited, an unaffiliated third party, each holding 50% of DWM. As at December 31, 2018, DWM provided management services to eight vessels of the Company's fleet (Note 4(d)) following the sale of the m/v *Triton* and m/v *Alcyon* in December 2018 (Note 5). The DWM office is located in Limassol, Cyprus. As at December 31, 2018 and 2017, the equity method investment in DWM amounted to $263 and $249, respectively, and is included in "Investments in related parties" in the accompanying consolidated balance sheets. For 2018, 2017 and 2016, the investment in DWM resulted in gain of $14, $49, and $88, respectively, and is included in "Gain/(loss) from equity method investments" in the accompanying consolidated statements of operations.

4. Transactions with related parties

a) Altair Travel Agency S.A. ("Altair"): The Company uses the services of an affiliated travel agent, Altair, which is controlled by the Company's CEO and Chairman of the Board. Travel expenses for 2018, 2017 and 2016 amounted to $2,253, $2,096 and $2,320, respectively, and are mainly included in "Vessels, net book value", "Vessel operating expenses" and "General and administrative expenses" in the accompanying consolidated financial statements. At December 31, 2018 and 2017, an amount of $63 and $162, respectively, was payable to Altair and is included in "Due to related parties" in the accompanying consolidated balance sheets.

b) Diana Containerships Inc. (renamed to Performance Shipping Inc. in February 2019), or Diana Containerships: On May 20, 2013, the Company entered into a five year unsecured loan of $50,000 with a subsidiary of Diana Containerships, drawn on August 20, 2013, for general corporate purposes and working capital. Following an amendment on September 9, 2015, the interest was set to LIBOR plus a margin of 3% per annum and a fixed fee of $200 would be payable on the maturity date. In addition, the borrower agreed to repay the principal amount of the loan on the last day of each interest period in amounts totalling $5,000 per annum, but not to exceed $32,500 in the aggregate. Following another amendment on August 24, 2016, the repayment of all outstanding principal amounts was deferred until a later date, the borrower was changed to another wholly -owned subsidiary of Diana Containerships and the interest rate of the deferral period increased to 3.35% per annum over LIBOR. On May 30, 2017, as discussed in Note 3(a), the loan was decreased by $3,000, in order to acquire the Series C Preferred Stock issued by Diana Containerships.

On June 30, 2017, DSI entered into a loan facility of $82,617 with Diana Containerships to refinance the existing loan amounting to $42,617 at that date (including the above mentioned fixed fee). The loan also provided for an additional $5,000 interest-bearing discount premium payable on the termination date, unless waived according to certain terms of the loan agreement. The loan was collected in full in July 2018, including the additional $5,000 interest-bearing discount premium. The loan bore interest at the rate of 6% per annum for the first twelve months, scaled to 9% until full repayment. The loan facility was secured by first preferred mortgages on Diana Containerships' vessels and included financial and other covenants. As at December 31, 2017 the loan had an outstanding balance of $82,660, including accrued interest and is separately presented in "Due from related parties" in the accompanying consolidated balance sheet.

(Expressed in thousands of U.S. Dollars – expect share, per share data, unless otherwise stated)

For the years ended December 31, 2018, 2017 and 2016, interest and other income amounted to $7,055 (including the $5,000 additional discount premium), $3,855 and $1,692, respectively, and is included in "Interest and other income" in the accompanying consolidated statements of operations.

c) Steamship Shipbroking Enterprises Inc. or Steamship: Steamship is a company controlled by the Company's CEO and Chairman of the Board which provides brokerage services to DSI pursuant to a Brokerage Services Agreement for a fixed fee amended annually on each anniversary of the agreement. The agreement was amended in November 21, 2018, to increase the fee from October 1, 2018 until expiration of the agreement in March 2019. For 2018, 2017 and 2016, brokerage fees amounted to $1,850, $1,800 and $1,680, respectively, and are included in "General and administrative expenses" in the accompanying consolidated statements of operations. As of December 31, 2018 and 2017, there was no amount due to Steamship, included in "Due to related parties" in the accompanying consolidated balance sheets.

d) Diana Wilhelmsen Management Limited: As of December 31, 2018, DWM provided management services to eight vessels of the Company's fleet for a fixed monthly fee and commercial services charged as a percentage of the vessels' gross revenues. Management fees for 2018, 2017 and 2016 amounted to $2,394, $1,883 and $1,464, respectively, and are separately presented as "Management fees to related party" in the accompanying consolidated statements of operations, whereas commercial fees amounted to $453, $260 and $124, respectively, and are included in "Voyage expenses" in the accompanying consolidated statements of operations. As at December 31, 2018 and 2017, there was an amount of $119 and $109, respectively, due to DWM, included in "Due to related parties" in the accompanying consolidated balance sheets.

5. Vessels, net book value

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

	Vessel Cost	Accumulated Depreciation	Net Book Value
Balance, December 31, 2016	$ 1,987,419	$ (583,507)	$ 1,403,912
- Transfer from advances for vessels under construction and acquisition and other vessel costs	104,858	-	104,858
- Acquisitions, improvements and other vessel costs	67,787	-	67,787
- Vessel disposal	(15,349)	12,834	(2,515)
- Impairment charges	(877,484)	438,573	(438,911)
- Depreciation for the year	-	(81,553)	(81,553)
Balance, December 31, 2017	$ 1,267,231	$ (213,653)	$ 1,053,578
- Improvements and other vessel costs	2,573	-	2,573
- Vessel disposal	(41,213)	25,630	(15,583)
- Depreciation for the year	-	(49,165)	(49,165)
Balance, December 31, 2018	$ 1,228,591	$ (237,188)	$ 991,403

On January 4, 2017, the Company took delivery of Hull H2548 named *San Francisco*, and Hull H2549 named *Newport News*, which were under construction until then for an aggregate contract price of $95,400.

In April 2017, the Company acquired the vessels *Astarte*, *Electra* and *Phaidra* from unaffiliated third party sellers for an aggregate purchase price of $67,250. All three vessels were delivered in May 2017.

On July 25, 2017, the *Melite* run aground at Pulau Laut, Indonesia. Following this incident, on September 21, 2017, the owners served a notice of frustration of the voyage to the time-charterers and a notice of abandonment to the H&M and IV insurers as it was considered that the extent of damages and the estimated cost of repairs were such that the vessel constituted a constructive total loss. As of September 30, 2017, the vessel's net book value was reduced to its scrap value of $2,515 resulting in an impairment of $19,807 which is included in "Impairment loss", in the 2017 accompanying consolidated statement of operations. The vessel, which was insured for a value of $14,000 to H&M insurers, was sold to an unrelated third party at the recorded price in October 2017, and in November 2017, the Company received the balance of the insured value of the vessel amounting to $11,528, which is included in "Insurance recoveries, net of other loss" in the accompanying statement of operations.

(Expressed in thousands of U.S. Dollars – expect share, per share data, unless otherwise stated)

As at December 31, 2017, the Company's estimated undiscounted projected net operating cash flows, excluding interest charges, expected to be generated by the use of certain vessels over their remaining useful lives and their eventual disposition was less than their carrying amount plus any unamortized dry-docking costs. The Company performed the exercise discussed above which resulted to recording an impairment on certain vessels' carrying value (Note 2). Accordingly, the Company recognized an aggregate impairment loss of $422,466, which is included in "Impairment loss" in the 2017 accompanying consolidated statement of operations of which $3,362 was written down from unamortized deferred drydocking costs. The fair value of the vessels was determined through Level 2 inputs of the fair value hierarchy by taking into consideration third party valuations which were based on last done deals of sale of vessels with similar characteristics, such as type, size and age.

In November 2018, the Company entered into two Memoranda of Agreement with two unrelated third party companies to sell the vessel *Triton*, for a total consideration of $7,350 and the vessel *Alcyon*, for a total consideration of $7,450. Both vessels were delivered to their new owners in December 2018. The vessels' total net book value at the date of sale amounted to $15,583. The aggregate loss from the vessels' sale, including unamortized deferred drydocking costs, amounted to $1,448 and is reflected in "Loss from sale of vessels" in the accompanying 2018 consolidated statement of operations.

6. Property and equipment, net

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

	Property and Equipment	Accumulated Depreciation	Net Book Value
Balance, December 31, 2016	$ 26,582	$ (3,468)	$ 23,114
- Additions in property and equipment	104	-	104
- Depreciation for the year	-	(568)	(568)
- Disposal of assets	(3)	3	-
Balance, December 31, 2017	$ 26,683	$ (4,033)	$ 22,650
- Additions in property and equipment	252	-	252
- Depreciation for the year	-	(477)	(477)
Balance, December 31, 2018	$ 26,935	$ (4,510)	$ 22,425

7. Long-term debt, current and non-current

The amount of long-term debt shown in the accompanying consolidated balance sheets is analyzed as follows:

	2018	2017
8.5% Senior Unsecured Notes	-	63,250
9.5% Senior Unsecured Bond	100,000	-
Secured Term Loans	434,850	541,543
Total debt outstanding	$ 534,850	$ 604,793
Less related deferred financing costs	(4,303)	(3,409)
Total debt, net of deferred financing costs	$ 530,547	$ 601,384
Less: Current portion of long term debt, net of deferred financing costs current	(96,434)	(60,763)
Long-term debt, net of current portion and deferred financing costs, non-current	$ 434,113	$ 540,621

8.5% Unsecured Senior Notes: On May 20, 2015, the Company offered $63,250 aggregate principal amount of 8.5% Senior Notes due 2020 (the "Notes"), including an overallotment, at the price of $25.0 per Note, pursuant to an approval obtained by a special committee of the Board of Directors. As part of the offering, the underwriters sold $12,750 aggregate principal amount of the Notes to, or to entities affiliated with, the Company's chief executive officer, Mr. Simeon Palios, and other executive officers and certain directors of the Company at the public offering price. On October 29, 2018, the Company completed the redemption of all of its outstanding 8.50% Senior Notes due 2020 which until then had traded on the NYSE under the ticker symbol "DSXN". The redemption price was equal to 100% of the principal amount of the Notes, plus accrued and unpaid interest to, but excluding, the date of redemption. The Notes bore interest at a rate of 8.5% per year, payable quarterly in arrears on the 15th day of February, May, August and November of each year. The Notes included financial and other covenants, including maximum net borrowings and minimum tangible net worth.

9.5% Senior Unsecured Bond: On September 27, 2018, the Company issued a $100,000 senior unsecured bond (the "Bond") maturing in September 2023 and may issue up to an additional $25,000 of the Bond on one or more occasions. Entities affiliated with the Company's chief executive officer, Mr. Simeon Palios, and other executive officers and directors of the Company purchased $16,200 aggregate principal amount of the Bond. The Bond bears interest from September 27, 2018 at a US Dollar fixed-rate coupon of 9.50% and is payable semi-annually in arrears in March and September of each year. The Bond is callable in three years and includes financial and other covenants. The Bond is trading on the Oslo Stock Exchange under the ticker symbol "DIASH01".

Secured Term Loans: The Company, through its subsidiaries, has entered into various long term loan agreements with bank institutions to partly finance or, as the case may be, refinance part of the acquisition cost of certain of its fleet vessels. The loan agreements are repayable in quarterly or semi-annual installments plus one balloon installment per loan agreement to be paid together with the last installment and bear interest at LIBOR plus margin ranging from 1% to 3%. Their maturities range from January 2019 to January 2032. For 2018 and 2017, the weighted average interest rates of the secured term loans were 4.31% and 3.38%, respectively.

As at December 31, 2018, the Company had the following agreements with banks:

On October 22, 2009, the Company, through a wholly-owned subsidiary, entered into a $40,000 loan agreement with Bremer Landesbank ("Bremer") to partly finance the acquisition cost of the *Houston*. The loan is repayable in 40 quarterly installments of $900 each plus one balloon installment of $4,000 to be paid together with the last installment on November 12, 2019. The loan bears interest at LIBOR plus a margin of 2.15% per annum.

On October 2, 2010, the Company, through two wholly-owned subsidiaries, entered into a loan agreement with Export-Import Bank of China ("CEXIM Bank") and DnB NOR Bank ASA ("DnB") to finance part of the construction cost of the *Los Angeles* and the *Philadelphia*, for an amount of up to $82,600, of which $72,100 was drawn on delivery. The *Los Angeles* advance is repayable in 40 quarterly installments of approximately $628 each and a balloon of $12,332 payable together with the last installment on February 15, 2022. The *Philadelphia* advance is repayable in 40 quarterly installments of approximately $581 each and a balloon of $11,410 payable together with the last installment on May 18, 2022. The loan bears interest at LIBOR plus a margin of 2.50% per annum. Pursuant to an amendment of the loan agreement dated May 18, 2017, each of the individual banks were allowed to demand repayment in full of such bank's contribution in any or all advances on August 16, 2019. On March 1, 2019, the banks waived their right to exercise such a prepayment option.

On September 13, 2011, the Company through one wholly-owned subsidiary entered into a loan agreement with Emporiki Bank of Greece S.A. ("Emporiki") for a loan of up to $15,000 to refinance part of the acquisition cost of the *Arethusa*. On December 13, 2012, Bikar, the Company, DSS and Credit Agricole Corporate and Investment Bank ("Credit Agricole") entered into a supplemental loan agreement to transfer the outstanding loan balance, the ISDA master swap agreement and the existing security documents from Emporiki to Credit Agricole. The loan is repayable in 20 equal semiannual installments of $500 each and a balloon payment of $5,000 to be paid together with the last installment on September 15, 2021. The loan bears interest at LIBOR plus a margin of 2.5% per annum, or 1% for such loan amount that is equivalently secured by cash pledge in favor of the bank.

On May 24, 2013, the Company through two wholly-owned subsidiaries entered into a loan agreement with CEXIM Bank and DnB to finance part of the construction cost of *Crystalia* and *Atalandi* for an amount of up to $15,000 for each vessel, drawn on May 22, 2014. Each advance is repayable in 19 quarterly installments of $250 each and a balloon of $10,250 payable together with the last installment on February 22, 2019. The loan bears interest at LIBOR plus a margin of 3.0% per annum. In February 2019, the loan was repaid in full.

On January 9, 2014, the Company through two wholly-owned subsidiaries entered into a loan agreement with Commonwealth Bank of Australia, London Branch, for a loan facility of up to $18,000 to finance part of the acquisition cost of the *Melite* and *Artemis*. The loan bears interest at LIBOR plus a margin of 2.25%. The loan was drawn in two tranches, one of $8,500 assigned to *Melite* and one of $9,500 assigned to *Artemis*. Tranche A was repaid in full in October 2017, as a result of the sale of the vessel following its grounding incident (Note 5). Tranche B is repayable in 32 equal consecutive quarterly installments of $156 each and a balloon of $4,500 payable on January 13, 2022.

On December 18, 2014, the Company through two wholly-owned subsidiaries entered into a loan agreement with BNP Paribas ("BNP"), for a loan facility of up to $55,000 to finance part of the acquisition cost of the *G. P. Zafirakis* and the *P. S. Palios*, of which $53,500 was drawn. The loan bears interest at LIBOR plus a margin of 2%, and is repayable in 14 equal semi-annual installments of approximately $1,574 and a balloon of $31,466 payable on November 30, 2021.

On March 17, 2015, the Company, through eight separate wholly-owned subsidiaries, entered into a loan agreement with Nordea Bank AB, London Branch, for a secured term loan facility of up to $110,000 of which on March 19, 2015, the Company drew down $93,080 and repaid the then existing indebtedness with the bank. The loan is repayable in 24 equal consecutive quarterly installments of about $1,862 each and a balloon of about $48,402 payable together with the last installment on March 19, 2021. The loan bears interest at LIBOR plus a margin of 2.1%.

On March 26, 2015, the Company, through three wholly-owned subsidiaries, entered into a loan agreement with ABN AMRO Bank N.V. for a secured term loan facility of up to $53,000, to refinance part of the acquisition cost of the vessels *New York*, *Myrto* and *Maia*. On March 30, 2015, the Company drew down the amount of $50,160 under the loan facility, which is repayable in 24 equal consecutive quarterly installments of about $994 each and a balloon of $26,310 payable together with the last installment on March 30, 2021. The loan bears interest at LIBOR plus a margin of 2.0%.

On April 29, 2015, the Company, through one wholly-owned subsidiary, entered into a term loan agreement with Danish Ship Finance A/S for a loan facility of $30,000, drawn on April 30, 2015 to partly finance the acquisition cost of the *Santa Barbara*, which was delivered in January 2015. The loan is repayable in 28 equal consecutive quarterly installments of $500 each and a balloon of $16,000 payable together with the last installment on April 30, 2022. The loan bears interest at LIBOR plus a margin of 2.15%.

On July 22, 2015, the Company entered into a term loan agreement with BNP Paribas for a loan of $165,000 drawn on July 24, 2015. This loan, having a balance of $130,000 on July 16, 2018, was repaid in full with $75,000 of proceeds under a new loan agreement entered into with BNP Paribas on July 13, 2018 and with cash on hand. The original loan of $165,000 was repayable in 20 consecutive quarterly installments, the first eight installments in an amount of $2,500 each, followed by four installments in an amount of $5,000 each; eight installments in an amount of $7,000 each; and a balloon installment of $69,000 payable together with the last installment on July 24, 2020.The loan bore interest at LIBOR plus a margin of 2.35% per annum for the first two years; 2.3% per annum for the third year and 2.25% per annum until the final maturity of the loan. The new loan of $75,000, dated July 13, 2018, has a term of five years and is repayable in 20 consecutive quarterly installments of $1,562.5 and a balloon installment of $43,750 payable together with the last installment on July 16, 2023. The loan bears interest at LIBOR plus a margin of 2.3%.

On September 30, 2015, the Company, through two wholly-owned subsidiaries, entered into a term loan agreement with ING Bank N.V. for a loan of up to $39,683, available in two advances to finance part of the acquisition cost of the *New Orleans* and the *Medusa*. Advance A of $27,950 was drawn on November 19, 2015 and is repayable in 28 consecutive quarterly installments of about $466 each and a balloon installment of about $14,907 payable together with the last installment on November 19, 2022. Advance B of $11,733 was drawn on October 6, 2015 and is repayable in 28 consecutive quarterly installments of about $293 each and a balloon installment of about $3,520 payable together with the last installment on October 6, 2022. The loan bears interest at LIBOR plus a margin of 1.65%.

On January 7, 2016, the Company, through three wholly-owned subsidiaries, entered into a secured loan agreement with the Export-Import Bank of China for a loan of up to $75,735 in order to finance part of the construction cost of *Newport News, San Francisco* (Note 5) and *Hull DY6006*. The tranche for Hull DY6006 was cancelled pursuant to a Deed of Release dated February 6, 2017, as a result of the cancelation of its shipbuilding contract on October 31, 2016. On January 4, 2017, the Company drew down $57,240. The loan is repayable in 60 equal quarterly instalments of $954 each by January 4, 2032 and bears interest at LIBOR plus a margin of 2.3%.

(Expressed in thousands of U.S. Dollars – expect share, per share data, unless otherwise stated)

On March 29, 2016, the Company, through two wholly-owned subsidiaries, entered into a term loan agreement with ABN AMRO Bank N.V. for a loan of $25,755, drawn on March 30, 2016, to finance the acquisition cost of the *Selina* and the *Ismene*. The loan is payable in eight consecutive quarterly installments of $855 each and a balloon installment of $18,915 payable together with the last installment by June 30, 2019. The first repayment installment was repaid on September 30, 2017. The loan bears interest at LIBOR plus a margin of 3%.

On May 10, 2016, the Company, through one wholly-owned subsidiary, entered into a term loan agreement with DNB Bank ASA and the Export-Import Bank of China for a loan of $13,510, drawn on the same date, being the purchase price of the *Maera*. The loan is payable in seven equal consecutive quarterly installments of about $20 each, four equal consecutive quarterly installments of about $283 and a balloon of about $12,242 payable together with the last installment on January 4, 2019. The loan bears interest at LIBOR plus a margin of 3% per annum. According to the terms of the loan agreement, the Company prepaid an amount of $360 during 2018 which was deducted from the final balloon payment. In January 2019, the loan was repaid in full.

Under the secured term loans outstanding as of December 31, 2018, 33 vessels of the Company's fleet are mortgaged with first preferred or priority ship mortgages, having an aggregate carrying value of $813,387. Additional securities required by the banks include first priority assignment of all earnings, insurances, first assignment of time charter contracts that exceed a certain period, pledge over the shares of the borrowers, manager's undertaking and subordination and requisition compensation and either a corporate guarantee by DSI (the "Guarantor") or a guarantee by the ship owning companies (where applicable), financial covenants, as well as operating account assignments. The lenders may also require additional security in the future in the event the borrowers breach certain covenants under the loan agreements. The secured term loans generally include restrictions as to changes in management and ownership of the vessels, additional indebtedness, as well as minimum requirements regarding hull cover ratio and minimum liquidity per vessel owned by the borrowers, or the guarantor, maintained in the bank accounts of the borrowers, or the guarantor. As at December 31, 2018 and 2017, the minimum cash deposits required to be maintained at all times under the Company's loan facilities, amounted to $24,000 and $25,000, respectively and is included in "Restricted cash" in the accompanying consolidated balance sheets. Furthermore, the secured term loans contain cross default provisions and additionally the Company is not permitted to pay any dividends following the occurrence of an event of default.

As at December 31, 2018 and 2017, the Company was in compliance with all of its loan covenants.

The maturities of the Company's debt facilities described above, as at December 31, 2018, and throughout their term, are shown in the table below:

Period		**Principal Repayment**
Year 1	$	97,521
Year 2		36,132
Year 3		138,744
Year 4		78,717
Year 5		152,254
Year 6 and thereafter		31,482
Total	**$**	534,850

8. 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. The Company accrues for the cost of environmental and other liabilities when management becomes aware that a liability is probable and is able to reasonably estimate the probable exposure.

The Company's vessels are covered for pollution in the amount of $1 billion per vessel per incident, by the 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.

(Expressed in thousands of U.S. Dollars – expect share, per share data, unless otherwise stated)

b) As at December 31, 2018, all of the Company's vessels were fixed under time charter agreements. The minimum contractual gross charter revenue expected to be generated from fixed and non-cancelable time charter contracts existing as at December 31, 2018 and until their expiration was as follows:

Period	Amount
Year 1	$ 131,917
Year 2	5,211
Total	**$ 137,128**

9. Capital Stock and Changes in Capital Accounts

a) ***Preferred stock****:* As at December 31, 2018 and 2017, the Company's authorized preferred stock consists of 25,000,000 shares (all in registered form) of preferred stock, par value $0.01 per share, of which 1,000,000 are designated as Series A Participating Preferred Shares and 5,000,000 are designated as Series B Preferred Shares.

As at December 31, 2018 and 2017, the Company had 2,600,000 Series B Preferred Shares issued and outstanding with par value $0.01 per share, at $25.00 per share and with liquidation preference at $25.00 per share and zero Series A Participating Preferred Shares issued and outstanding. Holders of series B preferred shares have no voting rights other than the ability, subject to certain exceptions, to elect one director if dividends for six quarterly dividend periods (whether or not consecutive) are in arrears and certain other limited protective voting rights. Also, holders of series B preferred shares, rank prior to the holders of common shares with respect to dividends, distributions and payments upon liquidation.

Dividends on the Series B preferred shares are cumulative from the date of original issue and are payable on the 15th day of January, April, July and October of each year at the dividend rate of 8.875% per annum, or $2.21875 per share per annum. For 2018, 2017, and 2016, dividends on Series B preferred shares amounted to $5,769. At any time on or after February 14, 2019, the Company may redeem, in whole or in part, the series B preferred shares at a redemption price of $25.00 per share plus an amount equal to all accumulated and unpaid dividends thereon to the date of redemption, whether or not declared.

b) ***Common Stock:*** The Company's authorized capital stock consists of 200,000,000 shares (all in registered form) of common stock, par value $0.01 per share. The holders of the common shares are entitled to one vote on all matters submitted to a vote of stockholders and to receive all dividends, if any.

c) ***Offering of common shares:*** On April 26, 2017, the Company issued a total 20,125,000 common shares, at a price of $4.00 per share, in a public offering. As part of the offering, entities affiliated with Simeon Palios, the Company's Chief Executive Officer and Chairman, executive officers and certain directors, purchased an aggregate of 5,500,000 common shares at the public offering price. The net proceeds from the offering after underwriting discounts and other offering expenses were $77,311.

d) ***Repurchase of common shares:*** In December 2018, the Company repurchased a total of 4,166,666 common shares, at a price of $3.60 per share, in a tender offer which commenced in November 2018. The total cost from the tender offer amounted to $15,157.

e) ***Incentive plan:*** In November 2014, the Company adopted the 2014 Equity Incentive Plan to issue awards to Key Persons in the form of (a) non-qualified stock, (b) stock appreciation rights, (c) restricted stock, (d) restricted stock units, (e) dividend equivalents, (f) unrestricted stock and (g) other equity-based or equity-related Awards for a maximum number of 5,000,000 shares of common stock. This number was increased to 13,000,000 on May 31, 2018, after an amendment of the plan. As at December 31, 2018, 9,124,759 remained reserved for issuance.

(Expressed in thousands of U.S. Dollars – expect share, per share data, unless otherwise stated)

Restricted stock during 2018, 2017 and 2016 is analysed as follows:

	Number of Shares	Weighted Average Grant Date Price
Outstanding at December 31, 2015	2,764,312	$ 8.27
Granted	2,150,000	2.26
Vested	(971,646)	8.67
Outstanding at December 31, 2016	3,942,666	$ 4.89
Granted	1,310,000	3.95
Vested	(1,611,549)	5.46
Outstanding at December 31, 2017	3,641,117	$ 4.30
Granted	1,800,000	3.82
Vested	(1,679,484)	4.38
Outstanding at December 31, 2018	3,761,633	$ 4.04

The fair value of the restricted shares has been determined with reference to the closing price of the Company's stock on the date the agreements were signed. The aggregate compensation cost is being recognized ratably in the consolidated statement of operations over the respective vesting periods. For 2018, 2017 and 2016, an amount of $7,279, $8,232, and $8,313, respectively, was recognized in "General and administrative expenses" presented in the accompanying consolidated statements of operations.

At December 31, 2018 and 2017, the total unrecognized cost relating to restricted share awards was $10,106 and $10,509, respectively. At December 31, 2018, the weighted-average period over which the total compensation cost related to non-vested awards not yet recognized is expected to be recognized is 0.86 years.

f) Share Repurchase Agreement: On May 22, 2014, the Company's Board of Directors authorized a share repurchase plan for up to $100,000 worth of shares of the Company's common stock. During the years ended December 31, 2018 and 2017, the Company did not repurchase any shares.

10. Interest and Finance Costs

The amounts in the accompanying consolidated statements of operations are analyzed as follows:

	2018	2017	2016
Interest expense	$ 28,299	$ 24,978	$ 19,523
Amortization of financing costs	1,939	1,455	1,503
Loan expenses	268	195	923
Total	$ 30,506	$ 26,628	$ 21,949

Total interest on long-term debt for 2018, 2017 and 2016 amounted to $28,299, $24,991 and $21,009, respectively, of which $0, $13 and $1,486, respectively, were capitalized and included "Vessels, net book value", in the accompanying consolidated balance sheets.

11. Earnings/(loss) per Share

All common shares issued (including the restricted shares issued under the Company's incentive plans) are the Company's common stock and have equal rights to vote and participate in dividends. The calculation of basic earnings/(loss) per share does not treat the non-vested shares (not considered participating securities) as outstanding until the time/service-based vesting restriction has lapsed. For 2018, the denominator of the diluted earnings per share calculation includes 979,141 shares, being the number of incremental shares assumed issued under the treasury stock method weighted for the periods the non-vested shares were outstanding. For 2017 and 2016 and on the basis that the Company incurred losses, the effect of incremental shares would be anti-dilutive and therefore basic and diluted loss per share was the same.

(Expressed in thousands of U.S. Dollars – expect share, per share data, unless otherwise stated)

Profit or loss attributable to common equity holders is adjusted by the amount of dividends on Series B Preferred Stock as follows:

	2018	2017	2016
Net income/(loss)	$ 16,580	$ (511,714)	$ (164,237)
Less dividends on series B preferred shares	$ (5,769)	$ (5,769)	$ (5,769)
Net income/(loss) attributed to common stockholders	10,811	(517,483)	(170,006)
Weighted average number of common shares, basic	103,736,742	95,731,093	80,441,517
Incremental shares	979,141	-	-
Weighted average number of common shares, diluted	104,715,883	95,731,093	80,441,517
Earnings/(loss) per share, basic and diluted	$ 0.10	$ (5.41)	$ (2.11)

12. 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.

Pursuant to the Internal Revenue Code of the United States (the "Code"), U.S. source income from the international operations of ships is generally exempt from U.S. tax if the company operating the ships meets both of the following requirements, (a) the Company is organized in a foreign country that grants an equivalent exception to corporations organized in the United States and (b) either (i) more than 50% of the value of the Company's stock is owned, directly or indirectly, by individuals who are "residents" of the Company's country of organization or of another foreign country that grants an "equivalent exemption" to corporations organized in the United States (50% Ownership Test) or (ii) the Company's stock is "primarily and regularly traded on an established securities market" in its country of organization, in another country that grants an "equivalent exemption" to United States corporations, or in the United States (Publicly - Traded Test).

Notwithstanding the foregoing, the regulations provide, in pertinent part, that each class of the Company's stock 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 stock attribution rules, on more than half the days during the taxable year by persons who each own 5% or more of the value of such class of the Company's outstanding stock, ("5 Percent Override Rule").

The Company and each of its subsidiaries expects to qualify for this statutory tax exemption for the 2018, 2017 and 2016 taxable years, and the Company takes this position for United States federal income tax return reporting purposes. However, there are factual circumstances beyond the Company's control that could cause it to lose the benefit of this tax exemption in future years and thereby become subject to United States federal income tax on its United States source income such as if, for a particular taxable year, other shareholders with a five percent or greater interest in the Company's stock were, in combination with the Company's existing 5% shareholders, to own 50% or more of the Company's outstanding shares of its stock on more than half the days during the taxable year.

The Company estimates that since no more than the 50% of its shipping income would be treated as being United States source income, the effective tax rate is expected to be 2% and accordingly it anticipates that the impact on its results of operations will not be material. The Company believes that it satisfies the Publicly-Traded Test and all of its United States source shipping income is exempt from U.S. federal income tax. Based on its U.S. source Shipping Income for 2018, 2017 and 2016, the Company would be subject to U.S. federal income tax of approximately $172, $136 and $80, respectively, in the absence of an exemption under Section 883.

13. 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 fair value of the Bond (Note 7) having a fixed interest rate amounted to $97,500 as of December 31, 2018, and was determined through the Level 1 input of the fair value hierarchy as defined in FASB guidance for Fair Value Measurements based on the quoted price of the instrument on that date as provided by the selling bank.

The Company is exposed to interest rate fluctuations associated with its variable rate borrowings. Currently, the company does not have any derivative instruments to manage such fluctuations.

14. Subsequent Events

a) ***Series B Preferred Stock Dividends***: On January 15, 2019, the Company paid a dividend on its series B preferred stock, amounting to $0.5546875 per share, or $1,442, to its stockholders of record as of January 14, 2019.

b) ***Series C Preferred Stock***: On January 31, 2019, DSI issued 10,675 shares of its newly-designated Series C Preferred Stock, par value $0.01 per share, to an affiliate of its Chairman and Chief Executive Officer, Mr. Simeon Palios, for an aggregate purchase price of $1,066. The Series C Preferred Stock will vote with the common shares of the Company, and each share entitles the holder thereof to 1,000 votes on all matters submitted to a vote of the stockholders of the Company. The transaction was approved unanimously by a committee of the Board of Directors established for the purpose of considering the transaction and consisting of the Company's independent directors. The Series C Preferred Stock has no dividend or liquidation rights and cannot be transferred without the consent of the Company except to the holder's affiliates and immediate family members.

c) ***Sale of Vessels:*** On February 14 and February 15, 2019 the Company through two separate wholly-owned subsidiaries entered into two Memoranda of Agreement to sell the vessels *Danae* and *Dione* to two affiliated parties controlled by one Director each, for the purchase price of $7,200 each. The transaction was approved by disinterested directors of the Company and the agreed upon sale price was based, among other factors, on independent third-party broker valuations obtained by the Company. *Danae* is expected to be delivered to her new owners latest by June 28, 2019 and *Dione* by April 15, 2019.

d) ***Annual Incentive Bonus:*** On February 20, 2019 the Company's Board of Directors approved the grant of 2,000,000 shares of restricted common stock awards to executive management and non-executive directors, pursuant to the Company's 2014 equity incentive plan, as amended. The fair value of the restricted shares based on the closing price on the date of the Board of Directors' approval was $5,980 and will be recognized in income ratably over the restricted shares vesting period which will be 3 years.

e) ***Tender Offer:*** On February 27, 2019 the Company commenced a tender offer to purchase up to 5,178,571 shares of its outstanding common stock using funds available from cash and cash equivalents at a price of $2.80 per share, net to the seller, in cash, less any applicable withholding taxes and without interest. The tender offer is scheduled to expire on March 27, 2019.

f) ***New Loan Agreement:*** On March 5, 2019, the Company, through two wholly owned subsidiaries, entered into a $19,000 loan agreement with DNB Bank ASA, for the purpose of providing the borrowers with working capital. The loan will be available until March 20, 2019 and will be repayable in 20 consecutive quarterly instalments of $477.3 and a balloon of $9,454, latest by March 20, 2024.

Exhibit 4.33

Dated July 2018

DIANA SHIPPING INC.
as Borrower

and

THE BANKS AND FINANCIAL INSTITUTIONS
listed in Schedule 1
as Lenders

and

BNP PARIBAS
as Agent
and as Security Trustee

and

BNP PARIBAS
as Bookrunner

and

BNP PARIBAS
as Swap Bank

LOAN AGREEMENT

relating to
a secured term loan facility of up to US$75,000,000

INDEX

THIS AGREEMENT is made on July 2018

BETWEEN

(1) **DIANA SHIPPING INC.,** a corporation domesticated in the Marshall Islands whose registered office is at Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands MH96960 as **Borrower**

(2) **THE BANKS AND FINANCIAL INSTITUTIONS** listed in Schedule 1 (*Lenders and Commitments*), as **Lenders**

(3) **BNP PARIBAS** a banking corporation having its registered office at 16 Boulevard des Italiens, 75009, Paris, France acting through its office at 35, rue de la Gare – Millénaire 4, 75019 Paris, France as **Agent** and **Security Trustee**

(4) **BNP PARIBAS** a banking corporation having its registered office at 16 Boulevard des Italiens, 75009, Paris, France acting through its office at 35, rue de la Gare – Millénaire 4, 75019 Paris, France as **Bookrunner; and**

(5) **BNP PARIBAS** as **Swap Bank.**

BACKGROUND

(A) The Lenders have agreed to make available to the Borrower a secured term loan facility in one advance for the purposes of refinancing the Existing Indebtedness in an amount equal to the lesser of (a) $75,000,000 and (b) 70 per cent. of the aggregate Initial Market Value of the Ships and the Additional Realisable Value of the Collateral Ships.

(B) The Borrower may from time to time hedge its exposure under this Agreement to interest rate fluctuations by entering into Designated Transactions with the Swap Bank.

(C) The Lenders and the Swap Bank have agreed to share pari passu in the security to be granted to the Security Trustee pursuant to this Agreement.

IT IS AGREED as follows:

1 INTERPRETATION

1.1 Definitions

Subject to Clause 1.5 (*General Interpretation*), in this Agreement (including the Recitals):

"**Account Bank**" means BNP Paribas (Suisse), acting through its office at Place de Hollande 2, CP CH-1211, Geneva 11, Switzerland.

"**Account Pledge**" means a deed of pledge of each Earnings Account in the Agreed Form and, in the plural, means all of them.

"**Accounting Information**" means, as at the date of calculation or, as the case may be, in respect of an accounting period, the annual audited consolidated accounts of the Group or, as the case may be, the semi-annual unaudited financial statements of the Group, in each case, which the Borrower is obliged to deliver to the Agent pursuant to Clause 12.6 (*Provision of financial statements*) in accordance with the provisions of Clause 12.7 (*Form of financial statements*).

"Additional Realisable Value" means, at any relevant time in respect of the Collateral Ships, the aggregate Collateral Market Value of the Collateral Ships less that part of such aggregate Collateral Market Value which is required to satisfy the minimum security cover test in accordance with clause 15.1 of the Collateral Loan Agreement.

"**Affected Lender**" has the meaning given in Clause 5.7 (*Market disruption*).

"**Agency and Trust Agreement**" means the agency and trust agreement dated the same date as this Agreement and made between the same parties in such form as the Agent may approve or require.

"**Agent**" means BNP Paribas acting through its office at 35, rue de la Gare – Millénaire 4, 75019 Paris, France or any successor of it appointed under clause 5 of the Agency and Trust Agreement.

"**Agreed Form**" means in relation to any document, that document in the form approved in writing by the Agent (acting on the instructions of all the Lenders) or as otherwise approved in accordance with any other approval procedure specified in any relevant provisions of any Finance Document.

"**Applicable Person**" has the meaning given in Clause 30.5 (*Waiver of Banking Secrecy*).

"**Approved Broker**" means any of Clarksons, Fearnleys, E.A. Gibson Shipbrokers, Arrow, Galbraith, Breamar Seascope Ltd, Maersk, Simpson Spencer & Young, Barry Rogliano Salles, Howe Robinson Services Limited (to include, in each case, their successors or assigns and such subsidiary or other company in the same corporate group through which valuations are commonly issued by each of these brokers), or such other first-class independent broker as the Borrower and the Agent (acting on the instructions of the Majority Lenders) may agree in writing form time to time.

"**Approved Classification**" means, in respect of a Ship and a Collateral Ship, the classification specified in Column I of Schedule 7 (*Ships*) with the Approved Classification Society or the equivalent classification with another Approved Classification Society.

"**Approved Classification Society**" means, in respect of a Ship and a Collateral Ship, the classification society specified in Column H of Schedule 7 (*Ships*) or any other classification society which is a member of the International Association of Classification Societies and which has been approved in writing by the Agent acting with the authorisation of the Majority Lenders.

"**Approved Flag State**" means, in respect of a Ship and a Collateral Ship, the flag set out in Column C of Schedule 7 (*Ships*), or any country in which the Agent may, with the authorisation of the Majority Lenders, approve that that Ship or that Collateral Ship may be registered.

"**Approved Manager**" means, in relation to a Ship (with the exception of the ship listed in row 1 of Schedule 7) and a Collateral Ship, Diana Shipping Services S.A., a company incorporated and existing under the laws of Panama having its registered office at Edificio Universal, Piso 12, Avenida Federico Boyd, Panama, Republic of Panama and maintaining an office at 16 Pendelis Street, 175 64, Palaio Faliro, Greece or -in relation to the ship listed in row 1 of Schedule 7 or any other Ship and/or any Collateral Ship in respect of which the Borrower exercises its right set out in Clause 15.20 (*Change of Approved Manager*), Diana Wilhelmsen Management Limited, a company incorporated and existing under the laws of

the Republic of Cyprus having its registered office at 21 Vasili Michailidi Street, 3026 Limassol, Cyprus, and any other company within the Group which the Agent may, with the authorisation of the Majority Lenders, approve from time to time as the technical or, as the case may be, commercial manager of that Ship and/or that Collateral Ship (such approval not to be unreasonably withheld or unduly delayed).

"**Approved Manager's Undertaking**" means, in relation to a Ship, a letter of undertaking executed or to be executed by the Approved Manager in favour of the Security Trustee in the terms required by the Security Trustee agreeing certain matters in relation to the Approved Manager serving as the manager of that Ship and subordinating the rights of the Approved Manager against that Ship and the Guarantor owning that Ship to the rights of the Creditor Parties under the Finance Documents, in the Agreed Form and, in the plural, means all of them.

"**Availability Period**" means the period commencing on the date of this Agreement and ending on:

(a) 16 July 2018 (or such later date as the Agent may, with the authorisation of the Majority Lenders, agree with the Borrower); or

(b) if earlier, the date on which the Total Commitments are fully borrowed, cancelled or terminated.

"**Balloon Instalment**" has the meaning given in paragraph (b) of Clause 8.1 (*Amount of Repayment Instalments*).

"**Basel III Framework**" 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 from time to time;

(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 from time to time; and

(c) any further guidance or standards published from time to time by the Basel Committee on Banking Supervision relating to "Basel III".

"**Bookrunner**" means BNP Paribas acting through its office at 35, rue de la Gare – Millénaire 4, 75019 Paris, France.

"**Business Day**" means a day on which banks are open in London, Athens, Paris, Zurich, Geneva and Frankfurt and, in respect of a day on which a payment is required to be made under a Finance Document, also in New York City.

"**Cash and Cash Equivalents**" means, at any time, the aggregate of:

(a) the amount of freely available and unencumbered credit balances on any deposit or current account (including, for the avoidance of doubt, any restricted cash and the Minimum Liquidity Amount as defined in clause 12.19);

(b) the market value of transferable certificates of deposit in a freely convertible currency acceptable to the Security Trustee issued by a prime international bank; and

(c) the market value of equity securities (if and to the extent that the Lenders satisfied that such equity securities are readily saleable for cash and that there is a ready market therefor) and investment grade debt securities which are publicly traded on a major stock exchange or investment market (valued at market value as at any applicable date of determination);

in each case owned free of any Security Interest (other than a Security Interest in favour of the Security Trustee) by the Borrower or any of its subsidiaries where:

(i) the market value of any asset specified in paragraph (b) and (c) shall be the bid price quoted for it on the relevant calculation date by the Security Trustee; and

(ii) the amount or value of any asset denominated in a currency other than Dollars shall be converted into Dollars using the Lenders' spot rate for the purchase of Dollars with that currency on the relevant calculation date.

"**Charterparty**" means, in relation to a Ship, any charterparty in respect of that Ship of a duration exceeding 12 months or capable of exceeding a duration of 12 months, made on terms and with a charterer acceptable in all respects to Agent (acting on the instructions of the Lenders).

"**Charterparty Assignment**" means, in respect of a Charterparty, the deed of assignment of that Charterparty in favour of the Security Trustee, in the Agreed Form and, in the plural, means all of them.

"**Code**" means the United States Internal Revenue Code of 1986.

"**Collateral General Assignment**" means, in relation to a Collateral Ship, a second priority general assignment of the Earnings, the Insurances and any Requisition Compensation in the Agreed Form and, in the plural, means all of them.

"**Collateral Guarantee**" means the guarantee to be given by each Collateral Guarantor in favour of the Security Trustee, guaranteeing the obligations of the Borrower under this Agreement, the Master Agreement and the other Finance Documents, in the Agreed Form and, in the plural, means all of them.

"**Collateral Guarantor**" means the corporations listed in rows 6 to 7 of Column B of Schedule 2 *(Guarantors)* hereto whose registered offices are located at the addresses set out in rows 6 to 7 of Column E of Schedule 2 (*Guarantors*).

"**Collateral Loan Agreement**" means the facility agreement dated 18 December 2014 entered into between, amongst others, (i) the Collateral Guarantors as joint and several borrowers, (ii) the banks and financial institutions listed in schedule 1 therein as lenders, (iii) BNP Paribas

as agent, (iv) BNP Paribas as security trustee and (v) BNP Paribas as swap bank, in relation to a secured term loan facility of (originally) up to $55,000,000.

"**Collateral Market Value**" means, in relation to a Collateral Ship, the "Market Value" as such term is defined in the Collateral Loan Agreement.

"**Collateral Master Agreement**" means the "Master Agreement" as such term is defined in the Collateral Loan Agreement.

"**Collateral Mortgage**" means, in relation to a Collateral Ship, the second preferred, or as the case may be, priority, ship mortgage on that Collateral Ship and, if applicable, a deed of covenant collateral thereto, in the Agreed Form.

"**Collateral Security Documents**" means, together, the Collateral Guarantees, the Collateral Mortgages and the Collateral General Assignments and, in the singular, means any one of them.

"**Collateral Ship**" means each of the ships listed in rows 6 to 7 of Schedule 7 (*Ships*) and, in the plural, means all of them.

"**Commitment**" means, in relation to a Lender, the amount set opposite its name in Schedule 1 (*Lenders and Commitments*), or, as the case may require, the amount specified in the relevant Transfer Certificate, as that amount may be reduced, cancelled or terminated in accordance with this Agreement (and "**Total Commitments**" means the aggregate of the Commitments of all the Lenders).

"Compliance Certificate" means a certificate in the form set out in Schedule 8 (*Form of Compliance Certificate*) (or in any other form which the Agent approves or requires in its sole discretion).

"**Confidential Rate**" means any quotation supplied to the Agent by a Reference Bank or any Funding Rate.

"**Confirmation**" and "**Early Termination Date**", in relation to any continuing Designated Transaction, have the meanings given in the Master Agreement.

"**Consolidated Net Debt**" means the Total Debt less the aggregate amount of Cash and Cash Equivalents (excluding amounts restricted in connection with contingent/off balance sheet obligations).

"**Contractual Currency**" has the meaning given in Clause 22.5 (*Currency indemnity*).

"**Contribution**" means, in relation to a Lender, the part of the Loan which is owing to that Lender.

"**CRD IV**" means:

(a) Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms; and

(b) Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms.

"**Creditor Party**" means the Agent, the Security Trustee, the Swap Bank or any Lender, whether as at the date of this Agreement or at any later time.

"**Deed of Release**" means, in respect of the Existing Loan Agreement, a deed of release and reassignment in respect of any obligations, undertakings and the Security Interests (as such term is defined in the Existing Loan Agreement) of the Borrower and the other security parties under the Existing Finance Documents to which each is a party, in the Agreed Form.

"**Designated Transaction**" means a Transaction which fulfils the following requirements:

(a) it is entered into by the Borrower pursuant to the Master Agreement with the Swap Bank; and

(b) its purpose is the hedging of the Borrower's exposure under this Agreement to fluctuations in LIBOR arising from the funding of the Loan (or any part thereof) for a period expiring no later than the final Repayment Date.

"**Dollars**" and "**$**" means the lawful currency for the time being of the United States of America.

"**Drawdown Date**" means the date requested by the Borrower for the Loan to be made, or (as the context requires) the date on which the Loan is actually made.

"**Drawdown Notice**" means a notice in the form set out in Schedule 3 (*Drawdown Notice*).

"**Earnings**" means, in relation to a Ship and/or a Collateral Ship, all moneys whatsoever which are now, or later become, payable (actually or contingently) to the Guarantor or, as the case may be, the Collateral Guarantor or the Security Trustee and which arise out of the use or operation of that Ship or that Collateral Ship, including (but not limited to):

(a) except to the extent that they fall within paragraph (b);

(i) all freight, hire and passage moneys;

(ii) compensation payable to the relevant Guarantor or the relevant Collateral Guarantor or the Security Trustee in the event of requisition of a Ship or a Collateral Ship for hire;

(iii) remuneration for salvage and towage services;

(iv) demurrage and detention moneys;

(v) damages for breach (or payments for variation or termination) of any charterparty or other contract for the employment of a Ship or a Collateral Ship; and

(vi) all moneys which are at any time payable under any Insurances in respect of loss of hire; and

(b) if and whenever a Ship or a Collateral Ship is employed on terms whereby any moneys falling within paragraphs (a)(i) to (vi) are pooled or shared with any other person, that proportion of the net receipts of the relevant pooling or sharing arrangement which is attributable to that Ship or that Collateral Ship.

"**Earnings Account**" means, in relation to a Ship, an account in the name of the Guarantor owning that Ship with the Account Bank in Switzerland designated "[Guarantor's name]-Earnings Account", or any other account (with the Account Bank or with an office of the Agent) which is designated by the Agent in writing as the Earnings Account in relation to that Ship for the purposes of this Agreement.

"**Environmental Claim**" means:

(a) any claim by any governmental, judicial or regulatory authority which arises out of an Environmental Incident or an alleged Environmental Incident or which relates to any Environmental Law; or

(b) any claim by any other person which relates to an Environmental Incident or to an alleged Environmental Incident,

and "**claim**" means a claim for damages, compensation, fines, penalties or any other payment of any kind whether or not similar to the foregoing; an order or direction to take, or not to take, certain action or to desist from or suspend certain action; and any form of enforcement or regulatory action, including the arrest or attachment of any asset.

"**Environmental Incident**" means:

(a) any release of Environmentally Sensitive Material from a Ship and/or a Collateral Ship; or

(b) any incident in which Environmentally Sensitive Material is released from a vessel other than a Ship and/or a Collateral Ship and which involves a collision between a Ship and/or a Collateral Ship and such other vessel or some other incident of navigation or operation, in either case, in connection with which a Ship and/or a Collateral Ship is actually or potentially liable to be arrested, attached, detained or injuncted and/or a Ship and/or a Collateral Ship and/or a Guarantor and/or a Collateral Guarantor and/or any operator or manager of a Ship and/or a Collateral Ship is at fault or allegedly at fault or otherwise liable to any legal or administrative action; or

(c) any other incident in which Environmentally Sensitive Material is released otherwise than from a Ship and/or a Collateral Ship and in connection with which a Ship and/or a Collateral Ship is actually or potentially liable to be arrested and/or where any Guarantor and/or any Collateral Guarantor and/or any operator or manager of a Ship and/or a Collateral Ship is at fault or allegedly at fault or otherwise liable to any legal or administrative action.

"**Environmental Law**" means any law relating to pollution or protection of the environment, to the carriage of Environmentally Sensitive Material or to actual or threatened releases of Environmentally Sensitive Material.

"**Environmentally Sensitive Material**" means oil, oil products and any other substance (including any chemical, gas or other hazardous or noxious substance) which is (or is capable of being or becoming) polluting, toxic or hazardous.

"**Existing Finance Documents**" means the "Finance Documents" as such term is defined in the Existing Loan Agreement.

"**Existing Indebtedness**" means, at any relevant time, any outstanding financial indebtedness under the Existing Loan Agreement.

"**Existing Loan Agreement**" means a loan agreement dated 22 July 2015 as amended and supplemented by a side letter dated 24 September 2015 and made between (inter alia) (i) the Borrower, (ii) the banks and financial institutions listed in schedule 1 therein as lenders, (iii) BNP Paribas as Agent, (iv) BNP Paribas as Security Trustee, (v) BNP Paribas as bookrunner and (vi) BNP Paribas as Swap Bank, in relation to a secured term loan facility of up to US$165,000,000.

"**Event of Default**" means any of the events or circumstances described in Clause 20.1 (*Events of Default*).

"**FATCA**" means:

(a) sections 1471 to 1474 of the Code or any associated regulations;

(b) any treaty, law or regulation of any other jurisdiction, or relating to an intergovernmental agreement between the US and any other jurisdiction, which (in either case) facilitates the implementation of any law or regulation referred to in paragraph (a) above; or

(c) any agreement pursuant to the implementation of any treaty, law or regulation referred to in paragraphs (a) or (b) above with the US Internal Revenue Service, the US government or any governmental or taxation authority in any other jurisdiction.

"**FATCA Deduction**" means a deduction or withholding from a payment under a Finance Document required by FATCA.

"**FATCA Exempt Party**" means a party to a Finance Document that is entitled to receive payments free from any FATCA Deduction.

"**Fee Letter**" means a letter dated on or about the date of this Agreement between the Agent and the Borrower setting out the amount of the structuring fee referred to in Clause 21.1 (*Structuring and account bank fees*).

"**Finance Documents**" means:

(a) this Agreement;

(b) the Agency and Trust Agreement;

(c) the Master Agreement;

(d) the Master Agreement Assignment;

(e) the Guarantees;

(f) the General Assignments;

(g) the Mortgages;

(h) the Account Pledges;

(i) any Charterparty Assignments;

(j) the Approved Manager's Undertaking;

(k) the Fee Letter;

(l) the Collateral Security Documents; and

(m) any other document (whether creating a Security Interest or not) which is executed at any time by the Borrower, any Guarantor, any Collateral Guarantor or any other person as security for, or to establish any form of subordination or priorities arrangement in relation to, any amount payable to the Lenders and/or the Swap Bank under this Agreement or the Master Agreement or any of the other documents referred to in this definition.

"**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 or dematerialised equivalent 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 foreign exchange transaction, 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) any amount raised under any other transaction (including any forward sale or purchase agreement) of a type not referred to in any other paragraph of this definition having the commercial effect of a borrowing; or

(g) in connection with any receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis); or

(h) under a guarantee, indemnity or similar obligation entered into by the debtor in respect of a liability of another person which would fall within paragraphs (a) to (g) if the references to the debtor referred to the other person.

"**Fleet Vessels**" means all of the vessels (including, but not limited to, the Ships and the Collateral Ships) from time to time wholly owned by members of the Group (each a "**Fleet Vessel**").

"**Funding Rate**" means any rate notified to the Agent by a Lender pursuant to Clause 5.12 (*Alternative rate of interest in absence of agreement*).

"**GAAP**" means generally accepted international accounting principles as from time to time in effect in the United States of America.

"**General Assignment**" means, in relation to a Ship, a general assignment of the Earnings, the Insurances and any Requisition Compensation in the Agreed Form and, in the plural, means all of them.

"**Group**" means the Borrower and all its subsidiaries (including, but not limited to, the Guarantors and the Collateral Guarantors) from time to time during the Security Period and a "member of the Group" shall be construed accordingly.

"**Guarantee**" means the guarantee to be given by each Guarantor in favour of the Security Trustee, guaranteeing the obligations of the Borrower under this Agreement, the Master Agreement and the other Finance Documents, in the Agreed Form and, in the plural, means all of them.

"**Guarantor**" means the corporations listed in rows 1 to 5 of Column B of Schedule 2 *(Guarantors)* hereto whose registered offices are located at the addresses set out in rows 1 to 5 of Column E of Schedule 2 (*Guarantors*).

"**IACS**" means the International Association of Classification Societies.

"**Initial Market Value**" means, in relation to a Ship and/or a Collateral Ship, the Market Value of that Ship or that Collateral Ship calculated in accordance with the valuation received relative thereto referred to in paragraph 4 of Part B of Schedule 4 (*Condition Precedent Documents*).

"**Insurances**" means, in relation to a Ship and/or a Collateral Ship:

(a) all policies and contracts of insurance, including entries of the Ship and/or the Collateral Ship in any protection and indemnity or war risks association, effected in respect of the Ship and/or the Collateral Ship, its Earnings or otherwise in relation to it whether before, on or after the date of this Agreement; and

(b) all rights and other assets relating to, or derived from, any of the foregoing, including any rights to a return of a premium and any rights in respect of any claim whether or not the relevant policy, contract of insurance or entry has expired on or before the date of this Agreement.

"**Interest Period**" means a period determined in accordance with Clause 6 (*Interest Periods*).

"**Interpolated Screen Rate**" means, in relation to LIBOR for an Interest Period, the rate (rounded to the same number of decimal places as the two relevant Screen Rates) which results from interpolating on a linear basis between:

(a) the applicable Screen Rate for the longest period (for which that Screen Rate is available) which is less than that Interest Period; and

(b) the applicable Screen Rate for the shortest period (for which that Screen Rate is available) which exceeds that Interest Period,

each as of 11.00 a.m. (London time) on the Quotation Day for the currency of the Loan.

"**ISM Code**" means the International Safety Management Code for the Safe Operation of Ships and for Pollution Prevention (including the guidelines on its implementation), adopted by the International Maritime Organisation, as the same may be amended or supplemented from time to time.

"**ISPS Code**" means the International Ship and Port Facility Security Code adopted by the International Maritime Organisation as the same may be amended, supplemented or superseded from time to time.

"**ISSC**" means a valid and current International Ship Security Certificate issued under the ISPS Code.

"**ITF**" means the International Transport Workers' Federation.

"**Lender**" means, subject to Clause 27.6 (*Lender re-organisation; waiver of Transfer Certificate*):

(a) a bank or financial institution listed in Schedule 1 (*Lenders and Commitments*) and acting through its branch or office indicated in Schedule 1 (*Lenders and Commitments*) (or through another branch notified to the Borrower under Clause 27.14 (*Change of lending office*) unless it has delivered a Transfer Certificate or Certificates covering the entire amounts of its Commitment and its Contribution; and

(b) the holder for the time being of a Transfer Certificate.

"**LIBOR**" means, for an Interest Period:

(a) the applicable Screen Rate;

(b) (if no Screen Rate is available for that Interest Period) the Interpolated Screen Rate; or

(c) if:

(i) no Screen Rate is available for the currency of the Loan; or

(ii) no Screen Rate is available for that Interest Period and it is not possible to calculate an Interpolated Screen Rate,

(iii) the Reference Bank Rate,

as of, in the case of paragraphs (a) and (c) above, 11.00 a.m. (London time) on the Quotation Day for the currency of the Loan and for a period equal in length to that Interest Period and, if any such rate is below zero, LIBOR will be deemed to be zero.

"**Liquidity Reserve Account**" means an account in the name of the Borrower with the Account Bank in Switzerland designated "Diana Shipping-Liquidity Reserve Account", or any

other account (with the Account Bank or with an office of the Agent) which is designated by the Agent in writing as the Liquidity Reserve Account for the purposes of this Agreement.

"**Loan**" means the principal amount for the time being outstanding under this Agreement.

"**Major Casualty**" means, in relation to a Ship, any casualty to the Ship in respect of which the claim or the aggregate of the claims against all insurers, before adjustment for any relevant franchise or deductible, exceeds $1,000,000 or the equivalent in any other currency.

"**Majority Lenders**" means:

(a) before the Loan has been made, Lenders whose Commitments total 66.66 per cent. of the Total Commitments; and

(b) after the Loan has been made, Lenders whose Contributions total 66.66 per cent. of the Loan.

"**Mandatory Cost**" means, in relation to the Loan, the cost calculated as a percentage rate per annum incurred by a Lender as a result of compliance with (a) the requirements of the Bank of England and/or the Financial Conduct Authority and/or the Prudential Regulation Authority (or, in any case, any other authority which replaces all or any of its functions) and/or the Autorité des marchés financiers (AMF) and/or the Autorité de contrôle prudentiel (ACPR) and/or the Banque de France and/or any other relevant financial regulatory authority or (b) the requirements of the European Central Bank, as may be determined by a Lender and notified to the Agent from time to time and notified in turn by the Agent to the Owner.

"**Margin"** means 2.30 per cent. per annum.

"Market Value" means in relation to:

(a) a Ship, the market value of that Ship determined from time to time in accordance with Clause 16.4 (*Valuation of Ships*); and

(b) a Collateral Ship, the Collateral Market Value.

"**Market Value Adjusted Net Worth**" means the Market Value Adjusted Total Assets less Total Debt.

"**Market Value Adjusted Total Assets**" means, at any time, the Total Assets adjusted to reflect the difference between the book values of all Fleet Vessels and the aggregate Market Value of all Fleet Vessels.

"**Master Agreement**" means the master agreement (on the 2002 ISDA (Master Agreement) made or to be made between the Borrower and the Swap Bank and includes all Designated Transactions from time to time entered into and Confirmations from time to time exchanged thereunder, in the Agreed Form.

"**Master Agreement Assignment**" means the assignment of the Master Agreement in favour of the Security Trustee executed or to be executed by the Borrower, in the Agreed Form.

"**Material Adverse Effect**" means, a material adverse change in, or a material adverse effect on:

(a) the financial condition, assets, prospects or business of the Borrower and/or any Guarantor and/or any Collateral Guarantor or on the consolidated financial condition, assets, prospects or business of the Group; or

(b) the ability of the Borrower or any Guarantor or any Collateral Guarantor to perform and comply with its obligations under any Finance Documents.

"**Mortgage**" means, in relation to a Ship, a first preferred or, as the case may be, priority ship mortgage on that Ship (and, if required pursuant to the laws of the applicable Approved Flag State, a deed of covenant collateral thereto) in the Agreed Form and, in the plural, means all of them.

"**Negotiation Period**" has the meaning given in Clause 5.10 (*Negotiation of alternative rate of interest*).

"**New Swap Bank**" has the meaning given to it in Clause 27.18 (*Assignments, transfers and novations by the Swap Bank*).

"**Notifying Lender**" has the meaning given in Clause 24.1 (*Illegality*) or Clause 25.1 *(Increased costs*) as the context requires.

"**Palios Family**" means, together, each of the following:

(a) Mr. Simeon Palios;

(b) all the lineal descendants in direct line of Mr. Simeon Palios;

(c) a husband or wife, or former husband or wife, or widower or widow of any of the above persons;

(d) the estates or trusts of which any of the persons of paragraphs (a) and (b) are the beneficiaries; and

(e) each company (other than a member of the Group) legally or beneficially owned or (as the case may be) controlled by one or more of the persons or entities which would fall within paragraphs (a) to (d) of this definition,

and each one of the above shall be referred to as "a member of the Palios Family".

"Party" means a party to this Agreement.

"**Payment Currency**" has the meaning given in Clause 22.5 (*Currency indemnity*).

"**Permitted Security Interests**" means:

(a) Security Interests created by the Finance Documents;

(b) Security Interests created in favour of (amongst others) the Security Trustee by the Collateral Guarantors under or in connection with the Collateral Loan Agreement;

(c) liens for unpaid master's and crew's wages in accordance with usual maritime practice;

(d) liens for salvage;

(e) liens arising by operation of law for not more than 2 months' prepaid hire under any charter in relation to a Ship and/or a Collateral Ship not prohibited by this Agreement;

(f) liens for master's disbursements incurred in the ordinary course of trading and any other lien arising by operation of law or otherwise in the ordinary course of the operation, repair or maintenance of a Ship and/or a Collateral Ship, provided such liens do not secure amounts more than 30 days overdue (unless the overdue amount is being contested by the relevant Guarantor or the relevant Collateral Guarantor in good faith by appropriate steps) and subject, in the case of liens for repair or maintenance, to paragraph (g) of Clause 15.13 (*Restrictions on chartering, appointment of managers etc.*);

(g) any Security Interest created in favour of a plaintiff or defendant in any proceedings or arbitration as security for costs and expenses while the Borrower or a Guarantor or a Collateral Guarantor is actively prosecuting or defending such proceedings or arbitration in good faith; and

(h) Security Interests arising by operation of law in respect of taxes which are not overdue for payment or in respect of taxes being contested in good faith by appropriate steps and in respect of which appropriate reserves have been made.

"**Pertinent Jurisdiction**", in relation to a company, means:

(a) England and Wales;

(b) the country under the laws of which the company is incorporated or formed;

(c) a country in which the company has the centre of its main interests or which the company's central management and control is or has recently been exercised;

(d) a country in which the overall net income of the company is subject to corporation tax, income tax or any similar tax;

(e) a country in which assets of the company (other than securities issued by, or loans to, related companies) having a substantial value are situated, in which the company maintains a branch or permanent place of business, or in which a Security Interest created by the company must or should be registered in order to ensure its validity or priority; and

(f) a country the courts of which have jurisdiction to make a winding up, administration or similar order in relation to the company, whether as a main or territorial or ancillary proceedings, or which would have such jurisdiction if their assistance were requested by the courts of a country referred to in paragraphs (b) or (c).

"**Potential Event of Default**" means an event or circumstance which, with the giving of any notice, the lapse of time, a determination of the Majority Lenders and/or the satisfaction of any other condition, would constitute an Event of Default.

"**Quotation Date**" means, in relation to any period for which an interest rate is to be determined under any provision of a Finance Document, the day which is 2 London business days (on which banks are open for general business in London) before the first day of that period, unless market practice differs in the London Interbank Market for a currency, in

which case the Quotation Date will be determined by the Agent in accordance with market practice in the London Interbank Market (and if quotations would normally be given by leading banks in the London Interbank Market on more than one day, the Quotation Date will be the last of those days).

"**Reference Banks**" means subject to Clause 27.16 (*Replacement of Reference Bank*), the London branch of BNP Paribas and any of its successors or such other banks as may be appointed by the Agent after consultation with the Borrower.

"**Reference Bank Rate**" means the arithmetic mean of the rates (rounded upwards to four decimal places) as supplied to the Agent at its request by the Reference Banks, as the rate at which the Reference Bank could borrow funds in the London interbank market, in the relevant currency and for the relevant period, were it to do so by asking for and then accepting interbank offers for deposits in reasonable market size in that currency and for that period.

"**Relevant Party**" means, for the purpose of Clauses 10.16 (*No bribery, corruption or money laundering*) and 10.19/12.20/22.9 (*Sanctions*), the Borrower, a Guarantor, a Collateral Guarantor, any Approved Manager, the other Security Parties and any charterer which is a party to a Charterparty or any sub-charterer of a Ship.

"**Relevant Person**" has the meaning given in Clause 20.9 (*Relevant Persons*).

"**Repayment Date**" means a date on which a repayment is required to be made under Clause 8 (*Repayment and Prepayment*).

"**Requisition Compensation**" includes all compensation or other moneys payable by reason of any act or event such as is referred to in paragraph (b) of the definition of "Total Loss".

"**Sanctioned Person**" has the meaning given to it in paragraph (a) of Clause 10.19 (*Sanctions*).

"**Sanctions**" means any economic or trade sanctions or restrictive measures enacted, administered, imposed or enforced by the U.S. Department of the Treasury's Office of Foreign Assets Control (OFAC), the U.S. Department of State, the United Nations Security Council, and/or the European Union or any member state of it; Her Majesty's Treasury, the French Republic, the State Secretariat for Economic Affairs of Switzerland and/or France or other relevant sanctions authority.

"**Screen Rate**" means the London interbank offered rate administrated 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 service ceases to be available, the Agent may specify another page or service displaying the relevant rate after consultation with the Borrower.

"**Secured Liabilities**" means all liabilities which the Borrower, the Guarantors, the Collateral Guarantors, the other Security Parties or any of them have, at the date of this Agreement or at any later time or times, under or in connection with any Finance Document or any judgment relating to any Finance Document; and for this purpose, there shall be disregarded any total or partial discharge of these liabilities, or variation of their terms, which is effected

by, or in connection with, any bankruptcy, liquidation, arrangement or other procedure under the insolvency laws of any country.

"**Security Cover Ratio**" means, at any relevant time, the aggregate of (i) the aggregate of the Market Value of the Ships and (ii) the net realisable value of any additional security provided (excluding any additional security provided by the Collateral Guarantors) at that time under Clause 16 (*Security cover*), expressed as a percentage of the aggregate amount of (A) the Loan and (B) the Swap Exposure.

"**Security Interest**" means:

(a) a mortgage, charge (whether fixed or floating) or pledge, any maritime or other lien or any other security interest of any kind;

(b) the security rights of a plaintiff under an action *in rem* in which the vessel concerned has been arrested or a writ has been issued or similar step taken; and

(c) any arrangement entered into by a person (A) the effect of which is to place another person (B) in a position which is similar, in economic terms, to the position in which B would have been had he held a security interest over an asset of A; but this paragraph (c) does not apply to a right of set off or combination of accounts conferred by the standard terms of business of a bank or financial institution.

"**Security Party**" means each Guarantor, each Collateral Guarantor, any Approved Manager and any other person (except a Creditor Party) who, as a surety or mortgagor, as a party to any subordination or priorities arrangement, or in any similar capacity, executes a document falling within the final paragraph of the definition of "Finance Documents".

"**Security Period**" means the period commencing on the date of this Agreement and ending on the date on which:

(a) all amounts which have become due for payment by the Borrower, any Guarantor, any Collateral Guarantor 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;

(c) neither the Borrower nor any Guarantor, any Collateral Guarantor or any other Security Party has any future or contingent liability under Clauses 21 (*Fees and Expenses*), 22 (*Indemnities*) or 23 (*No Set-Off or Tax Deduction*) or any other provision of this Agreement or another Finance Document.

"**Security Trustee**" means BNP Paribas acting through its office at 35, rue de la Gare – Millénaire 4, 75019 Paris, France or any successor of it appointed under clause 5 of the Agency and Trust Agreement.

"**Ship**" means each of the ships listed in rows 1 to 5 of Schedule 7 (*Ships*) and, in the plural, means all of them.

"**Swap Bank**" means BNP Paribas acting through its office at 3, rue Taitbout, 75009 Paris, France.

"**Swap Exposure**" means, as at any relevant date the amount certified by the Swap Bank to the Agent to be the aggregate net amount in Dollars which would be payable by the Borrower to the Swap Bank under (and calculated in accordance with) section 6(e) (Payments on Early Termination) of the Master Agreement if an Early Termination Date had occurred on the relevant date in relation to all continuing Designated Transactions entered into between the Borrower and the Swap Bank.

"**Total Assets**" means, at any date of calculation, the amount of the total assets of the Group determined on a consolidated basis as shown in the most recent Applicable Accounts delivered by the Borrower pursuant to Clause 12.6 (*Provision of financial statements*). and

"**Total Debt**" means, at any date of calculation or, as the case may be, for any accounting period, the total liabilities of the Group on a consolidated basis as at that date or for that period as shown in the most recent Applicable Accounts delivered by the Borrower pursuant to Clause 12.6 (*Provision of financial statements*).

"**Total Loss**" means, in relation to a Ship and/or a Collateral Ship:

(a) actual, constructive, compromised, agreed or arranged total loss of that Ship or that Collateral Ship;

(b) any expropriation, confiscation, requisition or acquisition of that Ship or that Collateral Ship, whether for full consideration, a consideration less than its proper value, a nominal consideration or without any consideration, which is effected by any government or official authority or by any person or persons claiming to be or to represent a government or official authority (excluding a requisition for hire for a fixed period not exceeding 1 year without any right to an extension) unless it is within 1 month redelivered to the full control of the Guarantor owning that Ship or the Collateral Guarantor owning that Collateral Ship; and

(c) any arrest, capture, seizure or detention of that Ship or that Collateral Ship (including any hijacking or theft) unless it is within 1 month redelivered to the full control of the Guarantor owning that Ship or the Collateral Guarantor owning that Collateral Ship.

"**Total Loss Date**" means, in relation to a Ship and/or a Collateral Ship:

(a) in the case of an actual loss of that Ship or that Collateral Ship, the date on which it occurred or, if that is unknown, the date when that Ship was last heard of;

(b) in the case of a constructive, compromised, agreed or arranged total loss of that Ship or that Collateral Ship, the earliest of:

(i) the date on which a notice of abandonment is given to the insurers;

(ii) any condemnation of that Ship or that Collateral Ship by any tribunal or by any person or person claiming to be a tribunal; and

(iii) the date of any compromise, arrangement or agreement made by or on behalf of the Borrower or the Guarantor or the Collateral Guarantor (as the case may be) owning that Ship or that Collateral Ship with that Ship's or that Collateral Ship's insurers in which the insurers agree to treat that Ship or that Collateral Ship as a total loss; and

(c) in the case of any other type of total loss, on the date (or the most likely date) on which it appears to the Agent that the event constituting the total loss occurred.

"**Transaction**" has the meaning given in the Master Agreement.

"**Transfer Certificate**" has the meaning given in Clause 27.2 (*Transfer by a Lender*).

"**Trust Property**" has the meaning given in clause 3.1 of the Agency and Trust Agreement.

"**US Tax Obligor**" means:

(a) a person which is resident for tax purposes in the United States of America; or

(b) a person some or all of whose payments under the Finance Documents are from sources within the United States for US federal income tax purposes.

1.2 Construction of certain terms

In this Agreement:

"**administration notice**" means a notice appointing an administrator, a notice of intended appointment and any other notice which is required by law (generally or in the case concerned) to be filed with the court or given to a person prior to, or in connection with, the appointment of an administrator.

"**approved**" means, for the purposes of Clause 14 (*Insurance*), approved in writing by the Agent.

"**asset**" includes every kind of property, asset, interest or right, including any present, future or contingent right to any revenues or other payment.

"**company**" includes any partnership, joint venture and unincorporated association.

"**consent**" includes an authorisation, consent, approval, resolution, licence, exemption, filing, registration, notarisation and legalisation.

"**contingent liability**" means a liability which is not certain to arise and/or the amount of which remains unascertained.

"**document**" includes a deed; also a letter or fax.

"**excess risks**" means, in relation to a Ship, the proportion of claims for general average, salvage and salvage charges not recoverable under the hull and machinery policies in respect of the Ship in consequence of its insured value being less than the value at which the Ship is assessed for the purpose of such claims.

"**expense**" means any kind of cost, charge or expense (including all legal costs, charges and expenses) and any applicable value added or other tax.

"**law**" includes any order or decree, any form of delegated legislation, any treaty or international convention and any regulation or resolution of the Council of the European Union, the European Commission, the United Nations or its Security Council.

"**legal or administrative action**" means any legal proceeding or arbitration and any administrative or regulatory action or investigation.

"**liability**" includes every kind of debt or liability (present or future, certain or contingent), whether incurred as principal or surety or otherwise.

"**months**" shall be construed in accordance with Clause 1.3 (*Meaning of "month"*).

"**obligatory insurances**" means, in relation to a Ship and/or a Collateral Ship, all insurances effected, or which the Guarantor owning the Ship or which the Collateral Guarantor owning the Collateral Ship is obliged to effect, under Clause 14 (*Insurance*) or any other provision of this Agreement or another Finance Document.

"**parent company**" has the meaning given in Clause 1.4 (*Meaning of "subsidiary"*).

"**person**" includes any company; any state, political sub-division of a state and local or municipal authority; and any international organisation.

"**policy**", in relation to any insurance, includes a slip, cover note, certificate of entry or other document evidencing the contract of insurance or its terms.

"**protection and indemnity risks**" means the usual risks covered by a protection and indemnity association managed in London, including pollution risks, freight demurrage and defence risks, strike and the proportion (if any) of any sums payable to any other person or persons in case of collision which are not recoverable under the hull and machinery policies by reason of the incorporation therein of clause 1 of the Institute Time Clauses (Hulls)(1/10/83) or clause 8 of the Institute Time Clauses (Hulls) (1/11/1995) or the Institute Amended Running Down Clause (1/10/71) or any equivalent provision.

"**regulation**" includes any regulation, rule, official directive, request or guideline (either having the force of law or compliance with which is reasonable in the ordinary course of business of the party concerned) of any governmental, intergovernmental or supranational body, agency, department or regulatory, self-regulatory or other authority or organisation.

"**subsidiary**" has the meaning given in Clause 1.4 (*Meaning of "subsidiary"*).

"**successor**" includes any person who is entitled (by assignment, novation, merger or otherwise) to any 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.

"**tax**" includes any present or future tax, duty, impost, levy or charge of any kind which is imposed by any state, any political sub-division of a state or any local or municipal authority (including any such imposed in connection with exchange controls), and any connected penalty, interest or fine.

"**war risks**" means the risks according to Institute War and Strike Clauses (Hull Time) (1/10/83) or (1/11/95), or equivalent conditions, including, but not limited to risk of mines, blocking and trapping, missing vessel, confiscation, piracy and all risks excluded from the standard form of English or other marine policy.

1.3 Meaning of "month"

A period of one or more "**months**" ends on the day in the relevant calendar month numerically corresponding to the day of the calendar month on which the period started ("**the numerically corresponding day**"), but:

(a) on the Business Day following the numerically corresponding day if the numerically corresponding day is not a Business Day or, if there is no later Business Day in the same calendar month, on the Business Day preceding the numerically corresponding day; or

(b) on the last Business Day in the relevant calendar month, if the period started on the last Business Day in a calendar month or if the last calendar month of the period has no numerically corresponding day,

and "**month**" and "**monthly**" shall be construed accordingly.

1.4 Meaning of "subsidiary"

A company (S - subsidiary) is a subsidiary of another company (P - parent) if:

(a) a majority of the issued shares in S (or a majority of the issued shares in S which carry unlimited rights to capital and income distributions) are directly owned by P or are indirectly attributable to P; or

(b) P has direct or indirect control over a majority of the voting rights attached to the issued shares of S; or

(c) P has the direct or indirect power to appoint or remove a majority of the directors of S; or

(d) P otherwise has the direct or indirect power to ensure that the affairs of S are conducted in accordance with the wishes of P,

and any company of which S is a subsidiary is a parent company of S.

1.5 General Interpretation

In this Agreement:

(a) references to, or to a provision of, a Finance Document or any other document are references to it as amended or supplemented, whether before the date of this Agreement or otherwise;

(b) references to, or to a provision of, any law include any amendment, extension, re-enactment or replacement, whether made before the date of this Agreement or otherwise;

(c) words denoting the singular number shall include the plural and vice versa; and

(d) Clauses 1.1 (*Definitions*) to 1.5 (*General Interpretation*) apply unless the contrary intention appears; and

(e) A Potential Event of 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 Headings

In interpreting a Finance Document or any provision of a Finance Document, all clause, sub-clause and other headings in that and any other Finance Document shall be entirely disregarded.

2 LOAN FACILITY AND DESIGNATED TRANSACTIONS

2.1 Amount of facility

Subject to the other provisions of this Agreement, the Lenders shall make available to the Borrower in one advance a secured term loan facility in an amount of up to the lesser of (i) $75,000,000 and (ii) 70 per cent. of the aggregate Initial Market Value of the Ships and the Additional Realisable Value.

2.2 Lenders' participations in Loan

Subject to the other provisions of this Agreement, each Lender shall participate in the Loan in the proportion which, as at the Drawdown Date, its Commitment bears to the Total Commitments.

2.3 Purpose of Loan

The Borrower undertakes with each Creditor Party to use the Loan only for the purpose stated in the preamble to this Agreement.

2.4 Designated Transactions under the Master Agreement

At any time during the Security Period, the Borrower may request the Swap Bank to conclude Designated Transactions for the purpose of hedging exposure to interest rate fluctuations in the context of their interest payment obligations under this Agreement. The entry by the Swap Bank into the Master Agreement does not commit the Swap Bank to conclude Designated Transactions, or even to offer terms for doing so, but does provide a contractual framework within which Designated Transactions may be concluded and secured, assuming that the Swap Bank is willing to conclude any Designated Transaction at the relevant time and that, if that is the case, mutually acceptable terms can be agreed at the relevant time.

3 POSITION OF THE LENDERS AND THE SWAP BANK

3.1 Interests of Creditor Parties several

The rights of the Creditor Parties under this Agreement and the Master Agreement are several.

3.2 Individual Creditor Parties' right of action

Each Creditor Party shall be entitled to sue for any amount which has become due and payable by the Borrower to it under this Agreement and the Master Agreement without joining the Agent, the Security Trustee or any other Creditor Party as additional parties in the proceedings.

3.3 Proceedings by individual Creditor Party

However, without the prior consent of the Lenders, no Creditor Party may bring proceedings in respect of:

(a) any other liability or obligation of the Borrower or a Security Party under or connected with a Finance Document; or

(b) any misrepresentation or breach of warranty by the Borrower or a Security Party in or connected with a Finance Document.

3.4 Obligations of Creditor Parties several

The obligations of the Lenders and the Swap Bank under this Agreement and the Master Agreement are several; and a failure of a Lender and the Swap Bank to perform its obligations under this Agreement or (as the case may be) the Master Agreement shall not result in:

(a) the obligations of the other Lenders or the Swap Bank being increased; nor

(b) the Borrower, any Security Party or any other Lender or the Swap Bank being discharged (in whole or in part) from its obligations under any of the Finance Documents,

and in no circumstances shall a Lender or the Swap Bank have any responsibility for a failure of another Lender to perform its obligations under this Agreement or under the Master Agreement.

3.5 Parties bound by certain actions of Lenders

Every Lender, the Borrower and each Security Party shall be bound by:

(a) any determination made, or action taken, by the Lenders under any provision of a Finance Document;

(b) any instruction or authorisation given by the Lenders to the Agent or the Security Trustee under or in connection with any Finance Document; and

(c) any action taken (or in good faith purportedly taken) by the Agent or the Security Trustee in accordance with such an instruction or authorisation.

3.6 Reliance on action of Agent

However, the Borrower and each Security Party:

(a) shall be entitled to assume that the Lenders have duly given any instruction or authorisation which, under any provision of a Finance Document, is required in relation to any action which the Agent has taken or is about to take; and

(b) shall not be entitled to require any evidence that such an instruction or authorisation has been given.

3.7 Construction

In Clauses 3.4 *(Obligations of Creditor Parties several*) and 3.5 (*Parties bound by certain actions of Lenders*) references to action taken include (without limitation) the granting of any waiver or consent, an approval of any document and an agreement to any matter.

4 DRAWDOWN

4.1 Request for Loan

Subject to the following conditions, the Borrower may request the Loan to be made by ensuring that the Agent receives a completed Drawdown Notice not later than 11.00 a.m. (Paris time) 5 Business Days prior to the intended Drawdown Date.

4.2 Availability

The conditions referred to in Clause 4.1 (Request for Loan) are that:

(a) the Drawdown Date has to be a Business Day during the Availability Period; and

(b) the amount of the Loan on the Drawdown Date shall not exceed an amount equal to the lesser of (i) $75,000,000 and (ii) 70 per cent. of the aggregate Initial Market Value of the Ships and the Additional Realisable Value and shall be used in refinancing the Existing Indebtedness.

4.3 Notification to Lenders of receipt of the Drawdown Notice

The Agent shall promptly notify the Lenders that it has received the Drawdown Notice and shall inform each Lender of:

(a) the amount of the Loan and the Drawdown Date;

(b) the amount of that Lender's participation in the Loan; and

(c) the duration of the first Interest Period.

4.4 Drawdown Notice irrevocable

The Drawdown Notice must be signed by an authorised representative of the Borrower; and once served, the Drawdown Notice cannot be revoked without the prior consent of the Agent, acting on the authority of the Majority Lenders.

4.5 Lenders to make available Contributions

Subject to the provisions of this Agreement, each Lender shall, on and with value on the Drawdown Date, make available to the Agent the amount due from that Lender on that Drawdown Date under Clause 2.2 (*Lenders' participations in Loan*).

4.6 Disbursement of Loan

Subject to the provisions of this Agreement, the Agent shall on the Drawdown Date pay to the Borrower the amounts which the Agent receives from the Lenders under Clause 4.5 (*Lenders to make available Contributions*); and that payment to the Borrower shall be made:

(a) to the account which the Borrower specify in the Drawdown Notice; and

(b) in the like funds as the Agent received the payments from the Lenders.

4.7 Disbursement of Loan to third party

The payment by the Agent under Clause 4.6 (Disbursement of Loan) the existing agent under the Existing Loan Agreement shall constitute the making of the Loan and the Borrower shall at that time become indebted, as principal and direct obligors, to each Lender in an amount equal to that Lender's participation in the Loan.

5 INTEREST

5.1 Payment of normal interest

Subject to the provisions of this Agreement, interest on the Loan in respect of each Interest Period shall be paid by the Borrower on the last day of that Interest Period.

5.2 Normal rate of interest

Subject to the provisions of this Agreement, the rate of interest on the Loan in respect of an Interest Period shall be the aggregate of (i) the applicable Margin, (ii) the Mandatory Cost (if any) and (iii) LIBOR for that Interest Period subject to Clauses 5.6 (*Absence of quotations by Reference Banks*) and 5.7 (*Market disruption*).

5.3 Payment of accrued interest

In the case of an Interest Period longer than 3 months, accrued interest shall be paid every 3 months during that Interest Period and on the last day of that Interest Period.

5.4 Notification of Interest Periods and rates of normal interest

The Agent shall notify the Borrower and each Lender of:

(a) each rate of interest; and

(b) the duration of each Interest Period,

as soon as reasonably practicable after each is determined.

5.5 Obligation of Reference Banks to quote

Each Reference Bank which is a Lender shall use all reasonable efforts to supply the quotation required of it for the purposes of fixing a rate of interest under this Agreement unless that Reference Bank ceases to be a Lender pursuant to Clause 27.16 (*Replacement of Reference Bank*).

5.6 Absence of quotations by Reference Banks

If any Reference Bank fails to supply a quotation, the relevant rate of interest shall be set in accordance with the following provisions of this Clause 5 (*Interest*).

5.7 Market disruption

The following provisions of this Clause 5 (Interest) apply if:

(a) LIBOR is to be determined by reference to the Reference Banks and no Reference Bank does, before 1.00 p.m. (London time) on the Quotation Date for an Interest Period, provide quotations to the Agent in order to fix LIBOR; or

(b) at least 1 Business Day before the start of an Interest Period, a Lender may notify the Agent that LIBOR fixed by the Agent would not accurately reflect the cost to that Lender of funding its respective Contribution (or any part of it) during the Interest Period in the London Interbank Market at or about 11.00 a.m. (London time) on the Quotation Date for the Interest Period; or

(c) at least 1 Business Day before the start of an Interest Period, the Agent is notified by a Lender (the "Affected Lender") that for any reason it is unable to obtain Dollars in the London Interbank Market in order to fund its Contribution (or any part of it) during the Interest Period.

5.8 Notification of market disruption

The Agent shall promptly notify the Borrower and each of the Lenders stating the circumstances falling within Clause 5.7 (*Market disruption*) which have caused its notice to be given.

5.9 Suspension of drawdown

If the Agent's notice under Clause 5.8 (*Notification of market disruption*) is served before the Loan is made:

(a) in a case falling within paragraphs (b) or (b) of Clause 5.7 (*Market disruption*), the Lenders' obligations to make the Loan; and

(b) in a case falling within paragraph (c) of Clause 5.7 (*Market disruption*), the Affected Lender's obligation to participate in the Loan,

shall be suspended while the circumstances referred to in the Agent's notice continue.

5.10 Negotiation of alternative rate of interest

If the Agent's notice under Clause 5.8 (*Notification of market disruption*) is served after the Loan is made, the Borrower, the Agent and the Lenders or (as the case may be) the Affected Lender shall use reasonable endeavours to agree, within the 30 days after the date on which the Agent serves its notice under Clause 5.8 (*Notification of market disruption*), an alternative interest rate or (as the case may be) an alternative basis for the Lenders or (as the case may be) the Affected Lender to fund or continue to fund their or its Contribution during the Interest Period concerned.

5.11 Application of agreed alternative rate of interest

Any alternative interest rate or an alternative basis which is agreed during the Negotiation Period shall take effect in accordance with the terms agreed.

5.12 Alternative rate of interest in absence of agreement

If an alternative interest rate or alternative basis is not agreed within the Negotiation Period, and the relevant circumstances are continuing at the end of the Negotiation Period, then the Agent shall, with the agreement of each Lender or (as the case may be) the Affected Lender, set an interest period and interest rate representing the cost of funding of the Lenders concerned or (as the case may be) the Affected Lender in Dollars or in any available currency of their or its Contribution plus the Margin and the Mandatory Costs (if any); and the procedure provided for by this Clause 5.12 (*Alternative rate of interest in absence of agreement*) shall be repeated if the relevant circumstances are continuing at the end of the interest period so set by the Agent.

5.13 Notice of prepayment

If the Borrower does not agree with an interest rate set by the Agent under Clause 5.12 (*Alternative rate of interest in absence of agreement*), the Borrower may give the Agent not less than 15 Business Days' notice of their intention to prepay at the end of the interest period set by the Agent.

5.14 Prepayment; termination of Commitments

A notice under Clause 5.13 (*Notice of prepayment*) shall be irrevocable; the Agent shall promptly notify the Lenders or (as the case may require) the Affected Lender of the Borrower's notice of intended prepayment; and:

(a) on the date on which the Agent serves that notice, the Total Commitments or (as the case may require) the Commitment of the Affected Lender shall be cancelled; and

(b) on the last Business Day of the interest period set by the Agent, the Borrower shall prepay (without premium or penalty) the Loan or, as the case may be, the Affected Lender's Contribution, together with accrued interest thereon at the applicable rate plus the Margin and the Mandatory Costs (if any).

5.15 Confidential Rates

(a) The Agent and the Borrower agree to keep each Confidential Rate confidential and not to disclose it to anyone, save to the extent permitted by paragraphs (b), (c) and (d) below.

(b) The Agent may disclose:

(i) any Funding Rate to the Borrower pursuant to Clause 5.4 (*Notification of Interest Periods and rates of normal interest*); and

(ii) any Confidential Rate to any person appointed by it 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, to the extent necessary to enable such service provider to provide any of the services referred to in this paragraph (ii) if the service provider to whom the Confidential Rate is to be given has entered into a confidentiality agreement substantially in the form of the LMA Master Confidentiality Undertaking for Use With Administration/Settlement Service Providers or such other form of confidentiality undertaking agreed between the Agent and the relevant Reference Bank or Lender, as the case may be.

(c) The Agent may disclose any Confidential Rate, and the Borrower may disclose any Funding Rate, to:

(i) any of its affiliates and any of its or their officers, directors, employees, professional advisers, auditors, partners, delegates, agents, managers, administrators, nominees, attorneys, trustees or custodians if any person to whom that Confidential Rate is to be given pursuant to this paragraph (i) is informed in writing of its confidential nature and that the Confidential Rate may be price-sensitive information except that there shall be no such requirement to so inform if the recipient is subject to professional obligations to maintain the confidentiality of that Confidential Rate or is otherwise bound by requirements of confidentiality in relation to that Confidential Rate;

(ii) any person to whom information is required or requested to be disclosed by any court of competent jurisdiction or any governmental, banking, taxation or other regulatory authority or similar body, the rules of any relevant stock exchange or pursuant to any applicable law or regulation if the person to whom that Confidential Rate is to be given is informed in writing of its confidential nature and that the Confidential Rate may be price-sensitive information except that there shall be no requirement to so inform if, in the opinion of the Agent or the Borrower, as the case may be, it is not practicable to do so in the circumstances;

(iii) any person to whom information is required to be disclosed in connection with, and for the purposes of, any litigation, arbitration, administrative or other investigations, proceedings or disputes if the person to whom that Confidential Rate is to be given is informed in writing of its confidential nature and that the Confidential Rate may be price-sensitive information except that there shall be no requirement to so inform if, in the opinion of the Agent or the Borrower, as the case may be, it is not practicable to do so in the circumstances; and

(iv) any person with the consent of the relevant Reference Bank or Lender, as the case may be.

(d) The Agent's obligations in this Clause 5.15 (*Confidential Rates*) relating to quotations provided by Reference Banks are without prejudice to its obligations to make notifications under Clause 5.4 (*Notification of Interest Periods and rates of normal interest*) provided that (other than pursuant to paragraph (b)(i) above) the Agent shall not include the details of any individual quotation provided by a Reference Bank as part of any such notification.

(e) The Agent and the Borrower acknowledge that each Confidential Rate is or may be price-sensitive information and that the use of such a Confidential Rate may be regulated or prohibited by applicable legislation including securities law relating to insider dealing and market abuse and the Agent and the Borrower undertakes not to use any Confidential Rate for any unlawful purpose.

(f) The Agent and the Borrower agree (to the extent permitted by law and regulation) to inform the relevant Reference Bank or Lender, as the case may be:

(i) of the circumstances of any disclosure of any Confidential Rate made pursuant to paragraph (c)(ii) above except where such disclosure is made to any of the persons referred to in that paragraph during the ordinary course of its supervisory or regulatory function; and

(ii) upon becoming aware that any Confidential Rate has been disclosed in breach of this Clause 5.15 (*Confidential Rates*).

5.16 Application of prepayment

The provisions of Clause 8 (*Repayment and Prepayment*) shall apply in relation to the prepayment.

6 INTEREST PERIODS

6.1 Commencement of Interest Periods

The first Interest Period applicable to the Loan shall commence on the Drawdown Date and each subsequent Interest Period shall commence on the expiry of the preceding Interest Period.

6.2 Duration of normal Interest Periods

Subject to Clauses 6.3 (*Duration of Interest Periods for Repayment Instalments*) and 6.4 (*Non-availability of matching deposits for Interest Period selected*), each Interest Period shall be:

(a) subject to sub-paragraph (b) below, 1, 3, 6 or 9 months as notified by the Borrower to the Agent not later than 11.00 a.m. (Paris time) 5 Business Days before the commencement of the Interest Period; or

(b) 3 months, if the Borrower fails to notify the Agent by the time specified in paragraph (a); or

(c) such other period as the Agent may, with the authorisation of all the Lenders, agree with the Borrower.

6.3 Duration of Interest Periods for Repayment Instalments

In respect of an amount due to be repaid under Clause 8 (*Repayment and Prepayment*) on a particular Repayment Date, an Interest Period shall end on that Repayment Date.

6.4 Non-availability of matching deposits for Interest Period selected

If, after the Borrower has selected and the Lenders have agreed an Interest Period longer than 6 months, any Lender notifies the Agent by 11.00 a.m. (London time) on the third Business Day before the commencement of the Interest Period that it is not satisfied that deposits in Dollars for a period equal to the Interest Period will be available to it in the London Interbank Market when the Interest Period commences, the Interest Period shall be of 6 months.

7 DEFAULT INTEREST

7.1 Payment of default interest on overdue amounts

The Borrower shall pay interest in accordance with the following provisions of this Clause 7 (*Default Interest*) on any amount payable by the Borrower under any Finance Document which the Agent, the Security Trustee or the other designated payee does not receive on or before the relevant date, that is:

(a) the date on which the Finance Documents provide that such amount is due for payment; or

(b) if a Finance Document provides that such amount is payable on demand, the date on which the demand is served; or

(c) if such amount has become immediately due and payable under Clause 20.4 (*Acceleration of Loan*), the date on which it became immediately due and payable.

7.2 Default rate of interest

Interest shall accrue on an overdue amount from (and including) the relevant date until the date of actual payment (as well after as before judgment) at the rate per annum determined by the Agent to be 2 per cent. above:

(a) in the case of an overdue amount of principal, the higher of the rates set out at paragraphs (a) and (b) of Clause 7.3 (*Calculation of default rate of interest*); or

(b) in the case of any other overdue amount, the rate set out at paragraph (b) of Clause 7.3 (*Calculation of default rate of interest*).

7.3 Calculation of default rate of interest

The rates referred to in Clause 7.2 (*Default rate of interest)* are:

(a) the rate applicable to the overdue principal amount immediately prior to the relevant date (but only for any unexpired part of any then current Interest Period applicable to it);

(b) the aggregate of the applicable Margin and the Mandatory Cost (if any) plus, in respect of successive periods of any duration (including at call) up to 3 months which the Agent may select from time to time:

(i) LIBOR; or

(ii) if the Agent (after consultation with the Reference Bank) determines that Dollar deposits for any such period are not being made available to the Reference Bank by leading banks in the London Interbank Market in the ordinary course of business, a rate from time to time determined by the Agent by reference to the cost of funds to the Reference Bank from such other sources as the Agent (after consultation with the Reference Bank) may from time to time determine.

7.4 Notification of Interest Periods and default rates

The Agent shall promptly notify the Lenders and the Borrower of each interest rate determined by the Agent under Clause 7.3 (*Calculation of default rate of interest*) and of each period selected by the Agent for the purposes of paragraph (b) of that Clause; 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 Agent's notification.

7.5 Payment of accrued default interest

Subject to the other provisions of this Agreement, any interest due under this Clause shall be paid on the last day of the period by reference to which it was determined; and the payment shall be made to the Agent for the account of the Creditor Party to which the overdue amount is due.

7.6 Compounding of default interest

Any such interest which is not paid at the end of the period by reference to which it was determined shall thereupon be compounded.

7.7 Application to Master Agreement

For the avoidance of doubt this Clause 7 (Default Interest) does not apply to any amount payable under the Master Agreement in respect of any continuing Designated Transaction as to which section 2(e) (*Default Interest, Other Amounts*) of the Master Agreement shall apply.

8 REPAYMENT AND PREPAYMENT

8.1 Amount of Repayment Instalments

The Borrower shall repay the Loan by:

(a) 20 consecutive quarterly instalments, each in an amount of $1,562,500 (the "**Repayment Instalments**" and each a "**Repayment Instalment**"); and

(b) a balloon instalment of $43,750,000 (the "**Balloon Instalment**"),

Provided that if the amount of the Loan drawn down hereunder is less than $75,000,000, each of the Repayment Instalments and the Balloon Instalment shall be reduced pro rata by an amount in aggregate equal to the undrawn balance.

8.2 Repayment Dates

The first Repayment Instalment shall be repaid on the date falling three months after the Drawdown Date with the remaining Repayment Instalments to be repaid at 3-monthly intervals thereafter and the last Repayment Instalment together with the Balloon Instalment shall be paid on the earlier of:

(a) the fifth anniversary after the Drawdown Date; and

(b) 17 July 2023.

8.3 Final Repayment Date

On the final Repayment Date, the Borrower shall additionally pay to the Agent for the account of the Creditor Parties all other sums then accrued or owing under any Finance Document.

8.4 Voluntary prepayment

Subject to the following conditions, the Borrower may prepay the whole or any part of the Loan on the last day of an Interest Period.

8.5 Conditions for voluntary prepayment

The conditions referred to in Clause 8.4 (Voluntary prepayment) are that:

(a) a partial prepayment shall be $1,000,000 or a multiple of $1,000,000;

(b) the Agent has received from the Borrower at least 10 Business Days' prior written notice specifying the amount to be prepaid and the date on which the prepayment is to be made;

(c) the Borrower has provided evidence satisfactory to the Agent that any consent required by the Borrower, any Guarantor, any Collateral Guarantor or any other Security Party in connection with the prepayment has been obtained and remains in force, and that any official regulation relevant to this Agreement which affects the Borrower, any Guarantor, any Collateral Guarantor or any other Security Party has been complied with;

(d) the Borrower has complied with Clause 8.12 (*Unwinding of Designated Transactions*) on or prior to the date of prepayment; and

(e) the Borrower has provided evidence satisfactory to the Agent that they have sufficient funds to pay any breakage costs and/or any other amounts that may become payable under this Agreement and the Master Agreement in connection with the prepayment.

8.6 Effect of notice of prepayment

A prepayment notice may not be withdrawn or amended without the consent of the Agent, given with the authorisation of the Majority Lenders, and the amount specified in the prepayment notice shall become due and payable by the Borrower on the date for prepayment specified in the prepayment notice.

8.7 Notification of notice of prepayment

The Agent shall notify the Lenders promptly upon receiving a prepayment notice, and shall provide any Lender which so requests with a copy of any document delivered by the Borrower under paragraph (c) of Clause 8.5 (*Conditions for voluntary prepayment*).

8.8 Mandatory prepayment

The Borrower shall be obliged to prepay the Relevant Amount if a Ship is sold or becomes a Total Loss and comply with Clause 8.12 (*Unwinding of Designated Transactions*):

(a) in the case of a sale, on or before the date on which the sale is completed by delivery of (as the case may be) the relevant Ship to the buyer; or

(b) in the case of a Total Loss of a Ship, on the earlier of the date falling 120 days after the Total Loss Date of that Ship and the date of receipt by the Security Trustee of the proceeds of insurance relating to such Total Loss.

In this Clause 8.8 (*Mandatory prepayment*), "**Relevant Amount**" means, in relation to a sale or Total Loss of a Ship, an amount which, after the application of the prepayment to be made pursuant to this Clause 8.8 (*Mandatory prepayment*) results in the Security Cover Ratio being equal to the higher of (A) the minimum Security Cover Ratio required to be maintained pursuant to Clause 16.1 (*Minimum required security cover*) and (B) the Security Cover Ratio in effect prior to such sale or Total Loss.

8.9 Amounts payable on prepayment

A prepayment shall be made together with accrued interest (and any other amount payable under Clause 22 (*Indemnities*) or otherwise) in respect of the amount prepaid and, if the prepayment is not made on the last day of an Interest Period together with any sums payable

under paragraph (b) of Clause 22.1 (*Indemnities regarding borrowing and repayment of Loan*) and Clause 22.2 (*Break Costs*) but without premium or penalty.

8.10 Application of partial prepayment

Each partial prepayment shall be applied:

(a) if made pursuant to Clause 8.4 (*Voluntary prepayment*), pro rata against the then outstanding Repayment Instalments and the Balloon Instalment or as otherwise agreed between the Borrower and the Agent;

(b) if made pursuant to Clause 8.8 (*Mandatory prepayment*):

(i) FIRSTLY: pro rata against the then outstanding Repayment Instalments and the Balloon Instalment and the Swap Exposure under the Master Agreement;

(ii) SECONDLY: pro rata towards repayment of any overdue interest, any breakage costs, any accrued interest relating to the Loan, any other costs, fees, expenses, commissions due under this Agreement and any periodical payments (other than any payments arising out of a termination or closing out) under the Master Agreement; and

(iii) THIRDLY: any remaining proceeds of the sale or Total Loss of a Ship after the prepayments referred to in sub paragraphs (i) and (ii) of paragraph (b) above have been made together with all other amounts that are payable on any such prepayment pursuant to the Finance Documents shall be paid to the Guarantor that owned the relevant Ship Provided that no Event of Default or Potential Event of Default has occurred and is continuing at any relevant time and unless the relevant Ship, at the time of its sale or Total Loss, is more than 10 years old in which case all of the proceeds of the sale or Total Loss of that Ship shall be applied against the prepayment of the Loan and the Swap Exposure in accordance with paragraph (a) above.

8.11 No reborrowing and cancellation

(a) No amount repaid or prepaid may be re-borrowed.

(b) Any amount of the Loan not drawn on the Drawdown Date shall be automatically cancelled.

8.12 Unwinding of Designated Transactions

On or prior to any repayment or prepayment of the Loan or any part thereof under this Clause 8 (*Repayment and Prepayment*) or any other provision of this Agreement, the Borrower shall wholly or partially reverse, offset, unwind or otherwise terminate one or more of the continuing Designated Transactions so that the notional principal amount of the continuing Designated Transactions thereafter remaining does not exceed the amount of the Loan following such repayment or prepayment and will not in the future (taking into account the scheduled amortisation) exceed the amount of the Loan as reducing from time to time thereafter pursuant to Clause 8.1 (*Amount of Repayment Instalments*).

8.13 Prepayment of Swap benefit

If a Designated Transaction is terminated in circumstances where the Swap Bank would be obliged to pay an amount to the Borrower under the Master Agreement, the Borrower hereby agrees that such payment shall be applied in accordance with Clause 18.1 (*Normal order of application*) and authorise the Swap Bank to pay such amount to the Agent for such purpose.

8.14 Sale or Total Loss of a Collateral Ship

Notwithstanding any other provision of this Agreement or any other Finance Document, in the case of:

(a) the sale or Total Loss of a Collateral Ship, the Borrower shall not be required to make any prepayments under this Agreement;

(b) the sale of a Collateral Ship, the Security Trustee shall permit the sale of that Collateral Ship subject to receiving from the Collateral Guarantor a written notice of at least 10 days prior to such sale and the Security Trustee will, subject to being indemnified to its satisfaction against the cost of doing so, release the Collateral Guarantor owning that Collateral Ship from all its obligations and liabilities under the Collateral Security Documents **Provided that** no Event of Default has occurred and is continuing at the time of the release nor will result from such release; and

(c) the Total Loss of a Collateral Ship, the Collateral Guarantor owning that Collateral Ship shall subject to the terms of the Collateral Loan Agreement and the general assignment and other finance documents executed in connection with the Collateral Loan Agreement be entitled to receive the total amount of the proceeds of insurance relating to such Total Loss **Provided that** no Event of Default has occurred and is continuing on the Total Loss Date and on the date of receipt by the Collateral Guarantor of the proceeds of insurance relating to such Total Loss.

9 CONDITIONS PRECEDENT

9.1 Documents, fees and no default

Each Lender's obligation to contribute to the Loan is subject to the following conditions precedent:

(a) that, on or before the date of this Agreement, the Agent receives:

(i) the documents described in Part A of Schedule 4 (*Condition Precedent Documents*) in a form and substance satisfactory to the Agent and its lawyers;

(ii) the structuring fee and the annual account bank fee referred to in Clause 21 (*Fees and Expenses*); and

(iii) payment in full of any expenses payable pursuant to Clause 21 (*Fees and Expenses*) which are due and payable on the date of this Agreement;

(b) that, on the Drawdown Date but prior to the making of the Loan, the Lender receives or is satisfied that it will receive on the Drawdown Date the documents described in Part B of

Schedule 4 (*Condition Precedent Documents*) in form and substance satisfactory to the Agent and its lawyers;

(c) that both at the date of the Drawdown Notice and at the Drawdown Date:

(i) no Event of Default or Potential Event of Default has occurred or would result from the borrowing of the Loan;

(ii) the representations and warranties in Clause 10.1 (*General*) and those of the Borrower or any Guarantor or any Collateral Guarantor or any other Security Party which are set out in the other Finance Documents would be true and not misleading if repeated on each of those dates with reference to the circumstances then existing; and

(iii) none of the circumstances contemplated by Clause 5.7 (*Market disruption*) has occurred and is continuing; and

(iv) there has been no Material Adverse Effect since 30 March 2018;

(d) that, if the ratio set out in Clause 16.1 (*Minimum required security cover*) were applied immediately following the making of the Loan, the Borrower would not be obliged to provide additional security or prepay part of the Loan under that Clause; and

(e) that the Agent has received, and found to be acceptable to it, any further opinions, consents, agreements and documents in connection with the Finance Documents which the Agent may, with the authorisation of the Majority Lenders, request by notice to the Borrower prior to the Drawdown Date.

9.2 Waiver of conditions precedent

If the Majority Lenders, at their discretion, permit the Loan to be borrowed before certain of the conditions referred to in Clause 9.1 (*Documents, fees and no default*) are satisfied, the Borrower shall ensure that those conditions are satisfied within 3 Business Days after the Drawdown Date (or such longer period as the Agent may, with the authorisation of the Majority Lenders, specify).

10 REPRESENTATIONS AND WARRANTIES

10.1 General

The Borrower represents and warrants to each Creditor Party as follows.

10.2 Status

The Borrower is duly domesticated and validly existing and in good standing under the laws of the Republic of the Marshall Islands.

10.3 Shares capital and ownership

(a) The Borrower is authorised to issue 200,000,000 registered shares of a par value of US$0.01 per share and 25 million registered preferred shares each with a par value of US$0.01, out of which (preferred shares) 1,000,000 are designated as series A preferred shares and 5,000,000 are designated as series B preferred shares.

(b) Each Guarantor and each Collateral Guarantor is authorised to issue the number of shares set out opposite its name in Schedule 2 (*Guarantors*) all of which shares have been issued fully paid, and the legal title and beneficial ownership of all those shares is held, free of any Security Interest or other claim, by the Borrower.

10.4 Corporate power

The Borrower has the corporate capacity, and has taken all corporate action and obtained all consents necessary for it:

(a) to execute the Finance Documents to which that Borrower is a party; and

(b) to borrow under this Agreement and to enter into Designated Transactions under the Master Agreement and to make all the payments contemplated by, and to comply with, the Finance Documents to which the Borrower is a party and the Master Agreement.

10.5 Consents in force

All the consents referred to in Clause 10.4 (Corporate power) remain in force and nothing has occurred which makes any of them liable to revocation.

10.6 Legal validity; effective Security Interests

The Finance Documents to which the Borrower is a party, do now or, as the case may be, will, upon execution and delivery (and, where applicable, registration as provided for in the Finance Documents):

(a) constitute the Borrower's legal, valid and binding obligations enforceable against the Borrower in accordance with their respective terms; and

(b) create legal, valid and binding Security Interests enforceable in accordance with their respective terms over all the assets to which they, by their terms, relate,

subject to any relevant insolvency laws affecting creditors' rights generally.

10.7 No third party Security Interests

Without limiting the generality of Clause 10.6 (Legal validity; effective Security Interests), at the time of the execution and delivery of each Finance Document:

(a) the Borrower will have the right to create all the Security Interests which any Finance Document to which it is a party purports to create; and

(b) no third party will have any Security Interest (except for Permitted Security Interests) or any other interest, right or claim over, in or in relation to any asset to which any such Security Interest, by its terms, relates.

10.8 No conflicts

The execution by the Borrower of each Finance Document to which it is a party, and the borrowing by the Borrower of the Loan, and its compliance with each Finance Document to which it is a party will not involve or lead to a contravention of:

(a) any law or regulation; or

(b) the constitutional documents of the Borrower; or

(c) any contractual or other obligation or restriction which is binding on the Borrower or any of its assets.

10.9 No withholding taxes

All payments which the Borrower is liable to make under the Finance Documents to which it is a party may be made without deduction or withholding for or on account of any tax payable under any law of any Pertinent Jurisdiction.

10.10 Deduction of Tax

It is not required to make any tax deduction from any payment it may make under any Finance Document to which it is a party.

In this Clause 10.10 (*Tax Deduction*) "**tax deduction**" has the meaning given to it in Clause 23.4 *(Exclusion of tax on overall net income).*

10.11 No default

No Event of Default or Potential Event of Default has occurred or would result from the entry into, the performance of, or any transaction contemplated by, any Finance Document.

10.12 Information

All information which has been provided in writing by or on behalf of the Borrower or any Security Party to any Creditor Party in connection with any Finance Document satisfied the requirements of Clause 12.5 (*Information provided to be accurate*); all audited and unaudited accounts which have been so provided satisfied the requirements of Clause 12.7 (*Form of financial statements*); and there has been no Material Adverse Effect since 30 March 2018.

10.13 No litigation

No legal or administrative action involving the Borrower or any Guarantor or any Collateral Guarantor (including action relating to any alleged or actual breach of the ISM Code or the ISPS Code) which if adversely determined by the Agent, is likely to have a Material Adverse Effect, has been commenced or taken or, to the Borrower's knowledge, is likely to be commenced or taken.

10.14 Compliance with certain undertakings

At the date of this Agreement, the Borrower is in compliance with Clauses 12.2 (*Title; negative pledge*), 12.4 (*No other liabilities or obligations to be incurred*), 12.9 (*Consents*) and 12.13 (*Confirmation of no default*).

10.15 Taxes paid

The Borrower has paid all taxes applicable to, or imposed on or in relation to the Borrower, its business, each Guarantor and the Ship owned by it and each Collateral Guarantor and the Collateral Ship owner by it.

10.16 No bribery, corruption or money laundering

(a) Without prejudice to the generality of Clause 2.3 (*Purpose of Loan*), in relation to the borrowing by the Borrower of the Loan, the performance and discharge of its obligations and liabilities under the Finance Documents, and the transactions and other arrangements affected or contemplated by the Finance Documents to which the Borrower is a party, the Borrower confirms (i) that it is acting for its own account; (ii) that it will use the proceeds of the Loan for its own benefit, under its full responsibility and exclusively for the purposes specified in this Agreement; and (iii) that the foregoing will not involve or lead to a contravention of any law, official requirement or other regulatory measure or procedure implemented to combat "money laundering" (as defined in Article 1 of Directive 2005/60/EC of the European Parliament and of the Council).

(b) The Borrower confirms that no Relevant Party nor any of their subsidiaries, nor any of their respective directors, officers, employees, (nor, to the best knowledge of such Relevant Party, any of their affiliates, agents or representatives) has engaged in any activity or conduct which would violate any applicable anti-bribery, anti-corruption or anti-money laundering laws or regulations in any applicable jurisdiction and that each Relevant Party has instituted and maintains policies and procedures designated to prevent violation of such laws, regulations and rules.

10.17 ISM Code, ISPS Code Compliance and Environmental Laws

All requirements of the ISM Code, ISPS Code and Environmental Laws as they relate to the Borrower, each Guarantor, each Collateral Guarantor, the Approved Manager, each Ship and each Collateral Ship have been complied with.

10.18 No immunity

Neither the Borrower, nor any of its 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).

10.19 Sanctions

(a) Neither the Borrower nor any of the Security Parties, or any of their subsidiaries, their respective directors and officers, any affiliate, agent or employee of the Borrower or any of the Security Parties is an individual or entity ("**Person**"), that is, or is directly or indirectly owned or controlled by Persons that are: (i) the target of any Sanctions (a "**Sanctioned Person**") or (ii) located, organized or resident in a country or territory that is, or whose government is, the subject of Sanctions broadly prohibiting dealings with such government, country, or territory (a "**Sanctioned Country**").

(b) No Relevant Party nor any of their subsidiaries, nor any of their respective directors, officers, employees (nor, to the knowledge of such Relevant Party, any of their affiliates, agents or representatives) has taken any action resulting in a violation by such persons of Sanctions or which constitutes or would constitute any such violation by the Borrower, a Creditor Party or any Security Party.

10.20 Repetition

The representations and warranties set out in Clause 10 (*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 the first day of each Interest Period (other than in the case of representations and warranties set out in Clause 10.13 (*No litigation*)),

as if made with reference to the facts and circumstances existing on each such day.

11 FINANCIAL COVENANTS

11.1 General

The Borrower also undertakes with the Security Trustee to comply with the following provisions of this Clause 11 (*Financial Covenants*) at all times during the Security Period except as the Agent may, with the authority of the Majority Lenders, otherwise permit in writing.

11.2 Financial Covenants

The Borrower shall ensure that at all times throughout the Security Period:

(a) the Market Value Adjusted Net Worth of the Borrower shall not be less than 25 per cent. of the Market Value Adjusted Total Assets;

(b) the ratio of Consolidated Net Debt to Market Value Adjusted Total Assets less the aggregate amount of Cash and Cash Equivalents shall not exceed 65 per cent.; and

(c) the aggregate of all Cash and Cash Equivalents shall not be less than $500,000 per Fleet Vessel (including, for the avoidance of doubt, the Minimum Liquidity Amount required to be maintained pursuant to Clause 12.19 (*Borrower's Minimum Liquidity*).

11.3 Compliance Check

Compliance with the undertakings contained in Clauses 11.2 (*Financial Covenants*) and 16.1 (*Minimum required security cover*) shall be determined as at 30 June and 31 December in each financial year of the Borrower and each Guarantor by reference to:

(a) in the case of the compliance check as at 30 June in that financial year, the unaudited statements of the Group for the 6-month period ending on that date (commencing with the financial statements for the 6-month period which ending on 30 June 2018) delivered, in each case, to the Agent pursuant to paragraph (b) Clause 12.6 (*Provision of financial statements*); and

(b) in the case of the compliance check as at 31 December in that financial year (commencing with the financial statements for the financial year which ends on 31 December 2017), the annual audited consolidated financial statements of the Group for that Financial Year delivered, in each case, to the Agent pursuant to paragraph (a) of Clause 12.6 (Provision of financial statements).

At the same time as the Borrower and each Guarantor delivers the financial statements referred to above, the Borrower and each Guarantor shall deliver to the Agent a Compliance

Certificate signed by the chief financial officer of the Borrower (commencing with the financial statements for the financial year which ends on 31 December 2017).

11.4 Change in accounting expressions and policies

If, by reason of change in format or GAAP or other relevant accounting policies, the expressions appearing in any financial statements referred to in Clause 12.6 (*Provision of financial statements*) alter from those in the financial statements for each Guarantor, or as the case may be, the Group for the financial year which ended on 31 December 2017, the relevant definitions contained in Clause 1.1 (*Definitions*) and the provisions of Clause 11.2 (*Financial Covenants*) shall be deemed modified in such manner as the Agent, acting with the authorisation of the Majority Lenders, shall require to take account of such different expressions but otherwise to maintain in all respects the substance of those provisions.

12 GENERAL UNDERTAKINGS

12.1 General

The Borrower undertakes with each Creditor Party to comply with the following provisions of this Clause 12 (*General Undertakings*) at all times during the Security Period except as the Agent may, with the authorisation of the Majority Lenders, otherwise permit in writing.

12.2 Title and negative pledge

(a) The Borrower shall:

(i) not create or permit to arise any Security Interest (except for Permitted Security Interests) over any asset which is the subject of any of the Finance Documents; and

(ii) procure that its liabilities under this Agreement will rank pari passu with all its other present and future unsecured liabilities, except for liabilities which are mandatorily preferred by law.

(b) The Borrower shall procure that each Guarantor and each Collateral Guarantor will:

(i) hold the legal title to, and own the entire beneficial interest in the Ship or, as the case may be, Collateral Ship owned by it, her Insurances and Earnings, free from all Security Interests and other interests and rights of every kind, except for those created by the Finance Documents and the effect of assignments contained in the Finance Documents or, as the case may be under or in connection with the Collateral Loan Agreement; and

(ii) not create or permit to arise any Security Interest (except for Permitted Security Interests) over any other asset, present or future; and

(iii) procure that its liabilities under the Finance Documents to which it is party do and will rank at least pari passu with all other present and future unsecured liabilities, except for liabilities which are mandatorily preferred by law.

12.3 No disposal of assets

The Borrower will procure that neither a Guarantor nor a Collateral Guarantor will transfer, lease or otherwise dispose of:

(a) all or a substantial part of its assets, whether by one transaction or a number of transactions, whether related or not; or

(b) any debt payable to it or any other right (present, future or contingent right) to receive a payment, including any right to damages or compensation,

but paragraph (a) does not apply to:

(i) any sale, transfer or other disposal of a Collateral Ship as to which Clause 8.14 *(Sale or Total Loss of a Collateral Ship)* applies; and

(ii) any charter of a Ship or a Collateral Ship as to which with Clause 15.13 (*Restrictions on chartering, appointment of managers etc*.) applies.

12.4 No other liabilities or obligations to be incurred

(a) The Borrower will not incur any Financial Indebtedness to another member of the Group unless such Financial Indebtedness is fully subordinated to this Agreement and the Borrower shall, promptly following the Agent's demand, execute or procure the execution of any documents which the Agent specifies to create or maintain the subordination of the rights of the relevant member of the Group against the Borrower to those of the Creditor Parties under the Finance Documents on terms in all respects acceptable to the Agent (acting with the authorisation of the Majority Lenders).

(b) The Borrower shall procure that neither a Guarantor and nor a Collateral Guarantor will incur any liability or obligation except:

(i) liabilities and obligations under the Finance Documents to which it is a party;

(ii) liabilities and obligations of the Collateral Guarantors under the Finance Documents (as such term is defined in the Collateral Loan Agreement) to which it is a party until the Drawdown Date;

(iii) liabilities or obligations reasonably incurred in the ordinary course of owning, operating and chartering the Ship or, as the case may be, Collateral Ship owned by it; and

(iv) Financial Indebtedness to the Borrower or any other member of the Group or any of their affiliates (the "Relevant Entity") unless such Financial Indebtedness is fully subordinated to the Loan and the Swap Exposure and each Guarantor and each Collateral Guarantor shall, promptly following the Agent's demand, execute or procure the execution of any documents which the Agent specifies to create or maintain the subordination of the rights of the Relevant Entity against that Borrower to those of the Creditor Parties under the Finance Documents on terms in all respects acceptable to the Agent (acting with the authorisation of the Majority Lenders).

12.5 Information provided to be accurate

All financial and other information which is provided in writing by or on behalf of the Borrower and the Security Parties under or in connection with any Finance Document will be true, correct, accurate and not misleading and will not omit any material fact or consideration.

12.6 Provision of financial statements

The Borrower will send, or procure there are sent, to the Agent:

(a) as soon as possible, but in no event later than 180 days after the end of each financial year of the Borrower (commencing with the financial year ending on 31 December 2017), the audited consolidated financial statements of the Borrower;

(b) as soon as possible, but in no event later than 90 days after the end of each financial half-year in each financial year of the Borrower ending on 30 June (commencing with the half-year ending on 30 June 2017), the semi-annual unaudited consolidated financial statements of the Borrower in the form in which they were published in the relevant press release; and

(c) promptly after each request by the Agent, such further financial information about the Borrower, the Guarantors, the Collateral Guarantors, the Ships, the Collateral Ships, the Fleet Vessels, any Security Party or the Group or any member thereof (including but not limited to, information regarding charter arrangements, Financial Indebtedness and operating expenses) as the Agent may require.

12.7 Form of financial statements

All accounts (audited and unaudited) delivered under Clause 12.6 (*Provision of financial statements*) will:

(a) be prepared in accordance with all applicable laws and GAAP consistently applied; and

(b) give a true and fair view of the state of affairs of the Group at the date of those accounts and of their profit for the period to which those accounts relate.

12.8 Shareholder and creditor notices

The Borrower will send the Agent, at the same time as they are despatched, copies of all communications which are despatched to the Borrower's shareholders or creditors or any class of them.

12.9 Consents

The Borrower will, and shall procure that each Guarantor and each Collateral Guarantor will, maintain in force and promptly obtain or renew, and will promptly send certified copies to the Agent of, all consents, licenses, approvals and registrations, required:

(a) for the Borrower or that Guarantor or that Collateral Guarantor to perform its obligations under any Finance Document to which it is a party;

(b) for the validity or enforceability of any Finance Document to which it is a party;

(c) for the Borrower, that Guarantor or that Collateral Guarantor to continue to own and operate the Ship or, as the case may be, Collateral Ship owned by it,

and the Borrower, that Guarantor or that Collateral Guarantor will comply with the terms of all such consents.

12.10 Maintenance of Security Interests

The Borrower will and shall procure that each Guarantor and each Collateral Guarantor will:

(a) at its own cost, do all that it reasonably can to ensure that any Finance Document validly creates the obligations and the Security Interests which it purports to create; and

(b) without limiting the generality of paragraph (a) above, at its own cost, promptly register, file, record or enrol any Finance Document with any court or authority, pay any stamp, registration or similar tax in respect of any Finance Document, give any notice or take any other step which, in the opinion of the Majority Lenders, is or has become necessary or desirable for any Finance Document to be valid, enforceable or admissible in evidence or to ensure or protect the priority of any Security Interest which it creates.

12.11 Notification of litigation

The Borrower will and shall procure that each Guarantor and each Collateral Guarantor provide the Agent with details of any legal or administrative action involving the Borrower, any Guarantor, any Collateral Guarantor, any other Security Party, the Approved Manager or the Ship or, as the case may be, Collateral Ship owned by it, the Earnings or the Insurances as soon as such action is instituted or it becomes apparent to the Borrower that it is likely to be instituted, unless it is clear that the legal or administrative action cannot be considered material in the context of any Finance Document.

12.12 Principal place of business

The Borrower will not establish, or do anything as a result of which it would be deemed to have, a place of business in England or the United States of America.

12.13 Confirmation of no default

The Borrower will, within 2 Business Days after service by the Agent of a written request, serve on the Agent a notice which is signed by 2 directors of the Borrower and which:

(a) states that no Event of Default or Potential Event of Default has occurred; or

(b) states that no Event of Default or Potential Event of Default has occurred, except for a specified event or matter, of which all material details are given.

The Agent may serve requests under this Clause 12.13 (*Confirmation of no default*) from time to time; and this Clause 12.13 (*Confirmation of no default*) does not affect the Borrower's obligations under Clause 12.14 (*Notification of default*).

12.14 Notification of default

The Borrower will notify the Agent as soon as the Borrower becomes aware of:

(a) the occurrence of an Event of Default or a Potential Event of Default; or

(b) any matter which indicates that an Event of Default or a Potential Event of Default may have occurred,

and will keep the Agent fully up-to-date with all developments.

12.15 Provision of further information

The Borrower will, as soon as practicable after receiving the request, provide the Agent with any additional financial or other information relating:

(a) to any Guarantor, any Ship, any Collateral Guarantor, any Collateral Ship, the Earnings, the Insurances, any Charterparty, the Approved Manager, any Fleet Vessel and any other member of the Group; or

(b) to any other matter relevant to, or to any provision of, a Finance Document (including, without limitation, any information requested in connection with the Creditor Parties' and the Account Bank "Know your customer" regulations, including but not limited to information required pursuant to all applicable laws and regulations, including, without limitation, the laws of the European Union, Switzerland and the United States of America in connection with the Borrower, any Guarantor, any Collateral Guarantor and any other Security Party and their respective beneficial owners) which may be requested by the Agent, the Security Trustee, any Lender or the Account Bank at any time.

12.16 Provision of copies and translation of documents

The Borrower will supply the Agent with a sufficient number of copies of the documents referred to above to provide 1 copy for each Creditor Party; and if the Agent so requires in respect of any of those documents, the Borrower will provide a certified English translation prepared by a translator approved by the Agent.

12.17 "Know your customer" checks

If:

(a) the introduction of or any change in (or in the interpretation, administration or application of) any law or regulation made after the date of this Agreement;

(b) any change in the status of the Borrower, any Guarantor, any Collateral Guarantor or any other Security Party after the date of this Agreement; or

(c) a proposed assignment or transfer by a Lender of any of its rights and obligations under this Agreement to a party that is not a Lender prior to such assignment or transfer,

obliges the Agent or any Lender (or, in the case of paragraph (c), any prospective new Lender) to comply with "know your customer" or similar identification procedures in circumstances where the necessary information is not already available to it, the Borrower shall promptly upon the request of the Agent or the Lender concerned supply, or procure the supply of, such documentation and other evidence as is reasonably requested by the Agent (for itself or on behalf of any Lender) or the Lender concerned (for itself or, in the case of the event described in paragraph (c), on behalf of any prospective new Lender) in order for the Agent, the Lender concerned or, in the case of the event described in paragraph (c), any prospective new Lender to carry out and be satisfied it has complied with all necessary "know your customer" or other similar checks under all applicable laws and regulations pursuant to the transactions contemplated in the Finance Documents.

12.18 Designated Transactions

The Borrower undertakes to serve to the Agent a notice of designation in the form set out in Schedule 6 (*Designation Notice*) prior to entering into a Transaction with the Swap Bank pursuant to the Master Agreement. Failure by the Borrower to serve such notice shall not preclude a Transaction from being designated as a Designated Transaction for the purposes of the Finance Documents.

12.19 Borrower's Minimum liquidity

The Borrower will maintain to the credit of the Liquidity Reserve Account as from the Drawdown Date and at all times thereafter during the Security Period an aggregate amount of not less than $500,000 per Ship subject to a Mortgage (the "**Minimum Liquidity Amount**").

12.20 Palios Family

The Borrower shall:

(a) procure that all members of the Palios Family (either directly and/or indirectly through companies beneficially owned by any member of the Palios and/or trusts of foundations of which any member of the Palios Family are beneficiaries) own at least 5 per cent. of the common share capital of the Borrower (in aggregate); and

(b) own directly the entire share capital of all Guarantors and all Collateral Guarantors.

12.21 Sanctions

The Borrower:

(a) shall not, and shall procure that no Security Party will, directly or indirectly use, lend, make payments of, contribute or otherwise make available, all or any part of the proceeds of the Loan or other transaction(s) contemplated by this Agreement to fund any trade, business or other activities or otherwise make available such proceeds to any subsidiary, joint venture partner or other Person (i) to fund any activities or business of or with any Person, or in any country or territory, that, at the time of such funding, is a Sanctioned Person or Sanctioned Country or (ii) in any other manner that would result in a violation of Sanctions by any Person (including any Person participating in the loan hereunder, whether as underwriter, advisor, investor, lender, hedge provider, facility or security agent or otherwise);

(b) shall not permit or authorise and shall prevent (and shall procure that the Guarantors and the Collateral Guarantors will not permit or authorise and will prevent) a Ship and/or a Collateral Ship being used directly or indirectly (i) by or for the benefit of any Sanctioned Person or in any country or territory that is a Sanctioned Country; and/or (ii) in calling, trading or otherwise in going to a Sanctioned Country; and/or (iii) in any manner which would trigger the operation of any sanctions limitation or exclusion clause (or similar) in the Insurances and/or re-insurances; and/or (iv) in any trade which will expose a Ship, a Collateral Ship, any Creditor Party, the Approved Manager, crew or insurers to enforcement proceedings or any other consequences whatsoever arising from Sanctions; and

(c) shall, and shall procure that each Guarantor and each Collateral Guarantor shall, ensure that neither its assets nor the assets subject to the Finance Documents shall be used directly or indirectly by or for the benefit of any Sanctioned Person or otherwise used in any manner which may breach any applicable Sanctions.

12.22 Collateral Security Documents

Notwithstanding any other provision of this Agreement or any other Finance Document the Security Trustee shall, at the request and cost of the Borrower and the Collateral Guarantors, release within reasonable time the Collateral Guarantors from all their obligations and liabilities under the Collateral Security Documents on the last day of the Security Period or, if it occurs earlier, upon full repayment and/or prepayment of all and any amounts due under or in connection with the Collateral Loan Agreement and the Collateral Master Agreement **Provided that** no Event of Default has occurred and is continuing at any relevant time or will result from such release.

13 CORPORATE UNDERTAKINGS

13.1 General

The Borrower also undertakes with each Creditor Party to comply with the following provisions of this Clause 13 (*Corporate Undertakings*) at all times during the Security Period except as the Agent may, with the authorisation of the Majority Lenders, otherwise permit in writing.

13.2 Maintenance of status

(a) The Borrower shall maintain its separate corporate existence and remain in good standing under the laws of the Republic of the Marshall Islands.

(b) The Borrower shall procure that each Guarantor shall maintain its separate corporate existence and remain in good standing under the laws of its country of incorporation set out in Column C of Schedule 2 (*Guarantors*) and each Collateral Guarantor shall maintain its separate corporate existence and remain in good standing under the laws of the Republic of the Marshall Islands.

13.3 Negative undertakings

The Borrower will not:

(a) change the nature of its business (including but not limited to the ownership of the ship owning entities being engaged in chartering and operation of ships);

(b) allow any Guarantor or any Collateral Guarantor to carry on any business other than the ownership, chartering and operation of the Ship or, as the case may be, Collateral Ship owned by it; or

(c) pay (and procure that none of the Security Parties shall pay) any dividend or make any other form of distribution or effect any form of redemption, purchase or return of its shares (the "**Distribution**") if an Event of Default has occurred and is continuing at such time or would occur as a result of payment of such Distribution; or

(d) provide any form of credit or financial assistance to:

(i) a person who is directly or indirectly interested in the Borrower's share or loan capital; or

(ii) any company in or with which such a person is directly or indirectly interested or connected,

or enter into any transaction with or involving such a person or company on terms which are, in any respect, less favourable to the Borrower than those which it could obtain in a bargain made at arms' length; or

(e) allow any Guarantor or any Collateral Guarantor to open or maintain any account with any bank or financial institution except accounts with the Agent and the Security Trustee for the purposes of the Finance Documents and the purposes of the Finance Documents (as such term is defined in the Collateral Loan Agreement); or

(f) allow any Guarantor or any Collateral Guarantor to issue, allot or grant, any person a right to any of its shares or repurchase or reduce its issued shares; or

(g) allow any Guarantor or any Collateral Guarantor to acquire any shares or other securities other than US or UK Treasury bills and certificates of deposit issued by major North American or European banks, or enter into any transaction in a derivative (other than the Designated Transactions under the Master Agreement); or

(h) enter into, and procure that not if its Subsidiaries will enter into, any form of amalgamation, merger or de-merger or any form of reconstruction or reorganisation.

14 INSURANCE

14.1 General

The Borrower also undertakes with each Creditor Party to comply with the following provisions of this Clause 14 (*Insurance*) at all times during the Security Period except as the Agent may, with the authorisation of the Majority Lenders, otherwise permit in writing.

14.2 Maintenance of obligatory insurances

The Borrower shall procure that each Guarantor and each Collateral Guarantor shall keep the Ship or, as the case may be, Collateral Ship owned by it insured at the expense of that Guarantor or Collateral Guarantor against:

(a) fire and usual marine risks (including hull and machinery and excess risks);

(b) war risks;

(c) protection and indemnity risks in excess of the limit of cover for oil pollution liability risks included within the protection and indemnity risks; and

(d) any other risks against which the Lenders consider, having regard to practices and other circumstances prevailing at the relevant time, it would in the opinion of the Lenders be reasonable for that Guarantor or Collateral Guarantor to insure and which are specified by the Security Trustee by notice to that Guarantor or Collateral Guarantor.

14.3 Terms of obligatory insurances

The Borrower shall procure that each Guarantor and each Collateral Guarantor (except for paragraph (b) below) shall effect such insurances:

(a) in Dollars;

(b) in the case of fire and usual marine risks and war risks, in an amount of an agreed value basis, as shall from time to time be approved by the Agent but in any event in an amount not less than the greater of (i) the Market Value of its Ship and (ii) an amount, which when aggregated with the amount for which the other Ships subject to a Mortgage are insured pursuant to this Clause 14.3(b) *(Terms of obligatory insurances)*, equals 120 per cent. of the Loan and the Swap Exposure;

(c) in the case of oil pollution liability risks, for an aggregate amount equal to the highest level of cover from time to time available under basic protection and indemnity club entry with the international group of protection and indemnity clubs) and in the international marine insurance market (currently $1,000,000,000);

(d) in relation to protection and indemnity risks in respect of the relevant Ship's or, as the case may be, the Collateral Ship's full value and full tonnage;

(e) on such terms as shall from time to time be approved in writing by the Agent (including, without limitation, a blocking and trapping clause); and

(f) through approved brokers and with approved insurance companies and/or underwriters or, in the case of war risks and protection and indemnity risks, in approved war risks and protection and indemnity risks associations which are members of the International Group of Protection and Indemnity Associations acceptable to the Lenders.

14.4 Further protections for the Creditor Parties

In addition to the terms set out in Clause 14.3 (Terms of obligatory insurances), the Borrower shall procure that the obligatory insurances effected by each Guarantor and each Collateral Guarantor shall:

(a) except in relation to risks referred to in paragraph (c) of Clause 14.2 (*Maintenance of obligatory insurances*) and protection and indemnity risks), if the Security Trustee so requires, name (or be amended to name) the Security Trustee as mortgagee for its rights and interests, warranted no operational interest and with full waiver of rights of subrogation against the Security Trustee, but without the Security Trustee thereby being liable to pay (but having the right to pay) premiums, calls or other assessments in respect of such insurance;

(b) name the Security Trustee as sole loss payee with such directions for payment as the Security Trustee may specify;

(c) provide that all payments by or on behalf of the insurers under the obligatory insurances to the Security Trustee shall be made without set-off, counterclaim or deductions or condition whatsoever;

(d) provide that the insurers shall waive, to the fullest extent permitted by English law, their entitlement (if any) (whether by statute, common law, equity, or otherwise) to be subrogated to the rights and remedies of the Security Trustee in respect of any rights or interests (secured or not) held by or available to the Security Trustee in respect of the Secured Liabilities, until the Secured Liabilities shall have been fully repaid and discharged, except that the insurers shall not be restricted by the terms of this paragraph (d) from making personal claims against persons (other than the Borrower, any

Guarantor, any Collateral Guarantor or any Creditor Party) in circumstances where the insurers have fully discharged their liabilities and obligations under the relevant obligatory insurances;

(e) provide that the obligatory insurances shall be primary without right of contribution from other insurances which may be carried by the Security Trustee or any other Creditor Party;

(f) provide that the Security Trustee may make proof of loss if that Guarantor or Collateral Guarantor fails to do so; and

(g) provide that if any obligatory insurance is cancelled, or if any substantial change is made in the coverage which adversely affects the interest of the Security Trustee, or if any obligatory insurance is allowed to lapse for non-payment of premium, such cancellation, charge or lapse shall not be effective with respect to the Security Trustee for 30 days (or 7 days in the case of war risks) after receipt by the Security Trustee of prior written notice from the insurers of such cancellation, change or lapse.

14.5 Renewal of obligatory insurances

The Borrower shall procure that each Guarantor and each Collateral Guarantor shall:

(a) at least 21 days before the expiry of any obligatory insurance effected by it:

(i) notify the Security Trustee of the brokers (or other insurers) and any protection and indemnity or war risks association through or with whom that Borrower proposes to renew that obligatory insurance and of the proposed terms of renewal; and

(ii) obtain the Lenders' approval to the matters referred to in paragraph (i);

(b) at least 14 days before the expiry of any obligatory insurance effected by it, renew that obligatory insurance in accordance with the Lenders' approval pursuant to paragraph (a); and

(c) procure that the approved brokers and/or the war risks and protection and indemnity associations with which such a renewal is effected shall promptly after the renewal notify the Security Trustee in writing of the terms and conditions of the renewal.

14.6 Copies of policies; letters of undertaking

The Borrower shall procure that each Guarantor and each Collateral Guarantor shall ensure that all approved brokers provide the Security Trustee with copies of all policies relating to the obligatory insurances which they are to effect or renew and of a letter or letters or undertaking in a form required by the Lenders and including undertakings by the approved brokers that:

(a) they will have endorsed on each policy, immediately upon issue, a loss payable clause and a notice of assignment complying with the provisions of Clause 14.4 (*Further protections for the Creditor Parties*);

(b) they will hold such policies, and the benefit of such insurances, to the order of the Security Trustee in accordance with the said loss payable clause;

(c) they will advise the Security Trustee immediately of any material change to the terms of the obligatory insurances;

(d) they will notify the Security Trustee, not less than 14 days before the expiry of the obligatory insurances, in the event of their not having received notice of renewal instructions from that Guarantor and each Collateral Guarantor or its agents and, in the event of their receiving instructions to renew, they will promptly notify the Security Trustee of the terms of the instructions; and

(e) they will not set off against any sum recoverable in respect of a claim relating to the Ship or, as the case may be, Collateral Ship under such obligatory insurances any premiums or other amounts due to them or any other person whether in respect of that Ship or, as the case may be, that Collateral Ship or otherwise, they waive any lien on the policies, or any sums received under them, which they might have in respect of such premiums or other amounts, and they will not cancel such obligatory insurances by reason of non-payment of such premiums or other amounts, and will arrange for a separate policy to be issued in respect of that Ship or, as the case may be, that Collateral Ship forthwith upon being so requested by the Security Trustee.

14.7 Copies of certificates of entry

The Borrower shall procure that each Guarantor and each Collateral Guarantor shall ensure that any protection and indemnity and/or war risks associations in which the Ship or, as the case may be, Collateral Ship owned by it is entered provides the Security Trustee with:

(a) a certified copy of the certificate of entry for that Ship or that Collateral Ship;

(b) a letter or letters of undertaking in such form as may be required by the Lenders; and

(c) where required to be issued under the terms of insurance/indemnity provided by the relevant Guarantor's or Collateral Guarantor's protection and indemnity association, a certified copy of each United States of America voyage quarterly declaration (or other similar document or documents) made by that Guarantor and/or Collateral Guarantor in relation to the Ship or, as the case may be, Collateral Ship owned by it in accordance with the requirements of such protection and indemnity association; and

(d) a certified copy of each certificate of financial responsibility for pollution by oil or other Environmentally Sensitive Material issued by the relevant certifying authority in relation to that Ship or that Collateral Ship.

14.8 Deposit of original policies

The Borrower shall procure that each Guarantor and each Collateral Guarantor shall ensure that all policies relating to obligatory insurances effected by it are deposited with the approved brokers through which the insurances are effected or renewed.

14.9 Payment of premiums

The Borrower shall procure that each Guarantor and each Collateral Guarantor shall punctually pay all premiums or other sums payable in respect of the obligatory insurances effected by it and produce all relevant receipts when so required by the Security Trustee.

14.10 Guarantees

The Borrower shall procure that each Guarantor and each Collateral Guarantor shall ensure that any guarantees required by a protection and indemnity or war risks association are promptly issued and remain in full force and effect.

14.11 Compliance with terms of insurances

The Borrower shall procure that each Guarantor and each Collateral Guarantor shall not do nor omit to do (nor permit to be done or not to be done) any act or thing which would or might render any obligatory insurance invalid, void, voidable or unenforceable or render any sum payable under an obligatory insurance repayable in whole or in part; and, in particular:

(a) the Borrower shall procure that each Guarantor and each Collateral Guarantor shall take all necessary action and comply with all requirements which may from time to time be applicable to the obligatory insurances, and (without limiting the obligation contained in paragraph (c) of Clause 14.6 (*Copies of policies; letters of undertaking*) ensure that the obligatory insurances are not made subject to any exclusions or qualifications to which the Security Trustee has not given its prior approval;

(b) the Borrower shall procure that each Guarantor and each Collateral Guarantor shall make any changes relating to the Approved Classification or Approved Classification Society or manager or operator of the Ship or, as the case may be, Collateral Ship owned by it approved by the underwriters of the obligatory insurances;

(c) the Borrower shall procure that each Guarantor and each Collateral Guarantor shall make (and promptly supply copies to the Agent of) all quarterly or other voyage declarations which may be required by the protection and indemnity risks association in which the Ship or, as the case may be, Collateral Ship owned by it is entered to maintain cover for trading to the United States of America and Exclusive Economic Zone (as defined in the United States Oil Pollution Act 1990 or any other applicable legislation); and

(d) the Borrower shall procure that each Guarantor and each Collateral Guarantor shall employ the Ship or, as the case may be, Collateral Ship owned by it, nor allow it to be employed, otherwise than in conformity with the terms and conditions of the obligatory insurances (including but not limited to any applicable laws and Sanctions), without first obtaining the consent of the insurers and complying with any requirements (as to extra premium or otherwise) which the insurers specify.

14.12 Alteration to terms of insurances

The Borrower shall procure that each Guarantor and each Collateral Guarantor shall not either make or agree to any alteration to the terms of any obligatory insurance nor waive any right relating to any obligatory insurance.

14.13 Settlement of claims

The Borrower shall procure that each Guarantor and each Collateral Guarantor shall not settle, compromise or abandon any claim under any obligatory insurance for Total Loss or for a Major Casualty, and shall do all things necessary and provide all documents, evidence and information to enable the Security Trustee to collect or recover any moneys which at any time become payable in respect of the obligatory insurances.

14.14 Provision of copies of communications

The Borrower shall procure that each Guarantor and each Collateral Guarantor shall provide the Security Trustee, at the time of each such communication, copies of all written communications between that Guarantor or Collateral Guarantor and:

(a) the approved brokers;

(b) the approved protection and indemnity and/or war risks associations; and

(c) the approved insurance companies and/or underwriters, which relate directly or indirectly to:

(i) that Guarantor's or Collateral Guarantor's obligations relating to the obligatory insurances including, without limitation, all requisite declarations and payments of additional premiums or calls; and

(ii) any credit arrangements made between that Guarantor or Collateral Guarantor and any of the persons referred to in paragraphs (a) or (b) relating wholly or partly to the effecting or maintenance of the obligatory insurances.

14.15 Provision of information

In addition, the Borrower shall procure that each Guarantor and each Collateral Guarantor shall promptly provide the Security Trustee (or any persons which it may designate) with any information which the Security Trustee (or any such designated person) requests for the purpose of:

(a) obtaining or preparing any report from an independent marine insurance broker appointed by the Agent as to the adequacy of the obligatory insurances effected or proposed to be effected; and/or

(b) effecting, maintaining or renewing any such insurances as are referred to in Clause 14.6 (*Copies of policies; letters of undertaking*) or dealing with or considering any matters relating to any such insurances,

and the Borrower shall, forthwith upon demand, indemnify the Security Trustee in respect of all fees and other expenses incurred by or for the account of the Security Trustee in connection with any such report as is referred to in paragraph (a).

14.16 Restrictions on employment

The Borrower shall procure that neither a Guarantor nor a Collateral Guarantor shall employ the Ship or, as the case may be, the Collateral Ship owned by it, nor permit her to be employed, outside the cover provided by any obligatory insurances.

14.17 Mortgagee's interest and additional perils insurances

The Security Trustee shall be entitled from time to time to effect, maintain and renew all or any of the following insurances in such amounts, on such terms, through such insurers and generally in such manner as the Lenders may from time to time consider appropriate:

(a) a mortgagee's interest marine insurance in an amount equal to 120 per cent. of the aggregate of the Loan and the Swap Exposure, providing for the indemnification of the Security Trustee for any losses under or in connection with any Finance Document which directly or indirectly result from loss of or damage to a Ship or a liability of that Ship or of the Guarantor owing that Ship, being a loss or damage which is prima facie covered by an obligatory insurance but in respect of which there is a non-payment (or reduced payment) by the underwriters by reason of, or on the basis of an allegation concerning:

(i) any act or omission on the part of the Guarantor owning that Ship, of any operator, charterer, manager or sub-manager of that Ship or of any officer, employee or agent of that Guarantor or of any such person, including any breach of warranty or condition or any non-disclosure relating to such obligatory insurance;

(ii) any act or omission, whether deliberate, negligent or accidental, or any knowledge or privity of the Guarantor owning that Ship, any other person referred to in paragraph (i) above, or of any officer, employee or agent of that Guarantor or of such a person, including the casting away or damaging of that Ship and/or that Ship being unseaworthy; and/or

(iii) any other matter capable of being insured against under a mortgagee's interest marine insurance policy whether or not similar to the foregoing;

(b) a mortgagee's interest additional perils policy in an amount equal to 120 per cent. of the aggregate of the Loan and the Swap Exposure, providing for the indemnification of the Security Trustee against, among other things, any possible losses or other consequences of any Environmental Claim, including the risk of expropriation, arrest or any form of detention of a Ship, the imposition of any Security Interest over the Ship and/or any other matter capable of being insured against under a mortgagee's interest additional perils policy whether or not similar to the foregoing,

and the Borrower shall upon demand fully indemnify the Security Trustee in respect of all premiums and other expenses which are incurred in connection with or with a view to effecting, maintaining or renewing any such insurance or dealing with, or considering, any matter arising out of any such insurance.

14.18 Review of insurance requirements

The Lenders shall be entitled to review the requirements of this Clause 14 (*Insurance*) from time to time in order to take account of any changes in circumstances after the date of this Agreement which are, in the opinion of the Lenders, significant and capable of affecting the Borrower, any Guarantor, any Collateral Guarantor, any of the Ships or any of the Collateral Ships and its or their insurance (including, without limitation, changes in the availability or the cost of insurance coverage or the risks to which any Guarantor or any Collateral Guarantor may be subject), and may appoint insurance consultants in relation to this review at the cost of the Borrower, such review to be carried out before the Drawdown Date and, at the Agent's request, at any time during the Security Period if the Agent (acting on the instructions of the Lenders) considers necessary (fees of the insurance consultants to conduct such review shall be deducted from the Earnings Account in relation to the relevant Ship or Collateral Ship and the Borrower shall procure that each Guarantor or, as the case may be, Collateral Guarantor shall irrevocably authorise the Agent to debit each Earnings Account in order to pay such fees).

14.19 Modification of insurance requirements

The Security Trustee shall notify the Borrower, each Guarantor and each Collateral Guarantor of any proposed modification under Clause 14.18 (*Review of insurance requirements*) to the requirements of this Clause 14 (*Insurance*) which the Lenders consider appropriate in the circumstances, and such modification shall take effect on and from the date it is notified in writing to the Borrower, each Guarantor and each Collateral Guarantor as an amendment to this Clause 14 (*Insurance*) and shall bind the Borrower, each Guarantor and each Collateral Guarantor accordingly.

14.20 Compliance with mortgagee's instructions

The Security Trustee shall be entitled (without prejudice to or limitation of any other rights which it may have or acquire under any Finance Document) to require the Ship and/or the Collateral Ship to remain at any safe port or to proceed to and remain at any safe port designated by the Security Trustee until the Borrower and/or the relevant Guarantor and/or the relevant Collateral Guarantor implement any amendments to the terms of the obligatory insurances and any operational changes required as a result of a notice served under Clause 14.19 (*Modification of insurance requirements*).

15 SHIP COVENANTS

15.1 General

The Borrower also undertakes with each Creditor Party to comply with the following provisions of this Clause 15 (*Ship Covenants*) at all times during the Security Period except as the Agent, with the authorisation of the Majority Lenders, may otherwise permit in writing (and in the case of Clause 15.4 *(Classification Society Undertaking)* such permission not to be unreasonably withheld).

15.2 Ship's name and registration

The Borrower shall procure that each Guarantor and each Collateral Guarantor shall keep the Ship or, as the case may be, Collateral Ship owned by it registered in its name under the laws of an Approved Flag State; shall not do, omit to do or allow to be done anything as a result of which such registration might be cancelled or imperilled; and shall not change the name or port of registry of that Ship or Collateral Ship owned by it.

15.3 Repair and classification

The Borrower shall procure that each Guarantor and each Collateral Guarantor shall keep the Ship or, as the case may be, Collateral Ship owned by it in a good and safe condition and state of repair:

(a) consistent with first-class ship ownership and management practice;

(b) so as to maintain the highest class with an Approved Classification Society free of overdue recommendations and conditions of such Approved Classification Society; and

(c) so as to comply with all laws and regulations applicable to vessels registered at ports in the Approved Flag State or to vessels trading to any jurisdiction to which that Ship or Collateral Ship may trade from time to time, including but not limited to the ISM Code and the ISPS Code.

15.4 Classification society undertaking

The Borrower shall procure that each Guarantor shall not change the Approved Classification Society of the Ship owned by it and shall instruct the Approved Classification Society referred to in Clause 15.3 (*Repair and classification*):

(a) to send to the Security Trustee (with a copy to the Borrower), following receipt of a written request from the Security Trustee, certified true copies of all original class records held by the Approved Classification Society in relation to that Ship;

(b) to allow the Security Trustee (or its agents), not more than once per calendar year, to inspect the original class and related records of that Guarantor and that Ship either (i) in person at the offices of the Approved Classification Society or (ii) electronically (through the Approved Classification Society directly) and to take copies of such records and that the Borrower shall procure that each Guarantor use its best efforts to obtain from the Approved Classification Society their consent to allow such inspection;

(c) to notify the Security Trustee immediately in writing if the Approved Classification Society becomes aware of any facts or matters which may result in or have resulted in a change, suspension, discontinuance, withdrawal or expiry of that Ship's class under the rules or terms and conditions of that Guarantor's or that Ship's membership of the Approved Classification Society; and

(d) following receipt of a written request from the Security Trustee:

(i) to confirm that that Guarantor is not in default of any of its contractual obligations or liabilities to the Approved Classification Society and, without limiting the foregoing, that it has paid in full all fees or other charges due and payable to the Approved Classification Society; or

(ii) if that Guarantor is in default of any of its contractual obligations or liabilities to the Approved Classification Society, to specify to the Security Trustee in reasonable detail the facts and circumstances of such default, the consequences of such default, and any remedy period agreed or allowed by the Approved Classification Society.

15.5 Modification

The Borrower shall procure that neither a Guarantor nor a Collateral Guarantor shall make any modification or repairs to, or replacement of, any Ship and/or any Collateral Ship or equipment installed on it which would or might materially alter the structure, type or performance characteristics of that Ship and/or that Collateral Ship or materially reduce its value.

15.6 Removal of parts

The Borrower shall procure that neither a Guarantors and/or nor a Collateral Guarantors shall remove any material part of any Ship or, as the case may be, any Collateral Ship, or any item of equipment installed on, any Ship and/or any Collateral Ships unless the part or item so removed is forthwith replaced by a suitable part or item which is in the same condition as or better condition than the part or item removed, is free from any Security Interest or any right in favour of any person other than the Security Trustee and becomes on installation on the relevant Ship or Collateral Ship the property of the relevant Guarantor or Collateral Guarantor and subject to the security constituted by the relevant Mortgage **Provided that**

each Guarantor or Collateral Guarantor may install equipment owned by a third party if the equipment can be removed without any risk of damage to the Ship or, as the case may be, Collateral Ship owned by it.

15.7 Surveys

The Borrower shall procure that each Guarantor and each Collateral Guarantor shall submit the Ship, or as the case may be, Collateral Ship owned by it regularly to all periodical or other surveys which may be required for classification purposes and, if so required by the Lenders provide the Security Trustee, with copies of all survey reports.

15.8 Inspection

The Borrower shall procure that each Guarantor and each Collateral Guarantor shall permit the Security Trustee (by surveyors or other persons appointed by it for that purpose) to board the Ship or, as the case may be, Collateral Ship owned by it up to once annually to inspect its condition or to satisfy themselves about proposed or executed repairs and shall afford all proper facilities for such inspections and pay to the Agent the amount of all fees, costs and expenses incurred in respect of such inspections **Provided that** if there is an Event of Default which is continuing the Borrower shall be obliged to indemnify the Security Trustee on demand for the costs incurred by the Security Trustee in connection with all inspections made in respect of each Ship or Collateral Ship in each calendar year.

15.9 Prevention of and release from arrest

The Borrower shall procure that each Guarantor and each Collateral Guarantor shall promptly discharge:

(a) all liabilities which give or may give rise to maritime or possessory liens on or claims enforceable against the Ship or, as the case may be, Collateral Ship owned by it, the Earnings or the Insurances;

(b) all taxes, dues and other amounts charged in respect of the Ship or, as the case may be, Collateral Ship owned by it, the Earnings or the Insurances; and

(c) all other outgoings whatsoever in respect of the Ship or, as the case may be, Collateral Ship owned by it, the Earnings or the Insurances,

and, within 7 days upon receiving notice of the arrest of the Ship or, as the case may be, Collateral Ship owned by it, or of its detention in exercise or purported exercise of any lien or claim, that Guarantor or Collateral Guarantor shall procure its release by providing bail or otherwise as the circumstances may require.

15.10 Compliance with laws etc.

The Borrower shall procure that each Guarantor and each Collateral Guarantor shall:

(a) comply, or procure compliance with the ISM Code (including, without limitation, by the Approved Manager), the ISPS Code, all Environmental Laws, Sanctions and all other laws or regulations relating to the Ship or, as the case may be, Collateral Ship owned by it, its ownership, operation and management or to the business of that Guarantor or Collateral Guarantor;

(b) not employ the Ship or, as the case may be, the Collateral Ship owned by it nor allow its employment in any manner contrary to any law or regulation in any relevant jurisdiction including but not limited to the ISM Code and the ISPS Code; and

(c) in the event of hostilities in any part of the world (whether war is declared or not), not cause or permit the Ship or, as the case may be, the Collateral Ship owned by it to enter or trade to any zone which is declared a war zone by any government or by that Ship's or that Collateral Ship's war risks insurers unless the prior written consent of the Lenders has been given and that Guarantor and Collateral Guarantor has (at its expense) effected any special, additional or modified insurance cover which the Lenders may require.

15.11 Provision of information

The Borrower shall procure that each Guarantor and each Collateral Guarantor shall promptly provide the Security Trustee with any information which the Lenders request regarding:

(a) the Ship or, as the case may be, Collateral Ship owned by it, its employment, position and engagements;

(b) the Earnings and payments and amounts due to the master and crew of the Ship or, as the case may be, Collateral Ship owned by it;

(c) any expenses incurred, or likely to be incurred, in connection with the operation, maintenance or repair of the Ship owned by it and any payments made in respect of that Ship or, as the case may be, that Collateral Ship;

(d) any towages and salvages; and

(e) its compliance, the Approved Manager's compliance and the compliance of the Ship or, as the case may be, Collateral Ship owned by it with the ISM Code and the ISPS Code,

and, upon the Security Trustee's request, provide copies of any current charter relating to the Ship or, as the case may be, Collateral Ship owned by it, of any current charter guarantee and copies of each Guarantor's or each Collateral Guarantor's or the Approved Manager's Document of Compliance or any other document issued under the ISM Code.

15.12 Notification of certain events

The Borrower shall procure that each Guarantor and each Collateral Guarantor shall immediately notify the Security Trustee by fax, confirmed forthwith by letter, of:

(a) any casualty which is or is likely to be or to become a Major Casualty;

(b) any occurrence as a result of which the Ship or, as the case may be, Collateral Ship owned by it has become or is, by the passing of time or otherwise, likely to become a Total Loss;

(c) any requirement or recommendation made by any insurer or Approved Classification Society or by any competent authority which is not immediately complied with;

(d) any arrest or detention of the Ship or, as the case may be, Collateral Ship owned by it, any exercise or purported exercise of any lien on that Ship or, as the case may be, that Collateral Ship or its Earnings or any requisition for hire;

(e) any intended dry docking of the Ship or, as the case may be, Collateral Ship owned by it;

(f) any Environmental Claim made against that Guarantor and/or that Collateral Guarantor or in connection with the Ship or, as the case may be, Collateral Ship owned by it, or any Environmental Incident;

(g) any claim for breach of the ISM Code or the ISPS Code being made against that Guarantor, that Collateral Guarantor, the Approved Manager or otherwise in connection with the Ship or the Collateral Ship owned by it; or

(h) any other matter, event or incident, actual or threatened, the effect of which will or could lead to the ISM Code or the ISPS Code not being complied with,

and that Guarantor or, as the case may be, the Collateral Guarantor shall keep the Security Trustee advised in writing on a regular basis and in such detail as the Security Trustee shall require of that Guarantor's, that Collateral Guarantor's, the Approved Manager's or any other person's response to any of those events or matters.

15.13 Restrictions on chartering, appointment of managers etc.

The Borrower shall procure that each Guarantor and each Collateral Guarantor shall not, in relation to the Ship or, as the case may be, Collateral Ship owned by it:

(a) let that Ship or, as the case may be, that Collateral Ship on demise charter for any period;

(b) enter into any time or consecutive voyage charter in respect of that Ship or, as the case may be, that Collateral Ship for a term which exceeds, or which by virtue of any optional extensions may exceed, 13 months;

(c) enter into any charter in relation to that Ship or, as the case may be, that Collateral Ship under which more than 2 months' hire (or the equivalent) is payable in advance;

(d) charter that Ship or, as the case may be, that Collateral Ship otherwise than on bona fide arm's length terms at the time when that Ship or Collateral Ship is fixed;

(e) appoint a manager of that Ship other than the Approved Manager (and in the case of the Collateral Ship, the Approved Manager as such term is defined in the Collateral Loan Agreement) or agree to any alteration to the terms of the Approved Manager's appointment;

(f) de-activate or lay-up that Ship or, as the case may be, that Collateral Ship; or

(g) put that Ship or, as the case may be, that Collateral Ship into the possession of any person for the purpose of work being done upon it in an amount exceeding or likely to exceed $1,000,000 (or the equivalent in any other currency) unless that person has first given to the Security Trustee and in terms satisfactory to it a written undertaking not to exercise any lien on that Ship or, as the case may be, that Collateral Ship or its Earnings for the cost of such work or for any other reason.

15.14 Notice of Mortgage

The Borrower shall procure that:

(a) each Guarantor shall keep the relevant Mortgage registered against the Ship owned by it as a valid first priority or, as the case may be, preferred mortgage, carry on board that Ship a certified copy of the relevant Mortgage and place and maintain in a conspicuous place in the navigation room and the Master's cabin of that Ship a framed printed notice stating that that Ship is mortgaged by that Guarantor to the Security Trustee; and

(b) each Collateral Guarantor shall keep the relevant Collateral Mortgage registered against the Collateral Ship owned by it as a valid second priority or, as the case may be, preferred mortgage, carry on board that Collateral Ship a certified copy of the relevant Collateral Mortgage and place and maintain in a conspicuous place in the navigation room and the Master's cabin of that Collateral Ship a framed printed notice stating that that Collateral Ship is mortgaged by that Collateral Guarantor to the Security Trustee.

15.15 Sharing of Earnings

The Borrower shall procure that neither a Guarantor nor a Collateral Guarantor shall:

(a) enter into any agreement or arrangement for the sharing of any Earnings;

(b) enter into any agreement or arrangement for the postponement of any date on which any Earnings are due; the reduction of the amount of any Earnings or otherwise for the release or adverse alteration of any right of the Guarantors or, as the case may be, the Collateral Guarantors to any Earnings; or

(c) enter into any agreement or arrangement for the release of, or adverse alteration to, any guarantee or Security Interest relating to any Earnings.

15.16 Charter Assignment

If any Guarantor enters into any Charterparty, the Borrower shall notify the Agent and shall procure that that Guarantor (notifies the Agent and), at the request of the Agent, execute in favour of the Security Trustee a Charterparty Assignment, and shall deliver to the Agent such other documents equivalent to those referred to at paragraphs 3, 4, 5, 8 and 9 of Part A of Schedule 4 (*Condition Precedent Documents*) hereof as the Agent may require.

15.17 ISM Code, ISPS Code compliance and Environmental Laws

The Borrower shall procure that each Guarantor and each Collateral Guarantor shall comply with the ISPS Code and in particular, without limitation, shall:

(a) procure that the Ship or as the case may be, the Collateral Ship owned by it and the company responsible for that Ship's or that Collateral Ship's compliance with the ISPS Code comply with the ISPS Code; and

(b) maintain for that Ship or, as the case may be, that Collateral Ship an ISSC; and

(c) notify the Agent immediately in writing of any actual or threatened withdrawal, suspension, cancellation or modification of the ISSC.

15.18 ITF compliance

The Borrower shall, and shall procure that each Guarantor shall, procure that the Approved Manager shall be approved by the ITF as and when it is required by law to maintain such approval.

15.19 Laws and Sanctions Provisions

(a) The Borrower shall, and shall procure that each other Security Party, each Ship, each Collateral Ship shall, and, in respect of any charterer, shall use its best efforts to procure that that charterer shall, comply in all respects with all laws to which it may be subject, including, without limitation, all national and international laws, directives, regulations, decrees, rulings and such analogous rules, including, but not limited to, rules relating to Sanctions.

(b) The Borrower undertakes, and shall procure that each Guarantor and each Collateral Guarantor undertakes, to make any charterers and operators of the Ships or, as the case may be, the Collateral Ships owned by it aware of the requirements of this Clause and of Clause 10.19/12.21/22.9 (*Sanctions*) and that provisions relating to Sanctions substantially similar to those set out under this Agreement are included in any Charterparty or any other charter and shall procure that any charterer acts in accordance with these requirements.

15.20 Change of Approved Manager

(a) The Borrower may, at its sole discretion, at any time during the Security Period, change the Approved Manager of a Ship from Diana Shipping Services SA to Diana Wilhelmsen Management Limited **Provided that** the Borrower shall notify the Agent 2 Business Days prior to such change and undertakes to provide the Agent with:

(i) documents of the kind specified in paragraphs 2, 3, 4 and 5 of Schedule 3, Part A of this Agreement in respect of that Approved Manager;

(ii) the documents referred to in paragraph 3 of Part B of Schedule 4; and

(iii) any other documents that the Agent may reasonably require,

prior to the day that the change of that Approved Manager is concluded.

(b) The Borrower may, at its sole discretion, at any time during the Security Period, change the Approved Manager to any other company within the Group which the Agent may, with the authorisation of the Majority Lenders, approve from time to time as the technical or, as the case may be, commercial manager of that Ship and/or that Collateral Ship (such approval not to be unreasonably withheld or unduly delayed) **Provided that** the Borrower shall notify the Agent 7 Business Days prior to such change and undertakes to provide the Agent with the documents required in sub-paragraphs (i) – (ii) of paragraph (a) above and a favourable legal opinion from lawyers appointed by the Agent on such matters concerning relevant jurisdiction of that Approved Manager as the Agent may require prior to the day that the change of that Approved Manager is concluded.

16 SECURITY COVER

16.1 Minimum required security cover

Clause 16.2 *(Provision of additional security; prepayment*) applies if the Agent notifies the Borrower that:

(a) the aggregate of the Market Values of the Ships; plus

(b) any additional security previously provided (excluding any additional security provided by the Collateral Guarantors) under this Clause 16 (*Security cover*) is below 120 per cent. of the aggregate of the Loan and the Swap Exposure.

16.2 Provision of additional security; prepayment

If the Agent serves a notice on the Borrower under Clause 16.1 (*Minimum required security cover*), the Borrower shall prepay such part (at least) of the Loan as will eliminate the shortfall on or before the date falling 1 month after the date on which the Agent's notice is served under Clause 16.1 (*Minimum required security cover*) unless at least 1 Business Day before the Prepayment Date they have provided, or ensured that a third party has provided, additional security which, in the opinion of the Majority Lenders, has a net realisable value at least equal to the shortfall and which has been documented in such terms as the Agent may, with the authorisation of the Majority Lenders, approve or require.

In this Clause 16.2 (*Provision of additional security; prepayment*) "**security**" means a Security Interest over an asset or assets (whether securing the Borrower's liabilities under the Finance Documents or a guarantee in respect of those liabilities), or a guarantee, letter of credit or other security in respect of the Borrower's liabilities under the Finance Documents and "**additional security**" may also include, subject to the Agent's written consent, acting with the authorisation of the Lenders, any additional security provided by each Collateral Guarantor as long as the Collateral Ship owned by it is subject to a Collateral Mortgage.

16.3 Requirement for additional documents.

The Borrower shall not be deemed to have complied with Clause 16.2 (*Provision of additional security; prepayment*) above until the Agent has received in connection with the additional security certified copies of documents of the kinds referred to in paragraphs 3, 4 and 5 of Part A of Schedule 4 (*Condition Precedent Documents*) and such legal opinions in terms acceptable to the Majority Lenders from such lawyers as they may select.

16.4 Valuation of Ships

The market value of a Ship at any date is that shown by a valuation prepared:

(a) as at a date not more than 2 months previously;

(b) by an Approved Broker selected by the Borrower (or, in the case where the Borrower has failed to select an Approved Broker within 3 Business Days from the Agent's request, the Agent) and appointed by the Agent;

(c) with or without physical inspection of the Ship (as the Agent may require);

(d) on the basis of a sale for prompt delivery for cash on normal arm's length commercial terms as between a willing seller and a willing buyer, free of any existing charter or other contract of employment; and

(e) after deducting the estimated amount of the usual and reasonable expenses which would be incurred in connection with the sale.

16.5 Value of additional vessel security

The net realisable value of any additional security which is provided under Clause 16.2 (*Provision of additional security; prepayment*) and which consists of a Security Interest over a vessel shall be that shown by a valuation complying with the requirements of Clause 16.4 (*Valuation of Ships*).

16.6 Valuations binding

Any valuation under Clause 16.2 (*Provision of additional security; prepayment*), 16.4 (*Valuation of Ships*) or 16.5 (*Value of additional vessel security*) shall be binding and conclusive as regards the Borrower, as shall be any valuation which the Majority Lenders make of any additional security which does not consist of or include a Security Interest.

16.7 Provision of information

The Borrower shall promptly provide the Agent and any shipbroker or expert acting under Clause 16.4 (*Valuation of Ships*) or 16.5 (*Value of additional vessel security*) with any information which the Agent or an Approved Broker or expert may request for the purposes of the valuation; and, if the Borrower fails to provide the information by the date specified in the request, the valuation may be made on any basis and assumptions which the Approved Broker or the Majority Lenders (or the expert appointed by them) consider prudent.

16.8 Payment of valuation expenses

Without prejudice to the generality of the Borrower's obligations under Clauses 21.1 (*Structuring, agency, account bank fees)*, 21.3 (*Costs of variations, amendments, enforcement etc.*) and 22.3 (*Miscellaneous indemnities*), the Borrower shall, on demand, pay the Agent the amount of the fees and expenses of any Approved Broker or expert instructed by the Agent under this Clause and all legal and other expenses incurred by any Creditor Party in connection with any matter arising out of this Clause.

16.9 Frequency of valuations

The Borrower acknowledges and agree that the Agent may commission valuation(s) of the Ships or any of them at such times as the Agent shall deem necessary, acting reasonably and, in any event, at least once in each calendar year.

16.10 Application of prepayment

Clause 8 (*Repayment and Prepayment*) shall apply in relation to any prepayment pursuant to Clause 16.2 (*Provision of additional security; prepayment*).

17 PAYMENTS AND CALCULATIONS

17.1 Currency and method of payments

All payments to be made:

(a) by the Lenders to the Agent; or

(b) by the Borrower to the Agent, the Security Trustee or any Lender,

under a Finance Document shall be made to the Agent or to the Security Trustee, in the case of an amount payable to it:

(i) by not later than 11.00 a.m. (New York City time) on the due date;

(ii) to the account of the Agent as the Agent may from time to time notify to the Borrower and the other Creditor Parties; and

(iii) in the case of an amount payable to the Security Trustee, to such account as it may from time to time notify to the Borrower and the other Creditor Parties.

17.2 Payment on non-Business Day

If any payment by any of the Borrower or the Security Parties under a Finance Document would otherwise fall due on a day which is not a Business Day:

(a) the due date shall be extended to the next succeeding Business Day; or

(b) if the next succeeding Business Day falls in the next calendar month, the due date shall be brought forward to the immediately preceding Business Day,

and interest shall be payable during any extension under paragraph (a) at the rate payable on the original due date.

17.3 Basis for calculation of periodic payments

All interest and any other payments under any Finance Document which are of an annual or periodic nature shall accrue from day to day and shall be calculated on the basis of the actual number of days elapsed and a 360 day year.

17.4 Distribution of payments to Creditor Parties

Subject to Clauses 17.5 (*Permitted deductions by Agent*), 17.6 (*Agent only obliged to pay when monies received*) and 17.7 (*Refund to Agent of monies not received*):

(a) any amount received by the Agent under a Finance Document for distribution or remittance to a Lender, the Swap Bank or the Security Trustee shall be made available by the Agent to that Lender, the Swap Bank or, as the case may be, the Security Trustee by payment, with funds having the same value as the funds received, to such account as the Lender, the Swap Bank or the Security Trustee may have notified to the Agent not less than 5 Business Days previously; and

(b) amounts to be applied in satisfying amounts of a particular category which are due to the Lenders or the Swap Bank generally shall be distributed by the Agent to each Lender or the Swap Bank pro rata to the amount in that category which is due to it.

17.5 Permitted deductions by Agent

Notwithstanding any other provision of this Agreement or any other Finance Document, the Agent may, before making an amount available to a Lender or the Swap Bank, deduct and withhold from that amount any sum which is then due and payable to the Agent from that Lender or the Swap Bank under any Finance Document or any sum which the Agent is then entitled under any Finance Document to require that Lender or the Swap Bank to pay on demand.

17.6 Agent only obliged to pay when monies received

Notwithstanding any other provision of this Agreement or any other Finance Document, the Agent shall not be obliged to make available to the Borrower or any Lender or the Swap Bank any sum which the Agent is expecting to receive for remittance or distribution to that Borrower or that Lender or the Swap Bank until the Agent has satisfied itself that it has received that sum.

17.7 Refund to Agent of monies not received

If and to the extent that the Agent makes available a sum to the Borrower or a Lender, without first having received that sum, the Borrower or (as the case may be) the Lender concerned or the Swap Bank shall, on demand:

(a) refund the sum in full to the Agent; and

(b) pay to the Agent the amount (as certified by the Agent) which will indemnify the Agent against any funding or other loss, liability or expense incurred by the Agent as a result of making the sum available before receiving it.

17.8 Agent may assume receipt

Clause 17.7 (*Refund to Agent of monies not received*) shall not affect any claim which the Agent has under the law of restitution, and applies irrespective of whether the Agent had any form of notice that it had not received the sum which it made available.

17.9 Creditor Party accounts

Each Creditor Party shall maintain accounts showing the amounts owing to it by the Borrower and each Security Party under the Finance Documents and all payments in respect of those amounts made by the Borrower and any Security Party.

17.10 Agent's memorandum account

The Agent shall maintain a memorandum account showing the amounts advanced by the Lenders and all other sums owing to the Agent, the Security Trustee and each Lender from the Borrower and each Security Party under the Finance Documents and all payments in respect of those amounts made by the Borrower and any Security Party.

17.11 Accounts prima facie evidence

If any accounts maintained under Clauses 17.9 (Creditor Party accounts) and 17.10 (*Agent's memorandum account*) show an amount to be owing by the Borrower or a Security Party to a Creditor Party, those accounts shall be prima facie evidence that that amount is owing to that Creditor Party.

18 APPLICATION OF RECEIPTS

18.1 Normal order of application

Except as any Finance Document may otherwise provide, any sums which are received or recovered by any Creditor Party under or by virtue of any Finance Document shall be applied:

(a) FIRST: in or towards satisfaction of any amounts then due and payable under the Finance Documents or the Master Agreement in the following order:

(i) first, in or towards satisfaction pro rata of all amounts then due and payable to the Creditor Parties under the Finance Documents and the Master Agreement (in respect of any Designated Transactions) other than those amounts referred to at (ii) and (iii) below (including, but without limitation, all amounts payable by the Borrower under Clauses 21 (*Fees and Expenses*), 22 (*Indemnities*) and 23 (*No Set-Off or Tax Deduction*) of this Agreement or by the Borrower or any Security Party under any corresponding or similar provision in any other Finance Document or in the Master Agreement);

(ii) secondly, in or towards satisfaction pro rata of any and all amounts of interest or default interest payable to the Creditor Parties under the Finance Documents and the Master Agreement (in respect of any Designated Transactions) (and, for this purpose, the expression "interest" shall include any net amount which the Borrower shall have become liable to pay or deliver under section 2(e) (Obligations) of the Master Agreement (in respect of any Designated Transactions) but shall have failed to pay or deliver to the Swap Bank at the time of application or distribution under this Clause 18 (*Application of Receipts*)); and

(iii) thirdly, in or towards satisfaction pro rata of the Loan and the Swap Exposure (in the case of the latter, calculated as at the actual Early Termination Date applying to each particular Designated Transaction, or if no such Early Termination Date shall have occurred, calculated as if an Early Termination Date occurred on the date of application or distribution hereunder);

(b) SECONDLY: in retention of an amount equal to any amount not then due and payable under any Finance Document or the Master Agreement (in respect of any Designated Transactions) but which the Agent, by notice to the Borrower, the Security Parties and the other Creditor Parties, states in its opinion will or may become due and payable in the future and, upon those amounts becoming due and payable, in or towards satisfaction of them in accordance with the foregoing provisions of this paragraph of paragraph (a) of Clause 18.1 (*Normal order of application*);

(c) THIRDLY: in or towards satisfaction of any amounts representing management fees then due and payable by the Borrower, the Guarantors to the Approved Manager in connection with the Ships; and

(d) FOURTHLY: any surplus shall be paid to the Borrower or to any other person appearing to be entitled to it.

18.2 Variation of order of application

The Agent may, with the authorisation of the Majority Lenders and the Swap Bank, by notice to the Borrower, the Security Parties and the other Creditor Parties provide for a different manner of application from that set out in Clause 18.1 (*Normal order of application*) either as regards a specified sum or sums or as regards sums in a specified category or categories.

18.3 Notice of variation of order of application

The Agent may give notices under Clause 18.2 (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.

18.4 Appropriation rights overridden

This Clause 18 (*Application of Receipts*) and any notice which the Agent gives under Clause 18.2 (*Variation of order of application*) shall override any right of appropriation possessed, and any appropriation made, by the Borrower or any Security Party.

19 APPLICATION OF EARNINGS

19.1 Payment of Earnings

The Borrower undertakes with each Creditor Party to ensure that, and to procure that each Guarantor shall ensure that, throughout the Security Period:

(a) (subject only to the provisions of the General Assignment), all the Earnings of each Ship are paid to the Earnings Account relevant for that Ship; and

(b) all payments by the Swap Bank to the Borrower under each Designated Transaction are paid to the Liquidity Reserve Account.

19.2 Earnings Accounts balances

Subject to all other terms of this Agreement (including, without limitation, Clause 12.19 (*Borrower's Minimum Liquidity*) and the other Finance Documents, any monies standing to the credit of each Earnings Account shall be freely available to the Guarantors to be used in accordance with, and in compliance with the terms and conditions of, this Agreement and the other Finance Documents **Provided** that no Event of Default or a Potential Event of Default shall have occurred and is continuing.

19.3 Location of accounts

The Borrower shall promptly:

(a) comply, or procure that each Guarantor complies, with any requirement of the Agent as to the location or re-location of the Earnings Accounts (or any of them) or the Liquidity Reserve Account; and

(b) execute, or procure that each Guarantor executes, any documents which the Agent specifies to create or maintain in favour of the Security Trustee a Security Interest over (and/or rights of set-off, consolidation or other rights in relation to) the Earnings Accounts or the Liquidity Reserve Account.

19.4 Debits for expenses etc.

The Agent shall be entitled (but not obliged) from time to time to debit any Earnings Account or the Liquidity Reserve Account without prior notice in order to discharge any amount due and payable under Clause 21 (*Fees and Expenses*) or 22 (*Indemnities*) to a Creditor Party or payment of which any Creditor Party has become entitled to demand under Clause 21 (*Fees and Expenses*) or 22 (*Indemnities*).

19.5 Borrower obligations unaffected

The provisions of this Clause 19 (*Application of Earnings*) do not affect:

(a) the liability of the Borrower to make payments of principal and interest on the due dates; or

(b) any other liability or obligation of the Borrower or any Security Party under any Finance Document.

20 EVENTS OF DEFAULT

20.1 Events of Default

An Event of Default occurs if:

(a) the Borrower or any Security Party fails to pay when due or (if so payable) on demand any sum payable under a Finance Document or under any document relating to a Finance Document; or

(b) any breach occurs of Clause 9.2 (*Waiver of conditions precedent*), 10.19 (*Sanctions*), 12.2 (*Title and negative pledge*), 12.3 (*No disposal of assets*), 12.19 (*Borrower's Minimum liquidity*), 12.20 (*Sanctions*), 13.2 (*Maintenance of status*), 13.3 (*Negative undertakings*), 14.2 (*Maintenance of obligatory insurances*), 14.3 (Terms of obligatory insurances), 15.2 (*Ship's name and registration*), 15.3 (*Repair and classification*), 15.11 (*Provision of information*) or 16.2 (*Provision of additional security; prepayment*), 22.9 (*Sanctions*); or

(c) any breach by the Borrower or any Security Party occurs of any provision of a Finance Document (other than a breach covered by paragraphs (a) or (b)) which, in the opinion of the Majority Lenders, is capable of remedy, and such default continues unremedied 10 days after the earlier of (i) written notice from the Agent requesting action to remedy the same and (ii) the Borrower becoming aware of such breach; or

(d) (subject to any applicable grace period specified in the Finance Document) any breach by the Borrower or any Security Party occurs of any provision of a Finance Document (other than a breach falling within paragraphs (a), (b) or (c)); or

(e) any representation, warranty or statement made or repeated by, or by officers, directors, employees, affiliates, agents and representatives of, the Borrower or a Security Party or a Relevant Person in a Finance Document or in the Drawdown Notice or any other notice or

document relating to a Finance Document is untrue or misleading when it is made or repeated; or

(f) any of the following occurs in relation to any Financial Indebtedness of a Relevant Person (exceeding an amount of $500,000 in aggregate (or the equivalent in any other currency) in the case of each Guarantor and, at any relevant time, in the case of all Relevant Persons, an amount of $15,000,000 in aggregate (or the equivalent in any other currency)):

(i) any Financial Indebtedness of a Relevant Person is not paid when due or, if so payable, on demand;

(ii) any Financial Indebtedness of a Relevant Person becomes due and payable or capable of being declared due and payable prior to its stated maturity date as a consequence of any event of default; or

(iii) a lease, hire purchase agreement or charter creating any Financial Indebtedness of a Relevant Person is terminated by the lessor or owner or becomes capable of being terminated as a consequence of any termination event; or

(iv) any overdraft, loan, note issuance, acceptance credit, letter of credit, guarantee, foreign exchange or other facility, or any swap or other derivative contract or transaction, relating to any Financial Indebtedness of a Relevant Person ceases to be available or becomes capable of being terminated as a result of any event of default, or cash cover is required, or becomes capable of being required, in respect of such a facility as a result of any event of default; or

(v) any Security Interest securing any Financial Indebtedness of a Relevant Person becomes enforceable; or

(g) any of the following occurs in relation to a Relevant Person:

(i) a Relevant Person becomes, in the opinion of the Majority Lenders, unable to pay its debts as they fall due; or

(ii) any assets of a Relevant Person are subject to any form of execution, attachment, arrest, sequestration or distress in respect of a sum of, or sums, exceeding an amount of $500,000 in aggregate (or the equivalent in any other currency) in the case of each Guarantor and, at any relevant time, in the case of all Relevant Persons, an amount of $15,000,000 in aggregate (or the equivalent in any other currency); or

(iii) any administrative or other receiver is appointed over any asset of a Relevant Person; or

(iv) an administrator is appointed (whether by the court or otherwise) in respect of a Relevant Person; or

(v) any formal declaration of bankruptcy or any formal statement to the effect that a Relevant Person is insolvent or likely to become insolvent is made by a Relevant Person or by the directors of a Relevant Person or, in any proceedings, by a lawyer acting for a Relevant Person; or

(vi) a provisional liquidator is appointed in respect of a Relevant Person, a winding up order is made in relation to a Relevant Person or a winding up resolution is passed by a Relevant Person; or

(vii) a resolution is passed, an administration notice is given or filed, an application or petition to a court is made or presented or any other step is taken by (aa) a Relevant Person, (bb) the members or directors of a Relevant Person, (cc) a holder of Security Interests which together relate to all or substantially all of the assets of a Relevant Person, or (dd) a government minister or public or regulatory authority of a Pertinent Jurisdiction for or with a view to the winding up of that or another Relevant Person or the appointment of a provisional liquidator or administrator in respect of that or another Relevant Person, or that or another Relevant Person ceasing or suspending business operations or payments to creditors, save that this paragraph does not apply to a fully solvent winding up of a Relevant Person other than the Borrower or a Guarantor which is, or is to be, effected for the purposes of an amalgamation or reconstruction previously approved by the Majority Lenders and effected not later than 3 months after the commencement of the winding up; or

(viii) an administration notice is given or filed, an application or petition to a court is made or presented or any other step is taken by a creditor of a Relevant Person (other than a holder of Security Interests which together relate to all or substantially all of the assets of a Relevant Person) for the winding up of a Relevant Person or the appointment of a provisional liquidator or administrator in respect of a Relevant Person in any Pertinent Jurisdiction, unless the proposed winding up, appointment of a provisional liquidator or administration is being contested in good faith, on substantial grounds and not with a view to some other insolvency law procedure being implemented instead and either (aa) the application or petition is dismissed or withdrawn within 30 days of being made or presented, or (bb) within 30 days of the administration notice being given or filed, or the other relevant steps being taken, other action is taken which will ensure that there will be no administration and (in both cases (aa) or (bb)) the Relevant Person will continue to carry on business in the ordinary way and without being the subject of any actual, interim or pending insolvency law procedure; or

(ix) a Relevant Person or its directors take any steps (whether by making or presenting an application or petition to a court, or submitting or presenting a document setting out a proposal or proposed terms, or otherwise) with a view to obtaining, in relation to that or another Relevant Person, any form of moratorium, suspension or deferral of payments, reorganisation of debt (or certain debt) or arrangement with all or a substantial proportion (by number or value) of creditors or of any class of them or any such moratorium, suspension or deferral of payments, reorganisation or arrangement is effected by court order, by the filing of documents with a court, by means of a contract or in any other way at all; or

(x) any meeting of the members or directors, or of any committee of the board or senior management, of a Relevant Person is held or summoned for the purpose of considering a resolution or proposal to authorise or take any action of a type described in paragraphs (iv) to (ix) or a step preparatory to such action, or (with or without such a meeting) the members, directors or such a committee resolve or agree that such an action or step should be taken or should be taken if certain conditions materialise or fail to materialise; or

(xi) in a country other than England, any event occurs, any proceedings are opened or commenced or any step is taken which, in the opinion of the Majority Lenders is similar to any of the foregoing; or

(h) the Borrower, any Guarantor or any Collateral Guarantor ceases or suspends carrying on its business or a part of its business which, in the opinion of the Majority Lenders, is material in the context of this Agreement; or

(i) it becomes unlawful or impossible:

(i) for the Borrower or any Security Party to discharge any liability under a Finance Document or to comply with any other obligation which the Majority Lenders consider material under a Finance Document; or

(ii) for the Agent, the Security Trustee, the Lenders or the Swap Bank to exercise or enforce any right under, or to enforce any Security Interest created by, a Finance Document; or

(j) any official consent necessary to enable any Guarantor or any Collateral Guarantor to own, operate or charter the Ship or, as the case may be, Collateral Ship owned by it or to enable any Guarantor or any Security Party to comply with any provision which the Majority Lenders consider material of a Finance Document is not granted, expires without being renewed, is revoked or becomes liable to revocation or any condition of such a consent is not fulfilled; or

(k) any provision which the Majority Lenders consider material of a Finance Document proves to have been or becomes invalid or unenforceable, or a Security Interest created by a Finance Document proves to have been or becomes invalid or unenforceable or such a Security Interest proves to have ranked after, or loses its priority to, another Security Interest or any other third party claim or interest; or

(l) any member of the Palios Family (either directly and/or indirectly through companies beneficially owned by any member of the Palios and/or trusts of foundations of which any member of the Palios Family are beneficiaries) ceases to own at least 5 per cent. of the share capital of the Borrower; or

(m) the Borrower ceases to own directly the entire share capital of any Guarantor and any Collateral Guarantor; or

(n) without the prior written consent of the Agent (acting with the authorisation of all Lenders) the shares of the Borrower cease to be listed on the New York Stock Exchange; or

(o) the security constituted by a Finance Document is in any way imperilled or in jeopardy; or

(p) an Event of Default (as defined in Section 14 of the Master Agreement) occurs; or

(q) the Master Agreement is terminated, cancelled, suspended, rescinded or revoked or otherwise ceases to remain in full force and effect for any reason except with the consent of the Agent, acting with the authorisation of the Lenders; or

(r) any of the events or circumstances set out in clause 19 of the Collateral Loan Agreement occurs; or

(s) an Event of Default (as defined in Section 14 of the Collateral Master Agreement) occurs; or

(t) any other event occurs or any other circumstances arise or develop including, without limitation:

(i) a change in the business, condition (financial or otherwise), operation, state of affairs or prospects of any Relevant Person; or

(ii) which affects the ability of the Borrower and the Security Parties to perform their obligations under the Loan Agreement and the other Finance Documents to which each is a party; or

(iii) any accident or other event involving any Ship or another vessel owned, chartered or operated by a Relevant Person,

in the light of which the Majority Lenders consider that there is a significant risk that the Borrower, any Guarantor or any other Security Party are, or will later become, unable to discharge its liabilities under the Finance Documents as they fall due.

20.2 Actions following an Event of Default

On, or at any time after, the occurrence of an Event of Default:

(a) the Agent may, and if so instructed by the Majority Lenders, the Agent shall:

(i) serve on the Borrower a notice stating that all or part of the Commitments and of the other obligations of each Lender to the Borrower under this Agreement are terminated; and/or

(ii) serve on the Borrower a notice stating that all or part of the Loan together with accrued interest and all other amounts accrued or owing under this Agreement are immediately due and payable or are due and payable on demand; and/or

(iii) take any other action which, as a result of the Event of Default or any notice served under paragraph (i) or (ii) above, the Agent and/or the Lenders are entitled to take under any Finance Document or any applicable law; and/or

(b) the Security Trustee may, and if so instructed by the Agent, acting with the authorisation of the Majority Lenders in consultation with the Swap Bank, the Security Trustee shall take any action which, as a result of the Event of Default or any notice served under paragraph (a)(i)or (a)(ii), the Security Trustee, the Agent and/or the Lenders and/or the Swap Bank are entitled to take under any Finance Document or any applicable law.

20.3 Termination of Commitments

On the service of a notice under paragraph (a)(i) of Clause 20.2 (*Actions following an Event of Default*), the Commitments and all other obligations of each Lender to the Borrower under this Agreement shall be terminated.

20.4 Acceleration of Loan

On the service of a notice under paragraph (a)(i) of Clause 20.2 (*Actions following an Event of Default*), all or, as the case may be, the part of the Loan specified in the notice together with accrued interest and all other amounts accrued or owing from the Borrower or any Security

Party under this Agreement and every other Finance Document shall become immediately due and payable or, as the case may be, payable on demand.

20.5 Multiple notices; action without notice

The Agent may serve notices under paragraphs (a)(i) or (a)(ii) of Clause 20.2 (*Actions following an Event of Default*) simultaneously or on different dates and it and/or the Security Trustee may take any action referred to in that Clause if no such notice is served or simultaneously with or at any time after the service of both or either of such notices.

20.6 Notification of Creditor Parties and Security Parties

The Agent shall send to each Lender, the Swap Bank, the Security Trustee and each Security Party a copy or the text of any notice which the Agent serves on the Borrower under Clause 20.2 (*Actions following an Event of Default*); but the notice shall become effective when it is served on the Borrower, and no failure or delay by the Agent to send a copy or the text of the notice to any other person shall invalidate the notice or provide the Borrower or any Security Party with any form of claim or defence.

20.7 Creditor Party's rights unimpaired

Nothing in this Clause shall be taken to impair or restrict the exercise of any right given to individual Lenders or the Swap Bank under a Finance Document or the general law; and, in particular, this Clause is without prejudice to Clause 3.1 (*Interests of Creditor Parties several*).

20.8 Exclusion of Creditor Party liability

No Creditor Party, and no receiver or manager appointed by the Security Trustee, 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 a Creditor Party or a receiver or manager from liability for losses shown to have been directly and mainly caused by the dishonesty or the wilful misconduct of such Creditor Party's own officers and employees or (as the case may be) such receiver's or manager's own partners or employees.

20.9 Relevant Persons

In this Clause 20 (*Events of Default*), a "**Relevant Person**" means the Borrower, any Guarantor, any Collateral Guarantor, the Approved Manager, any other Security Party and/or any other member of the Group.

20.10 Interpretation

In paragraph (f) of Clause 20.1 (*Events of Default*) references to an event of default or a termination event include any event, howsoever described, which is similar to an event of

default in a facility agreement or a termination event in a finance lease; and in paragraph (g) of Clause 20.1 (*Events of Default*) "**petition**" includes an application.

21 FEES AND EXPENSES

21.1 Structuring and account bank fees

The Borrower shall pay to the Agent:

(a) on the date of this Agreement, a non-refundable structuring fee in the amount set out in the Fee Letter; and

(b) on the date of this Agreement and on each anniversary thereof during the Security Period, a non-refundable annual account bank fee in an amount of $1,000 payable to the Agent in advance for the account of the Account Bank for each Earnings Account of the Borrower and the Guarantors.

21.2 Costs of negotiation, preparation etc.

The Borrower shall pay to the Agent, within three (3) Business Days of a demand by the Agent, the amount of all expenses incurred by the Agent or the Security Trustee in connection with the negotiation, preparation, execution or registration of any Finance Document or any related document or with any transaction contemplated by a Finance Document or a related document (including, without limitation, out of pocket expenses, legal fees and any related VAT).

21.3 Costs of variations, amendments, enforcement etc.

The Borrower shall pay to the Agent, within three (3) Business Days of a demand by the Agent, for the account of the Creditor Party concerned the amount of all expenses incurred by a Creditor Party in connection with:

(a) any amendment or supplement to a Finance Document requested by a Security Party, or any proposal for such an amendment to be made;

(b) any consent or waiver by the Lenders, the Majority Lenders, the Swap Bank or the Creditor Party concerned under or in connection with a Finance Document, or any request for such a consent or waiver;

(c) the valuation of any security provided or offered under Clause 16 (*Security cover*) or any other matter relating to such security;

(d) where the Agent, in its absolute opinion, considers that there has been a material change to the insurances in respect of any of the Ships, the review of the insurances of that Ship pursuant to Clause 14.18 (*Review of insurance requirements*);

(e) the opinions of the independent insurance consultant referred to in paragraph 6 of Part B of Schedule 4 (Condition Precedent Documents); and

(f) any step taken by the Creditor Party concerned with a view to the protection, exercise or enforcement of any right or Security Interest created by a Finance Document or for any similar purpose.

There shall be recoverable under paragraph (f) the full amount of all legal expenses, whether or not such as would be allowed under rules of court or any taxation or other procedure carried out under such rules.

21.4 Documentary taxes

The Borrower shall promptly pay any tax payable on or by reference to any Finance Document, and shall, on the Agent's demand, fully indemnify each Creditor Party against any claims, expenses, liabilities and losses resulting from any failure or delay by the Borrower to pay such a tax.

21.5 Certification of amounts

A notice which is signed by 2 officers of a Creditor Party, which states that a specified amount, or aggregate amount, is due to that Creditor Party under this Clause 21 (*Fees and Expenses*) and which indicates (without necessarily specifying a detailed breakdown) the matters in respect of which the amount, or aggregate amount, is due shall be prima facie evidence that the amount, or aggregate amount, is due.

22 INDEMNITIES

22.1 Indemnities regarding borrowing and repayment of Loan

The Borrower shall fully indemnify the Agent and each Lender on the Agent's demand and the Security Trustee on its demand in respect of all claims, expenses, liabilities and losses which are made or brought against or incurred by that Creditor Party, or which that Creditor Party reasonably and with due diligence estimates that it will incur, as a result of or in connection with:

(a) the Loan not being borrowed on the date specified in the Drawdown Notice for any reason other than a default by the Lender or the Swap Bank claiming the indemnity;

(b) the receipt or recovery of all or any part of the Loan or an overdue sum otherwise than on the last day of an Interest Period or other relevant period including, without limitation, where such receipt or recovery is made as a result of the voluntary or mandatory repayment or prepayment of the Loan, or any part thereof;

(c) any failure (for whatever reason) by the Borrower to make payment of any amount due under a Finance Document on the due date or, if so payable, on demand (after giving credit for any default interest paid by the Borrower on the amount concerned under Clause 7 (*Default Interest*)); and

(d) the occurrence of an Event of Default or a Potential Event of Default and/or the acceleration of repayment of the Loan under Clause 20 (*Events of Default*),

and in respect of any tax (other than tax on its overall net income or a FATCA Deduction) for which a Creditor Party is liable in connection with any amount paid or payable to that Creditor Party (whether for its own account or otherwise) under any Finance Document.

22.2 Breakage costs

Without limiting its generality, Clause 22.1 (Indemnities regarding borrowing and repayment of Loan) covers any claim, expense, liability or loss, including a loss of a prospective profit, incurred by a Lender:

(a) in liquidating or employing deposits from third parties acquired or arranged to fund or maintain all or any part of its Contribution and/or any overdue amount (or an aggregate amount which includes its Contribution or any overdue amount); and

(b) in terminating, or otherwise in connection with, any interest and/or currency swap or any other transaction entered into (whether with another legal entity or with another office or department of the Lender concerned) to hedge any exposure arising under this Agreement or that part which the Lender concerned determines is fairly attributable to this Agreement of the amount of the liabilities, expenses or losses (including losses of prospective profits) incurred by it in terminating, or otherwise in connection with, a number of transactions of which this Agreement is one.

22.3 Miscellaneous indemnities

The Borrower shall fully indemnify each Creditor Party severally on their respective demands in respect of all claims, demands, proceedings, liabilities, taxes, losses and expenses of every kind ("**liability items**") which may be made or brought against, or incurred by, a Creditor Party, in any country, in relation to:

(a) any action taken, or omitted or neglected to be taken, under or in connection with any Finance Document by the Agent, the Security Trustee or any other Creditor Party or by any receiver appointed under a Finance Document; and

(b) any other event, matter or question which occurs or arises at any time during the Security Period and which has any connection with, or any bearing on, any Finance Document, any payment or other transaction relating to a Finance Document or any asset covered (or previously covered) by a Security Interest created (or intended to be created) by a Finance Document,

other than claims, expenses, liabilities and losses which are shown to have been directly and mainly caused by the dishonesty or wilful misconduct of the officers or employees of the Creditor Party concerned.

22.4 Extension of indemnities; environmental indemnity

Without prejudice to its generality, Clause 22.3 (Miscellaneous indemnities) covers:

(a) any matter which would be covered by Clause 22.3 (*Miscellaneous indemnities*) if any of the references in that Clause to a Lender were a reference to the Agent or (as the case may be) to the Security Trustee; and

(b) any liability items which arise, or are asserted, under or in connection with any law relating to safety at sea, pollution or the protection of the environment, the ISM Code, the ISPS Code or any Environmental Law.

22.5 Currency indemnity

If any sum due from the Borrower or any Security Party to a Creditor Party under a Finance Document or under any order or judgment relating to a Finance Document has to be converted from the currency in which the Finance Document provided for the sum to be paid (the "**Contractual Currency**") into another currency (the "**Payment Currency**") for the purpose of:

(a) making or lodging any claim or proof against of the Borrower or any Security Party, whether in its liquidation, any arrangement involving it or otherwise; or

(b) obtaining an order or judgment from any court or other tribunal; or

(c) enforcing any such order or judgment,

the Borrower shall indemnify the Creditor Party concerned against the loss arising when the amount of the payment actually received by that Creditor Party is converted at the available rate of exchange into the Contractual Currency.

In this Clause 22.5 (*Currency indemnity*) the "**available rate of exchange**" means the rate at which the Creditor Party concerned is able at the opening of business (London time) on the Business Day after it receives the sum concerned to purchase the Contractual Currency with the Payment Currency.

This Clause 22.5 (*Currency indemnity*) creates a separate liability of the Borrower which is distinct from their other liabilities under the Finance Documents and which shall not be merged in any judgment or order relating to those other liabilities.

22.6 Certification of amounts

A notice which is signed by 2 officers of a Creditor Party, which states that a specified amount, or aggregate amount, is due to that Creditor Party under this Clause 22 (*Indemnities*) and which indicates (without necessarily specifying a detailed breakdown of the amounts due) the matters in respect of which the amount, or aggregate amount, is due shall be prima facie evidence that the amount, or aggregate amount, is due.

22.7 Application of Master Agreement

For the avoidance of doubt, Clause 22.5 (Currency indemnity) does not apply in respect of sums due from the Borrower to the Swap Bank under or in connection with the Master Agreement as to which sums the provisions of Section 8 (Contractual Currency) of the Master Agreement shall apply.

22.8 Sums deemed due to a Lender

For the purposes of this Clause 22 (*Indemnities*), a sum payable by the Borrower to the Agent or the Security Trustee for distribution to a Lender shall be treated as a sum due to that Lender.

22.9 Sanctions

(a) Each Security Party shall, within three (3) Business Days of demand by a Creditor Party, indemnify each Creditor Party against any cost, loss or liability incurred by it as a result of any

civil penalty or fine against, and all reasonable costs and expenses (including reasonable counsel fees and disbursements) incurred in connection with the defence thereof by, the Agent or any Lender as a result of conduct of any Security Party or any of their subsidiaries, affiliates, partners, directors, officers, employees, agents, representatives or advisors, that violates any Sanctions.

(b) The indemnity in paragraph (a) of this Clause 22.9 (*Sanctions*) above shall cover any losses incurred by each Creditor Party in any jurisdiction arising or asserted under or in connection with any law relating to any Sanctions.

23 NO SET-OFF OR TAX DEDUCTION

23.1 No deductions

All amounts due from the Borrower under a Finance Document shall be paid:

(a) without any form of set-off, cross-claim or condition; and

(b) free and clear of any tax deduction except a tax deduction which the Borrower is required by law to make.

23.2 Grossing-up for taxes

If the Borrower is required by law to make a tax deduction from any payment:

(a) the Borrower shall notify the Agent as soon as it becomes aware of the requirement;

(b) the Borrower shall pay the tax deducted to the appropriate taxation authority promptly, and in any event before any fine or penalty arises;

(c) the amount due in respect of the payment shall be increased by the amount necessary to ensure that each Creditor Party receives and retains (free from any liability relating to the tax deduction) a net amount which, after the tax deduction, is equal to the full amount which it would otherwise have received.

23.3 Evidence of payment of taxes

Within 1 month after making any tax deduction, the Borrower shall deliver to the Agent documentary evidence satisfactory to the Agent that the tax had been paid to the appropriate taxation authority.

23.4 Exclusion of tax on overall net income

In this Clause 23 (*No Set-Off or Tax Deduction*) "**tax deduction**" means any deduction or withholding for or on account of any present or future tax except tax on a Creditor Party's overall net income or a FATCA Deduction.

23.5 Application of Master Agreement

For the avoidance of doubt, Clause 23 (*No Set-Off or Tax Deduction*) does not apply in respect of sums due from the Borrower to the Swap Bank under or in connection with the Master Agreement as to which sums the provisions of Sections 2(d) (Deduction or Withholding for

Tax), 2(c) (Netting of Payments) and 6(e) (Payments on Early Termination) of the Master Agreement shall apply.

23.6 FATCA information

(a) Subject to paragraph (c) below, each party to the Finance Documents shall, within 10 Business Days of a reasonable request by another party to the Finance Documents:

(i) confirm to that other party whether it is:

(A) a FATCA Exempt Party; or

(B) not a FATCA Exempt Party; and

(ii) supply to that other party such forms, documentation and other information relating to its status under FATCA as that other party reasonably requests for the purposes of that other party's compliance with FATCA; and

(iii) supply to that other party such forms, documentation and other information relating to its status as that other party reasonably requests for the purposes of that other party's compliance with any other law, regulation, or exchange of information regime.

(b) If a party to any Finance Document confirms to another party pursuant to sub-paragraph (i) of paragraph (a) above that it is a FATCA Exempt Party and it subsequently becomes aware that it is not, or has ceased to be a FATCA Exempt Party, that party shall notify that other party reasonably promptly.

(c) Paragraph (a) above shall not oblige any Creditor Party to do anything and sub-paragraph (iii) of paragraph (a) above shall not oblige any other Party to do anything which would or might in its reasonable opinion constitute a breach of:

(i) any law or regulation;

(ii) any fiduciary duty; or

(iii) any duty of confidentiality.

(d) If a party to any Finance Document fails to confirm whether or not it is a FATCA Exempt Party or to supply forms, documentation or other information requested in accordance with sub-paragraphs (i) or (ii) of paragraph (a) above (including, for the avoidance of doubt, where paragraph (c) above applies), then such party shall be treated for the purposes of the Finance Documents (and payments under them) as if it is not a FATCA Exempt Party until such time as the party in question provides the requested confirmation, forms, documentation or other information.

(e) If the Borrower is a US Tax Obligor, or the Agent reasonably believes that its obligations under FATCA or any other applicable law or regulation require it, each Lender shall, within 10 Business Days of:

(i) where the Borrower is a US Tax Obligor and the relevant Lender is an Transferor Lender, the date of this Agreement;

(ii) where the Borrower is a US Tax Obligor on a date where a Transfer Certificate has been executed and the relevant Lender thereunder is a Transferee Lender, date of the Transfer Certificate; or

(iii) the date of a request from the Agent,

supply to the Agent:

(iv) a withholding certificate on Form W-8, Form W-9 or any other relevant form; or

(v) any withholding statement or other document, authorisation or waiver as the Agent may require to certify or establish the status of such Lender under FATCA or that other law or regulation.

(f) The Agent shall provide any withholding certificate, withholding statement, document, authorisation or waiver it receives from a Lender pursuant to paragraph (e) above to the Borrower.

(g) If any withholding certificate, withholding statement, document, authorisation or waiver provided to the Agent by a Lender pursuant to paragraph (e) above is or becomes materially inaccurate or incomplete, that Lender shall promptly update it and provide such updated withholding certificate, withholding statement, document, authorisation or waiver to the Agent unless it is unlawful for the Lender to do so (in which case the Lender shall promptly notify the Agent). The Agent shall provide any such updated withholding certificate, withholding statement, document, authorisation or waiver to the Borrower.

(h) The Agent may rely on any withholding certificate, withholding statement, document, authorisation or waiver it receives from a Lender pursuant to paragraph (e) or (g) above without further verification. The Agent shall not be liable for any action taken by it under or in connection with paragraphs (e), (f) or (g) above.

23.7 FATCA Deduction

(a) Each party to a Finance Document 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 to a Finance Document 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 to a Finance Document 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 a Finance Document to whom it is making the payment and, in addition, shall notify the Borrower and the Agent and the Agent shall notify the other Creditor Parties.

24 ILLEGALITY, ETC

24.1 Illegality

This Clause 23.6(a) (*Illegality, etc*) applies if a Lender (the "**Notifying Lender**") notifies the Agent that it has become, or will with effect from a specified date, become:

(a) unlawful or prohibited as a result of the introduction of a new law, an amendment to an existing law or a change in the manner in which an existing law is or will be interpreted or applied; or

(b) contrary to, or inconsistent with, any regulation,

for the Notifying Lender to maintain or give effect to any of its obligations under this Agreement in the manner contemplated by this Agreement.

24.2 Notification of illegality

The Agent shall promptly notify the Borrower, the Security Parties, the Security Trustee and the other Lenders of the notice under Clause 24.1 (*Illegality*) which the Agent receives from the Notifying Lender.

24.3 Prepayment; termination of Commitment

On the Agent notifying the Borrower under Clause 24.2 (*Notification of illegality*), the Notifying Lender's Commitment shall terminate; and thereupon or, if later, on the date specified in the Notifying Lender's notice under Clause 24.1 (*Illegality*) as the date on which the notified event would become effective the Borrower shall prepay the Notifying Lender's Contribution in accordance with Clause 8 (*Repayment and Prepayment*).

24.4 Mitigation

If circumstances arise which would result in a notification under Clause 24.1 (*Illegality*) then, without in any way limiting the rights of the Notifying Lender under Clause 24.3 (*Prepayment; termination of Commitment*), the Notifying Lender shall use reasonable endeavours to transfer its obligations, liabilities and rights under this Agreement and the Finance Documents to another office or financial institution not affected by the circumstances but the Notifying Lender shall not be under any obligation to take any such action if, in its opinion, to do 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

(c) involve it in any expense (unless indemnified to its satisfaction) or tax disadvantage.

25 INCREASED COSTS

25.1 Increased costs

This Clause 25 (*Increased Costs*) applies if a Lender (the "**Notifying Lender**") notifies the Agent that the Notifying Lender considers that as a result of:

(a) the introduction or alteration after the date of this Agreement of a law or an alteration after the date of this Agreement in the manner in which a law is interpreted or applied (disregarding any effect which relates to the application to payments under this Agreement of a tax on the Lender's overall net income); or

(b) complying with any regulation (including any which relates to capital adequacy or liquidity controls or which affects the manner in which the Notifying Lender allocates capital resources to its obligations under this Agreement) which is introduced, or altered, or the interpretation or application of which is altered, after the date of this Agreement,

the Notifying Lender (or a parent company of it) has incurred or will incur an "**increased cost**"; or

(c) the effect of complying with the regulations set out in the "International Convergence of Capital Standards, a Revised Framework" published by the Basle Committee on Banking Supervision in June 2004 as implemented in the EU by the Capital Requirements Directive (2006/48/EC and 2006/49/EC) is that the Notifying Lender (or a parent company of it) has incurred or will incur an "increased cost" when compared to the cost of complying with such regulations as determined by the Notifying Lender (or a parent company of it) on the date of this Agreement and including any amendment taking account of incorporating any measure from the Basel III Framework or CRD IV, and CRD IV or any other law of regulation which implements Basel III and CRD IV.

25.2 Meaning of "increased cost"

In this Clause 25 (*Increased Costs*), "**increased cost**" means:

(a) an additional or increased cost incurred as a result of, or in connection with, the Notifying Lender having entered into, or being a party to, this Agreement or a Transfer Certificate, of funding or maintaining its Commitment or Contribution or performing its obligations under this Agreement, or of having outstanding all or any part of its Contribution or other unpaid sums;

(b) a reduction in the amount of any payment to the Notifying Lender under this Agreement or in the effective return which such a payment represents to the Notifying Lender or on its capital;

(c) an additional or increased cost of funding all or maintaining all or any of the advances comprised in a class of advances formed by or including the Notifying Lender's Contribution or (as the case may require) the proportion of that cost attributable to the Contribution; or

(d) a liability to make a payment, or a return foregone, which is calculated by reference to any amounts received or receivable by the Notifying Lender under this Agreement, but not an item attributable to a change in the rate of tax on the overall net income of the Notifying Lender (aa) (or a parent company of it) or (bb) an item covered by the indemnity for tax in Clause 22.1 (*Indemnities regarding borrowing and repayment of Loan*) or by Clause 23 (*No Set-Off or Tax Deduction*) or (cc) attributable to a FATCA Deduction required to be made by a Party.

For the purposes of this Clause 25.2 (*Meaning of "increased cost"*) the Notifying Lender may in good faith allocate or spread costs and/or losses among its assets and liabilities (or any class thereof) on such basis as it considers appropriate.

25.3 Notification to Borrower of claim for increased costs

The Agent shall promptly notify the Borrower and the Security Parties of the notice which the Agent received from the Notifying Lender under Clause 25.1 (*Increased costs*).

25.4 Payment of increased costs

The Borrower shall pay to the Agent, on the Agent's demand, for the account of the Notifying Lender the amounts which the Agent from time to time notifies the Borrower that the Notifying Lender has specified to be necessary to compensate the Notifying Lender for the increased cost.

25.5 Notice of prepayment

If the Borrower is not willing to continue to compensate the Notifying Lender for the increased cost under Clause 25.4 (*Payment of increased costs*), the Borrower may give the Agent not less than 14 days' notice of their intention to prepay the Notifying Lender's Contribution at the end of an Interest Period and/or to cancel the Notifying Lender's Available Commitment.

25.6 Prepayment; termination of Commitment

A notice under Clause 25.5 (*Notice of prepayment*) shall be irrevocable; the Agent shall promptly notify the Notifying Lender of the Borrower's notice of intended prepayment; and:

(a) on the date on which the Agent serves that notice, the Commitment of the Notifying Lender shall be cancelled; and

(b) on the date specified in its notice of intended prepayment, the Borrower shall prepay (without premium or penalty) the Notifying Lender's Contribution, together with accrued interest thereon at the applicable rate plus the Margin.

25.7 Application of prepayment

Clause 8 (*Repayment and Prepayment*) shall apply in relation to the prepayment.

26 SET-OFF

26.1 Application of credit balances

Each Creditor Party may without prior notice:

(a) apply any balance (whether or not then due) which at any time stands to the credit of any account in the name of the Borrower at any office in any country of that Creditor Party in or towards satisfaction of any sum then due from the Borrower to that Creditor Party under any of the Finance Documents; and

(b) for that purpose:

(i) break, or alter the maturity of, all or any part of a deposit of the Borrower;

(ii) convert or translate all or any part of a deposit or other credit balance into Dollars; and

(iii) enter into any other transaction or make any entry with regard to the credit balance which the Creditor Party concerned considers appropriate.

26.2 Existing rights unaffected

No Creditor Party shall be obliged to exercise any of its rights under Clause 22.5 (*Currency indemnity*); and those rights shall be without prejudice and in addition to any right of set-off, combination of accounts, charge, lien or other right or remedy to which a Creditor Party is entitled (whether under the general law or any document).

26.3 Sums deemed due to a Lender

For the purposes of this Clause 26 (*Set-Off*), a sum payable by the Borrower to the Agent or the Security Trustee for distribution to, or for the account of, a Lender shall be treated as a sum due to that Lender; and each Lender's proportion of a sum so payable for distribution to, or for the account of, the Lenders shall be treated as a sum due to such Lender.

26.4 No Security Interest

This Clause 26 (*Set-Off*) gives the Creditor Parties a contractual right of set-off only, and does not create any equitable charge or other Security Interest over any credit balance of the Borrower.

27 TRANSFERS AND CHANGES IN LENDING OFFICES

27.1 Transfer by Borrower

The Borrower may not, without the consent of the Agent, given on the instructions of all the Lenders:

(a) transfer any of its rights or obligations under any Finance Document; or

(b) enter into any merger, de-merger or other reorganisation, or carry out any other act, as a result of which any of its rights or liabilities would vest in, or pass to, another person.

27.2 Transfer by a Lender

Subject to Clause 27.4 (*Effective Date of Transfer Certificate*), a Lender (the "**Transferor Lender**") may at any time, cause:

(a) its rights in respect of all or part of its Contribution; or

(b) its obligations in respect of all or part of its Commitment; or

(c) a combination of (a) and (b),

to be (in the case of its rights) transferred to, or (in the case of its obligations) assumed by, another bank or financial institution or 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 (a "**Transferee Lender**") by delivering to the Agent a completed certificate in the form set out in Schedule 5 (*Transfer Certificate*) with any modifications approved or required by the Agent (a "**Transfer Certificate**") executed by the Transferor Lender and the Transferee Lender.

However any rights and obligations of the Transferor Lender in its capacity as Agent or Security Trustee will have to be dealt with separately in accordance with the Agency and Trust Agreement.

A transfer pursuant to this Clause 27.2 (Transfer by a Lender) shall be affected:

(i) without the consent of the Borrower, but subject to prior consultation of the Borrower at least 10 days prior to such transfer, if such transfer is:

(A) up to 50 per cent. of the Loan; and

(B) to a first class bank or financial institution;

(ii) without the consent of the Borrower:

(A) following the occurrence of an Event of Default which is continuing; and/or

(B) if such transfer is to another Lender or an affiliate of a Lender; and

(iii) in all other circumstances with the written consent of the Borrower (such consent not to be unreasonably withheld or delayed) and the Borrower will be deemed to have given its consent 5 Business Days following the request of the Transferor Lender unless the consent is expressly refused by the Borrower within that time.

27.3 Transfer Certificate, delivery and notification

As soon as reasonably practicable after a Transfer Certificate is delivered to the Agent, it shall (unless it has reason to believe that the Transfer Certificate may be defective):

(a) sign the Transfer Certificate on behalf of itself, the Borrower, the Security Parties, the Security Trustee and each of the other Lenders and the Swap Bank;

(b) on behalf of the Transferee Lender, send to the Borrower and each Security Party letters or faxes notifying them of the Transfer Certificate and attaching a copy of it; and

(c) send to the Transferee Lender copies of the letters or faxes sent under paragraph (b) above,

but the Agent shall only be obliged to execute a Transfer Certificate delivered to it by the Transferor Lender and the Transferee Lender once it is satisfied it has complied with all necessary "know your customer" or other similar checks under all applicable laws and regulations in relation to the transfer to that Transferee Lender.

27.4 Effective Date of Transfer Certificate

A Transfer Certificate becomes effective on the date, if any, specified in the Transfer Certificate as its effective date, **Provided that** it is signed by the Agent under Clause 27.3 (*Transfer Certificate, delivery and notification*) on or before that date.

27.5 No transfer without Transfer Certificate

Except as provided in Clause 27.17 (*Security over Lenders' rights*), no assignment or transfer of any right or obligation of a Lender under any Finance Document is binding on, or effective in relation to, the Borrower, any Security Party, the Agent or the Security Trustee unless it is effected, evidenced or perfected by a Transfer Certificate.

27.6 Lender re-organisation; waiver of Transfer Certificate

However, if a Lender enters into any merger, de-merger or other reorganisation as a result of which all its rights or obligations vest in another person (the "**successor**"), the Agent may, if it sees fit, by notice to the successor and the Borrower and the Security Trustee waive the need for the execution and delivery of a Transfer Certificate; and, upon service of the Agent's notice, the successor shall become a Lender with the same Commitment and Contribution as were held by the predecessor Lender.

27.7 Effect of Transfer Certificate

A Transfer Certificate takes effect in accordance with English law as follows:

(a) to the extent specified in the Transfer Certificate, all rights and interests (present, future or contingent) which the Transferor Lender has under or by virtue of the Finance Documents are assigned to the Transferee Lender absolutely, free of any defects in the Transferor Lender's title and of any rights or equities which the Borrower or any Security Party had against the Transferor Lender;

(b) the Transferor Lender's Commitment is discharged to the extent specified in the Transfer Certificate;

(c) the Transferee Lender becomes a Lender with the Contribution previously held by the Transferor Lender and a Commitment of an amount specified in the Transfer Certificate;

(d) the Transferee Lender becomes bound by all the provisions of the Finance Documents which are applicable to the Lenders generally, including those about pro-rata sharing and the exclusion of liability on the part of, and the indemnification of, the Agent and the Security Trustee and, to the extent that the Transferee Lender becomes bound by those provisions (other than those relating to exclusion of liability), the Transferor Lender ceases to be bound by them;

(e) any part of the Loan which the Transferee Lender advances after the Transfer Certificate's effective date ranks in point of priority and security in the same way as it would have ranked had it been advanced by the transferor, assuming that any defects in the transferor's title and any rights or equities of the Borrower or any Security Party against the Transferor Lender had not existed;

(f) the Transferee Lender becomes entitled to all the rights under the Finance Documents which are applicable to the Lenders generally, including but not limited to those relating to the Majority Lenders and those under Clause 5.7 (*Market disruption*) and Clause 21 (*Fees and Expenses*), and to the extent that the Transferee Lender becomes entitled to such rights, the Transferor Lender ceases to be entitled to them; and

(g) in respect of any breach of a warranty, undertaking, condition or other provision of a Finance Document or any misrepresentation made in or in connection with a Finance Document, the Transferee Lender shall be entitled to recover damages by reference to the loss incurred by it as a result of the breach or misrepresentation, irrespective of whether the original Lender would have incurred a loss of that kind or amount.

The rights and equities of the Borrower or any Security Party referred to above include, but are not limited to, any right of set off and any other kind of cross-claim.

27.8 Maintenance of register of Lenders

During the Security Period the Agent shall maintain a register in which it shall record the name, Commitment, Contribution and administrative details (including the lending office) from time to time of each Lender holding a Transfer Certificate and the effective date (in accordance with Clause 27.4 (*Effective Date of Transfer Certificate*)) of the Transfer Certificate; and the Agent shall make the register available for inspection by any Lender, the Security Trustee and the Borrower during normal banking hours, subject to receiving at least 3 Business Days' prior notice.

27.9 Reliance on register of Lenders

The entries on that register shall, in the absence of manifest error, be conclusive in determining the identities of the Lenders and the amounts of their Commitments and Contributions and the effective dates of Transfer Certificates and may be relied upon by the Agent and the other parties to the Finance Documents for all purposes relating to the Finance Documents.

27.10 Authorisation of Agent to sign Transfer Certificates

The Borrower, the Security Trustee, each Lender and the Swap Bank irrevocably authorise the Agent to sign Transfer Certificates on its behalf.

27.11 Registration fee

In respect of any Transfer Certificate, the Agent shall be entitled to recover a registration fee of $1,500 (and all costs, fees and expenses incidental to the transfer (including, but not limited to legal fees and expenses)) from the Transferor Lender or (at the Agent's option) the Transferee Lender.

27.12 Sub-participation; subrogation assignment

A Lender may sub-participate all or any part of its rights and/or obligations under or in connection with the Finance Documents without the consent of, or any notice to, the Borrower, any Security Party, the Agent or the Security Trustee; and the Lenders may assign, in any manner and terms agreed by the Majority Lenders, the Agent and the Security Trustee, all or any part of those rights to an insurer or surety who has become subrogated to them.

27.13 Disclosure of information

A Lender may disclose to a potential Transferee Lender or sub-participant any information which the Lender has received in relation to the Borrower, any Security Party or their affairs under or in connection with any Finance Document, unless the information is clearly of a confidential nature.

The Borrower agrees that the terms and conditions of this Agreement shall remain confidential and shall not, or shall procure that no Guarantor and no Collateral Guarantor shall, disclose (whether, without limitation, in writing or orally) to third parties (other than any disclosure to the Borrower's shareholders, officers, employees or professional advisers **Provided that** the person to whom disclosure is made agrees to be bound by the terms of the confidentiality undertaking in this Clause 27.13 (*Disclosure of information*) and any disclosure imposed by law or any court order) the existence of this Agreement or the terms and conditions contained herein without the prior written consent of the Lenders.

27.14 Change of lending office

A Lender may change its lending office by giving notice to the Agent and the change shall become effective on the later of:

(a) the date on which the Agent receives the notice; and

(b) the date, if any, specified in the notice as the date on which the change will come into effect.

27.15 Notification

On receiving such a notice, the Agent shall notify the Borrower and the Security Trustee; and, until the Agent receives such a notice, it shall be entitled to assume that a Lender is acting through the lending office of which the Agent last had notice.

27.16 Replacement of Reference Bank

If any Reference Bank ceases to be a Lender or is unable on a continuing basis to supply quotations for the purposes of Clause 5 (*Interest*) then, unless the Borrower, the Agent and the Majority Lenders otherwise agree, the Agent, acting on the instructions of the Majority Lenders, and after consulting the Borrower, shall appoint another bank (whether or not a Lender) to be a replacement Reference Bank; and, when that appointment comes into effect, the first-mentioned Reference Bank's appointment shall cease to be effective.

27.17 Security over Lenders' rights

In addition to the other rights provided to Lenders under this Clause 27 (*Transfers and Changes in Lending Offices*), each Lender may without consulting with or obtaining consent from the Borrower or any Security Party, at any time charge, assign or otherwise create a Security Interest in or over (whether by way of collateral or otherwise) all or any of its rights under any Finance Document to secure obligations of that Lender including, without limitation:

(a) any charge, assignment or other Security Interest to secure obligations to a federal reserve or central bank; and

(b) any charge, assignment or other Security Interest granted to any holders (or trustee or representatives of holders) of obligations owed, or securities issued, by that Lender as security for those obligations or securities;

except that no such charge, assignment or Security Interest shall:

(i) release a Lender from any of its obligations under the Finance Documents or substitute the beneficiary of the relevant charge, assignment or Security Interest for the Lender as a party to any of the Finance Documents; or

(ii) require any payments to be made by the Borrower or any Security Party or grant to any person any more extensive rights than those required to be made or granted to the relevant Lender under the Finance Documents.

If a Lender transfers any of its rights or obligations under the Finance Documents or changes its lending office and, as a result of circumstances existing at the date the transfer occurs, the Borrower would be obliged to make a payment to the Transferee Lender or Lender acting

through its new lending office under Clauses 23 (No Set-Off or Tax Deduction) or 25 (*Increased Costs*), then the Transferee Lender or Lender acting through its new lending office is only entitled to receive payments under those Clauses to the same extent as the Transferor Lender or Lender acting through its previous lending office would have been if the transfer had not occurred.

27.18 Assignments, transfers and novations by the Swap Bank

(a) Notwithstanding the relevant sections of the Master Agreement, the Swap Bank may, with the consent of the Majority Lenders and the Borrower, such consents not to be unreasonably withheld or delayed (but without requiring the consent of the Agent), assign any of its rights or transfer by novation any of its rights and obligations under the Master Agreement to which it is a party 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, derivatives, securities or other financial assets (the "**New Swap Bank**").

(b) Any costs associated with any transfer, assignment or novation under this Clause 27.18 (*Assignments, transfers and novations by the Swap Bank*) shall be for the New Swap Bank's account.

(c) Any assignment, transfer or novation under this Clause 27.18 (*Assignments, transfers and novations by the Swap Bank*) will only be effective on:

(i) any amendments as may be necessary to the Mortgages or any of the other Finance Documents;

(ii) receipt by the Agent of written confirmation from the New Swap Bank (in form and substance satisfactory to the Agent) that the New Swap Bank is bound by this Agreement as regards the rights and obligations of the Swap Bank hereunder;

(iii) performance by the Agent of all necessary "know your customer" or other similar checks under all applicable laws and regulations in relation to such assignment, transfer or novation to the New Swap Bank, the completion of which the Agent shall promptly notify to the existing Swap Bank and the New Swap Bank; and

(iv) receipt by the Agent of the New Swap Bank's consent to the Master Agreement Assignment and a new notice of assignment pursuant to the Master Assignment signed by the Borrower and acknowledgement thereof from the New Swap Bank.

(d) The Borrower shall co-operate in providing the notice of assignment referred to in sub paragraph (iii) of paragraph (c) above.

28 VARIATIONS AND WAIVERS

28.1 Variations, waivers etc. by Majority Lenders

Subject to Clause 28.2 (*Variations, waivers etc. requiring agreement of all Lenders*), a document shall be effective to vary, waive, suspend or limit any provision of a Finance Document, or any Creditor Party's rights or remedies under such a provision or the general law, only if the document is signed, or specifically agreed to by fax, by the Borrower, by the Agent on behalf of the Majority Lenders, by the Agent and the Security Trustee in their own rights, and, if the document relates to a Finance Document to which a Security Party is party,

by that Security Party and if the document affects any of the rights and obligations of the Swap Bank, by the Swap Bank.

28.2 Variations, waivers etc. requiring agreement of all Lenders

However, as regards the following, Clause 28.1 (Variations, waivers etc. by Majority Lenders) applies as if the words "by the Agent on behalf of the Majority Lenders" were replaced by the words "by or on behalf of every Lender":

(a) a reduction in the Margin;

(b) a postponement to the date for, or a reduction in the amount of, any payment of principal, interest, fees or other sum payable under this Agreement;

(c) an increase in any Lender's Commitment;

(d) a change to the definition of "**Majority Lenders**";

(e) a change to Clause 3 (*Position of the Lenders and the swap bank*) or this Clause 28 (*Variations and Waivers*);

(f) any release of, or material variation to, a Security Interest, guarantee, indemnity or subordination arrangement set out in a Finance Document; and

(g) any other change or matter as regards which this Agreement or another Finance Document expressly provides that each Lender's consent is required.

28.3 Exclusion of other or implied variations

Except for a document which satisfies the requirements of Clauses 28.1 (*Variations, waivers etc. by Majority Lenders*) and 28.2 (*Variations, waivers etc. requiring agreement of all Lenders*), no document, and no act, course of conduct, failure or neglect to act, delay or acquiescence on the part of the Creditor Parties or any of them (or any person acting on behalf of any of them) shall result in the Creditor Parties or any of them (or any person acting on behalf of any of them) being taken to have varied, waived, suspended or limited, or being precluded (permanently or temporarily) from enforcing, relying on or exercising:

(a) a provision of this Agreement or another Finance Document; or

(b) an Event of Default; or

(c) a breach by the Borrower or a Security Party of an obligation under a Finance Document or the general law; or

(d) any right or remedy conferred by any Finance Document or by the general law,

and there shall not be implied into any Finance Document any term or condition requiring any such provision to be enforced, or such right or remedy to be exercised, within a certain or reasonable time.

29 NOTICES

29.1 General

Unless otherwise specifically provided, any notice under or in connection with any Finance Document shall be given by letter or fax; and references in the Finance Documents to written notices, notices in writing and notices signed by particular persons shall be construed accordingly.

29.2 Addresses for communications

A notice shall be sent:

(a)	to the Borrower:	c/o Approved Manager 16 Pendelis Street 175 64 Paleo Faliro Athens Greece Attn: Chief Financial Officer Fax No: +30 210 9470101
(b)	to a Lender:	At the address below its name in Schedule 1 (*Lenders and Commitments*) or (as the case may require) in the relevant Transfer Certificate.
(c)	to the Agent:	BNP Paribas 35, rue de la Gare – Millénaire 4 75019 Paris France Fax: +33 1 42 98 43 55 E-mail: tgmo.shipping@bnpparibas.com
(d)	to the Swap Bank:	BNP Paribas 3, rue Taitbout 75009 Paris France Fax: +33 1401 40114 / 5577 7511 Attn: Legal and Transaction Management Group – ISDA
	with copy to:	BNP Paribas, London Branch 10 Harewood Avenue NW1 6AA London England Fax: +44 207 595 5059 Attn: Legal and Transaction Management Group – ISDA

or to such other address as the relevant party may notify the Agent or, if the relevant party is the Agent or the Security Trustee, the Borrower, the Lenders, the Swap Bank and the Security Parties.

29.3 Effective date of notices

Subject to Clauses 29.4 (*Service outside business hours*) and 29.5 (*Illegible notices*):

(a) a notice which is delivered personally or posted shall be deemed to be served, and shall take effect, at the time when it is delivered; and

(b) a notice which is sent by fax shall be deemed to be served, and shall take effect, 2 hours after its transmission is completed.

29.4 Service outside business hours

However, if under Clause 29.3 (*Effective date of notices*) a notice would be deemed to be served:

(a) on a day which is not a business day in the place of receipt; or

(b) on such a business day, but after 5 p.m. local time,

the notice shall (subject to Clause 29.5 (Illegible notices)) be deemed to be served, and shall take effect, at 9 a.m. on the next day which is such a business day.

29.5 Illegible notices

Clauses 29.3 (*Effective date of notices*) and 29.4 (*Service outside business hours*) do not apply if the recipient of a notice notifies the sender within 1 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.

29.6 Valid notices

A notice under or in connection with a Finance Document shall not be invalid by reason that its contents or the manner of serving it do not comply with the requirements of this Agreement or, where appropriate, any other Finance Document under which it is served if:

(a) the failure to serve it in accordance with the requirements of this Agreement or other Finance Document, as the case may be, has not caused any party to suffer any significant loss or prejudice; or

(b) in the case of incorrect and/or incomplete contents, it should have been reasonably clear to the party on which the notice was served what the correct or missing particulars should have been.

29.7 Electronic communication

Any communication to be made between the Agent and a Lender and/or the Swap Bank under or in connection with the Finance Documents may be made by electronic mail or other electronic means, if the Agent and the relevant Lender and/or theSwap Bank:

(a) agree that, unless and until notified to the contrary, this is to be an accepted form of communication;

(b) 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

(c) notify each other of any change to their respective addresses or any other such information supplied to them.

29.8 Effectiveness of electronic communication

Any electronic communication made between the Agent and a Lender and/or the Swap Bank will be effective only when actually received in readable form and, in the case of any electronic communication made by a Lender or the Swap Bank to the Agent, only if it is addressed in such a manner as the Agent shall specify for this purpose.

29.9 Use of websites

(a) The Agent may satisfy its obligation under this Agreement to deliver any information in relation to those Lenders (the "**Website Lenders**") who accept this method of communication by posting this information onto the electronic website www.debtdomain.com (or such other electronic website that the Agent may designate in consultation with the Borrower) (the "**Designated Website**") if:

(i) the Agent expressly agrees (after consultation with each of the Lenders) that it will accept communication of the information by this method;

(ii) the Agent and the Website Lenders are aware of the address of and any relevant password specifications for the Designated Website; and

(iii) the information is in a format previously agreed between the Agent and the Website Lenders.

(b) If any Lender (a "**Paper Form Lender**") does not agree to the delivery of information electronically then the Agent shall supply the information to the Paper Form Lender in paper form.

(c) The Agent shall supply each Website Lender with the address of and any relevant password specifications for the Designated Website following designation of that website.

(d) The Agent shall promptly upon becoming aware of its occurrence notify the Website Lenders if:

(i) the Designated Website cannot be accessed due to technical failure;

(ii) the password specifications for the Designated Website change;

(iii) any new information which is required to be provided under this Agreement is posted onto the Designated Website;

(iv) any existing information which has been provided under this Agreement and posted onto the Designated Website is amended; or

(v) the Designated Website or any information posted onto the Designated Website is or has been infected by any electronic virus or similar software.

(e) If the Agent notifies the Website Lenders that any of the events occurred under paragraphs (d)(i) or (d)(v) above has occurred, all information to be provided by the Agent under this Agreement after the date of that notice shall be supplied in paper form unless and until the Agent and each Website Lender is satisfied that the circumstances giving rise to the notification are no longer continuing.

29.10 English language

Any notice under or in connection with a Finance Document shall be in English.

29.11 Meaning of "notice"

In this Clause 29 (*Notices*), "**notice**" includes any demand, consent, authorisation, approval, instruction, waiver or other communication.

29.12 Application of Master Agreement

Any notice under or in connection with the Master Agreement shall comply with the provisions of Section 12 of the Master Agreement.

30 SUPPLEMENTAL

30.1 Rights cumulative, non-exclusive

The rights and remedies which the Finance Documents give to each Creditor Party are:

(a) cumulative;

(b) may be exercised as often as appears expedient; and

(c) shall not, unless a Finance Document explicitly and specifically states so, be taken to exclude or limit any right or remedy conferred by any law.

30.2 Severability of provisions

If any provision of a Finance Document is or subsequently becomes void, unenforceable or illegal, that shall not affect the validity, enforceability or legality of the other provisions of that Finance Document or of the provisions of any other Finance Document.

30.3 Counterparts

A Finance Document may be executed in any number of counterparts.

30.4 Third party rights

A person who is not a Party has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce or to enjoy the benefit of any term of this Agreement.

30.5 Waiver of Banking Secrecy

The Borrower hereby irrevocably authorises and gives consent to the Agent and, each of its affiliates, and their respective subsidiaries, branches and representative offices and their respective directors, officers, employees and agents (the "**Authorised Persons**" and each an "**Authorised Person**"), to disclose and transmit to the Applicable Persons, whether orally, in writing or by any other means, information and documents which relates to, or are connected with, the Borrower, its beneficial owner, any other member of the Group, its or their business, dealings or assets (the "Information"), from time to time and to the extent that the Authorised Person deems such disclosure or transmission to be necessary or desirable for or incidental to the carrying out of its duties, obligations, commitments and activities whether arising under contract or by operation of law and/or consolidated supervision and risk management policy, to the extent that the Information is covered by banking secrecy under any applicable law in general and Swiss banking secrecy rules in particular and/or:

(a) necessary or desirable for the purposes of its internal cross-selling enabling the Borrower and/or any other member of the Group to benefit from the Agent's or any other Authorised Person's business activities; and/or

(b) necessary or desirable to insure a risk related to the Borrower and/or any other member of the Group; and/or

(c) necessary or desirable to syndicate a risk related to the Borrower and/or any other member of the Group; and/or

(d) necessary or desirable to securitise a risk related to the Borrower and/or any other member of the Group; and/or

(e) necessary or desirable to open an account or to start a business relation with the Agent's or any other Authorised Person's parent company or any of its subsidiaries or branches.

In this Clause 30.5 (*Waiver of Banking Secrecy*), "**Applicable Person**" means any or all of the following persons:

(i) any authority or person against which, pursuant to any applicable law, administrative order or court ruling, banking secrecy may not be validly asserted by an Authorised Person;

(ii) the Agent's or any other Authorised Person's parent company, any of its subsidiaries, branches or representative offices;

(iii) any rating agency, auditor, insurance and reinsurance company, broker or professional adviser, to the extent such entity or person is bound by a statutory or contractual duty of confidentiality;

(iv) any financial institution and institutional or other investor who is or might be involved in securitisation schemes, hedging agreements, participations, credit derivatives or any other risk transfer or sharing arrangements, including, inter alia, a bank and/or other financial institution's participation in, or syndication in respect of, the Loan;

(v) any potential assignee or transferee or person who has entered into or is proposing to enter into contractual arrangements with the Authorised Person in relation to the Borrower; and

(vi) any external computer services provider, for the purpose of maintenance or repair of the Agent's or any other Authorised Person's computer systems and date provided that such external computer services provider is bound by the confidentiality policy of BNP Paribas.

30.6 Reference Banks

If a Reference Bank (or, if a Reference Bank is not a Lender, the Lender of which it is an affiliate) ceases to be a Lender, the Agent shall (in consultation with the Borrower) appoint another Lender or an affiliate of a Lender to replace that Reference Bank.

30.7 Role of Reference Banks

(a) No Reference Bank is under any obligation to provide a quotation or any other information to the Agent but may do so at the Agent's request.

(b) No Reference Bank will be liable for any action taken by it under or in connection with any Finance Document, or for any quotation provided to the Agent.

(c) No Party (other than the relevant Reference Bank) may take any proceedings against any officer, employee or agent of any Reference Bank in respect of any claim it might have against that Reference Bank or in respect of any act or omission of any kind by that officer, employee or agent in relation to any Finance Document, or to any quotation provided to the Agent, and any officer, employee or agent of each Reference Bank may rely on this clause subject to the provisions of the Third Parties Act.

30.8 Third party Reference Banks

Any Reference Bank which is not a Party may rely on Clause 30.7 *(Role of Reference Banks*)and Clause 5.16 (*Application of prepayment*) subject to the provisions of the Third Parties Act.

31 LAW AND JURISDICTION

31.1 English law

This Agreement and any non-contractual obligations arising out of or in connection with it shall be governed by, and construed in accordance with, English law.

31.2 Exclusive English jurisdiction

Subject to Clause 31.3 (*Choice of forum for the exclusive benefit of the Creditor Parties*), the courts of England shall have exclusive jurisdiction to settle any Dispute.

31.3 Choice of forum for the exclusive benefit of the Creditor Parties

Clause 31.2 (*Exclusive English jurisdiction*) is for the exclusive benefit of the Creditor Parties, each of which reserves the right:

(a) to commence proceedings in relation to any Dispute in the courts of any country other than England and which have or claim jurisdiction to that Dispute; and

(b) to commence such proceedings in the courts of any such country or countries concurrently with or in addition to proceedings in England or without commencing proceedings in England.

The Borrower shall not commence any proceedings in any country other than England in relation to a Dispute.

31.4 Process agent

The Borrower irrevocably appoints Nicolaou & Co (for the attention of Antonis Nicolaou) at its registered office for the time being, presently at 25 Heath Drive, Potters Bar, Herts, EN6 1EN, England, to act as its agent to receive and accept on its behalf any process or other document relating to any proceedings in the English courts which are connected with a Dispute.

31.5 Creditor Party rights unaffected

Nothing in this Clause 31 (*Law and Jurisdiction*) shall exclude or limit any right which any Creditor Party may have (whether under the law of any country, an international convention or otherwise) with regard to the bringing of proceedings, the service of process, the recognition or enforcement of a judgment or any similar or related matter in any jurisdiction.

31.6 Meaning of "proceedings" and "Dispute"

In this Clause 31 (*Law and Jurisdiction*), "**proceedings**" means proceedings of any kind, including an application for a provisional or protective measure and a "**Dispute**" means any dispute arising out of or in connection with this Agreement (including a dispute relating to the existence, validity or termination of this Agreement) or any non-contractual obligation arising out of or in connection with this Agreement.

This Agreement has been entered into on the date stated at the beginning of this Agreement.

SCHEDULE 1

LENDERS AND COMMITMENTS

Lender	**Lending Office**	**Commitment (US Dollars)**
BNP PARIBAS	35, rue de la Gare – Millénaire 4 75019 Paris France Fax: +33 1 42 98 43 55 e-mail: tgmo.shipping@bnpparibas.com	Up to $75,000,000

SCHEDULE 2

GUARANTORS

	A	B	C	D	E	G
	SHIP	SHIP-OWNING COMPANY	COUNTRY OF INCORPORATION	IMO REGISTERED OWNER NUMBER	REGISTERED OFFICE ADDRESS	SHARES
1	ALCMENE	Majuro Shipping Company Inc.	Marshall Islands	5566463	Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands MH96960	500
2	SEATTLE	Toku Shipping Company Inc.	Marshall Islands	5893360	Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands MH96960	500
3	PHAIDRA	Mejato Shipping Company Inc.	Marshall Islands	5981809	Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands MH96960	500
4	ELECTRA	Rakaru Shipping Company Inc.	Marshall Islands	5981812	Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands MH96960	500
5	ASTARTE	Ebadon Shipping Company Inc.	Marshall Islands	5981790	Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands MH96960	500
6	G. P. ZAFIRAKIS	Weno Shipping Company Inc.	Marshall Islands	5807949	Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands MH96960	500
7	P. S. PALIOS	Pulap Shipping Company Inc.	Marshall Islands	5763781	Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands MH96960	500

SCHEDULE 3

DRAWDOWN NOTICE

To: **BNP PARIBAS**
35, rue de la Gare – Millénaire 4
75019 Paris
France

Attention: [TGMO Shipping] Loans Administration

[●]

1 We refer to the loan agreement (the "**Loan Agreement**") dated [●] 2018 and made between ourselves, as Borrower, the Lenders referred to therein, the Swap Bank and BNP Paribas as Agent, Security Trustee and Bookrunner in connection with a facility of up to US$75,000,000. Terms defined in the Loan Agreement have their defined meanings when used in this Drawdown Notice.

2 We request to borrow the Loan as follows:

(a) Amount: US$[●];

(b) Drawdown Date: [●];

(c) [Duration of the first Interest Period shall be [●] months;] and

(d) Payment instructions: account in our name and numbered [●] with [●] of [●].

3 We represent and warrant that:

(a) the representations and warranties in Clause 10 (*Representations and Warranties*) of the Loan Agreement would remain true and not misleading if repeated on the date of this notice with reference to the circumstances now existing; and

(b) no Event of Default or Potential Event of Default has occurred or will result from the borrowing of the Loan.

4 This notice cannot be revoked without the prior consent of the Majority Lenders.

[Name of Signatory]

Director
for and on behalf of
DIANA SHIPPING INC.

SCHEDULE 4

CONDITION PRECEDENT DOCUMENTS

PART A

The following are the documents referred to in paragraph (a) of Clause 9.1 (*Documents, fees and no default*) required before service of the first Drawdown Notice.

1 A duly executed original of each Finance Document (and of each document required to be delivered by each Finance Document) other than those referred to in Part B.

2 Copies of the certificate of incorporation and constitutional documents of the Borrower, each Guarantor, each Collateral Guarantor or any other Security Party.

3 Copies of resolutions of the shareholders and directors of each Guarantor and each Collateral Guarantor, of the executive committee of the directors of the Borrower, or the shareholders and directors of any other Security Party authorising the execution of each of the Finance Documents to which the Borrower, a Guarantor, a Collateral Guarantor or any other Security Party is a party and, in the case of the Borrower, authorising named officers to give the Drawdown Notice and other notices under this Agreement.

4 The original of any power of attorney under which any Finance Document is executed on behalf of the Borrower, a Guarantor, a Collateral Guarantor or any other Security Party.

5 Copies of all consents which the Borrower, a Guarantor, a Collateral Guarantor or any Security Party requires to enter into, or make any payment under, any Finance Document.

6 The originals of any mandates or other documents required in connection with the opening or operation of each Earnings Account and the Liquidity Reserve Account (including but not limited to two certified forms of identification in respect of each signatory of each Earnings Account and the Liquidity Reserve Account and of two directors of the Borrower, each Guarantor and each Collateral Guarantor) and all other information required by the Creditor Parties or any of them in relation to their "know your customer" regulations including, but not limited to, all applicable laws of the European Union, Switzerland and United States of America in connection with the Borrower, each Guarantor, each Collateral Guarantor and any other Security Party (whether in connection with the opening of the Earnings Account or the Liquidity Reserve Account or otherwise).

7 Documentary evidence that the agent for service of process named in Clause 31 (*Law and Jurisdiction*) has accepted its appointment.

8 Favourable legal opinions from lawyers appointed by the Agent on such matters concerning the laws of the Marshall Islands, English, Switzerland and such other relevant jurisdictions as the Agent may require.

9 If the Agent so requires, in respect of any of the documents referred to above, a certified English translation prepared by a translator approved by the Agent.

PART B

The following are the documents referred to in paragraph (b) of Clause 9.1 (*Documents, fees and no default*).

1 A duly executed original of the Mortgage, of the General Assignment and any Charterparty Assignment relating to each Ship (and of each document to be delivered by each of them).

2 Documentary evidence that:

(a) each Ship is definitively and permanently registered in the name of the relevant Guarantor under the laws of an Approved Flag State and each Collateral Ship is definitively and permanently registered in the name of the relevant Collateral Guarantor under the laws of an Approved Flag State;

(b) each Ship is in the absolute and unencumbered ownership of the relevant Guarantor save as contemplated by the Finance Documents and each Collateral Ship is in the absolute and unencumbered ownership of the relevant Collateral Guarantor save as to the first priority mortgage securing the Collateral Loan Agreement and, otherwise, save as contemplated by the Finance Documents;

(c) each Ship and each Collateral Ship maintains the Approved Classification with the Approved Classification Society free of all overdue recommendations and conditions of such Approved Classification Society;

(d) the Mortgage relating to each Ship has been duly registered against that Ship as a valid first preferred or, as the case may be, priority ship mortgage in accordance with the laws of the relevant Approved Flag State and relating to each Collateral Ship has been duly registered against that Collateral Ship as a valid second preferred or, as the case may be, priority ship mortgage in accordance with the laws of the relevant Approved Flag State; and

(e) each Ship and each Collateral Ship is insured in accordance with the provisions of this Agreement and all requirements therein in respect of insurances have been complied with, including agreed form letters of undertaking of the insurance brokers and club managers, certificates of entry and/or cover notes with respect to that Ship and that Collateral Ship.

3 Documents establishing that the each Ship will, as from the Drawdown Date, be managed by the Approved Manager on terms acceptable to the Lenders, together with:

(a) the Approved Manager's Undertakings in respect of each Ship;

(b) copies of the Approved Manager's documents of compliance (DOC) and the safety management certificate (SMC) (as defined in the ISM Code) in respect of each Ship certified as true and in effect by the Guarantor owning that Ship and the Approved Manager; and

(c) a copy of the International Ship Security Certificate in respect of each Ship certified as true and in effect by the Guarantor owning that Ship and the Approved Manager.

4 A valuation of each Ship and Collateral Ship (at the expense of the Borrower) addressed to the Agent, stated to be for the purposes of this Agreement and prepared by an Approved Broker no earlier than 30 days prior to the Drawdown Date prepared in accordance with Clause 16 (*Security cover*) which shows the value of the Ships in an amount acceptable to the Agent.

5 Favourable legal opinions from lawyers appointed by the Agent on such matters concerning the law of the Approved Flag State, Marshall Islands, English, Switzerland, Panama and such other relevant jurisdictions as the Agent may require.

6 A favourable opinion from an independent insurance consultant acceptable to the Agent on such matters relating to the insurances for the each Ship as the Agent may require (all fees and expenses incurred in relation to the appointment of the marine insurance broker for the purpose of issuing such opinion shall be for the account of the Borrower).

7 Evidence satisfactory to the Agent that the Existing Indebtedness has been fully prepaid.

8 A duly executed original of the Deed of Release and any other document required to be provided thereunder.

9 A side letter executed by the Borrower and addressed to the Agent disclosing the person(s) of the Palios Family.

10 If the Agent so requires, in respect of any of the documents referred to above, a certified English translation prepared by a translator approved by the Agent.

Each of the documents specified in paragraphs 2, 3 and 5 of Part A and every other copy document delivered under this Schedule shall be certified as a true and up to date copy by a director, the secretary (or equivalent officer) or the legal advisors of the Borrower.

SCHEDULE 5

TRANSFER CERTIFICATE

The Transferor and the Transferee accept exclusive responsibility for ensuring that this Certificate and the transaction to which it relates comply with all legal and regulatory requirements applicable to them respectively.

To: BNP Paribas for itself and for and on behalf of the Borrower, each Security Party, the Security Trustee and each Lender, as defined in the Loan Agreement referred to below.

[●]

1 This Certificate relates to a Loan Agreement (the "**Loan Agreement**") dated [●] 2018 and made between (1) Diana Shipping Inc. (the "**Borrower**"), (2) the banks and financial institutions named therein as Lenders, (3) BNP Paribas as Swap Bank, (4) BNP Paribas as Agent, (5) BNP Paribas as Security Trustee and (6) BNP Paribas as Bookrunner for a loan facility of up to US$75,000,000.

2 In this Certificate, terms defined in the Loan Agreement shall, unless the contrary intention appears, have the same meanings and:

"**Relevant Parties**" means each Borrower, each Security Party, each Lender, the Swap Bank, the Agent and the Security Trustee;

"**Transferor**" means [full name] of [lending office]; and

"**Transferee**" means [full name] of [lending office].

3 The effective date of this Certificate is [●] **Provided that** this Certificate shall not come into effect unless it is signed by the Agent on or before that date.

4 The Transferor assigns to the Transferee absolutely all rights and interests (present, future or contingent) which the Transferor has as Lender under or by virtue of the Loan Agreement and every other Finance Document in relation to [●] per cent. of its Contribution, outstanding to the Transferor (or its predecessors in title) which is set out below:

Contribution	**Amount transferred**
[●]	[●]
[●]	[●]
[●]	[●]

5 By virtue of this Transfer Certificate and clause 27 of the Loan Agreement, the Transferor is discharged [entirely from its Commitment which amounts to $[●]] [from [●] per cent. of its Commitment, which percentage represents $[●]] and the Transferee acquires a Commitment of $[●].]

6 The Transferee undertakes with the Transferor and each of the Relevant Parties that the Transferee will observe and perform all the obligations under the Finance Documents which

clause 27 of the Loan Agreement provides will become binding on it upon this Certificate taking effect.

7 The Agent, at the request of the Transferee (which request is hereby made) accepts, for the Agent itself and for and on behalf of every other Relevant Party, this Certificate as a Transfer Certificate taking effect in accordance with clause 26 of the Loan Agreement.

8 The Transferor:

(a) warrants to the Transferee and each Relevant Party that:

(i) the Transferor has full capacity to enter into this transaction and has taken all corporate action and obtained all consents which are in connection with this transaction; and

(ii) this Certificate is valid and binding as regards the Transferor;

(b) warrants to the Transferee that the Transferor is absolutely entitled, free of encumbrances, to all the rights and interests covered by the assignment in paragraph 4 above; and

(c) undertakes with the Transferee that the Transferor will, at its own expense, execute any documents which the Transferee reasonably requests for perfecting in any relevant jurisdiction the Transferee's title under this Certificate or for a similar purpose.

9 The Transferee:

(a) confirms that it has received a copy of the Loan Agreement and each of the other Finance Documents;

(b) agrees that it will have no rights of recourse on any ground against either the Transferor, the Agent, the Security Trustee or any Lender or the Swap Bank in the event that:

(i) any of the Finance Documents prove to be invalid or ineffective;

(ii) the Borrower or any Security Party fails to observe or perform its obligations, or to discharge its liabilities, under any of the Finance Documents;

(iii) it proves impossible to realise any asset covered by a Security Interest created by a Finance Document, or the proceeds of such assets are insufficient to discharge the liabilities of the Borrower or Security Party under the Finance Documents;

(c) agrees that it will have no rights of recourse on any ground against the Agent, the Security Trustee or any Lender or the Swap Bank in the event that this Certificate proves to be invalid or ineffective;

(d) warrants to the Transferor and each Relevant Party that:

(i) it has full capacity to enter into this transaction and has taken all corporate action and obtained all consents which it needs to take or obtain in connection with this transaction; and

(ii) this Certificate is valid and binding as regards the Transferee; and

(e) confirms the accuracy of the administrative details set out below regarding the Transferee.

10 The Transferor and the Transferee each undertake with the Agent and the Security Trustee severally, on demand, fully to indemnify the Agent and/or the Security Trustee in respect of any claim, proceeding, liability or expense (including all legal expenses) which they or either of them may incur in connection with this Certificate or any matter arising out of it, except such as are shown to have been mainly and directly caused by the gross and culpable negligence or dishonesty of the Agent's or the Security Trustee's own officers or employees.

11 The Transferee shall repay to the Transferor on demand so much of any sum paid by the Transferor under paragraph 10 above as exceeds one-half of the amount demanded by the Agent or the Security Trustee in respect of a claim, proceeding, liability or expense which was not reasonably foreseeable at the date of this Certificate; but nothing in this paragraph shall affect the liability of each of the Transferor and the Transferee to the Agent or the Security Trustee for the full amount demanded by it.

[Name of Transferor]

By:

Date:

[Name of Transferee]

By:

Date:

Agent

Signed for itself and for and on behalf of itself
as Agent and for every other Relevant Party
BNP PARIBAS

By:

Date:

Administrative Details of Transferee

Name of Transferee:
Lending Office:
Contact Person
(Loan Administration Department):
Telephone:
Fax:
Contact Person
(Credit Administration Department):
Telephone:
Fax:
Account for payments:

Note: This Transfer Certificate alone may not be sufficient to transfer a proportionate share of the Transferor's interest in the security constituted by the Finance Documents in the Transferor's or Transferee's jurisdiction. It is the responsibility of each Lender to ascertain whether any other documents are required for this purpose.

SCHEDULE 6

DESIGNATION NOTICE

To: BNP Paribas
35, rue de la Gare – Millénaire 4
75019 Paris
France

as Agent

Attention: [●]

[date]

Dear Sirs

Loan Agreement dated [●] 2018 (the "Loan Agreement") and made between (i) ourselves as Borrower, (ii) the Lenders, (iii) the Swap Bank, (iv) and yourselves as Agent, Security Trustee and as Bookrunner.

We refer to:

1 the Loan Agreement;

2 the Master Agreement dated as of [●] made between ourselves and the Swap Bank; and

3 a Confirmation delivered pursuant to the said Master Agreement dated [●] and addressed by the Swap Bank to us.

In accordance with the terms of the Loan Agreement, we hereby give you notice of the said Confirmation and hereby confirm that the Transaction evidenced by it will be designated as a "Designated Transaction" for the purposes of the Loan Agreement and the Finance Documents.

Yours faithfully

_____

for and on behalf of

DIANA SHIPPING INC.

SCHEDULE 7

SHIPS

	A	B	C	D	E	F	G	H	I
	SHIP	SHIP-OWNING COMPANY	FLAG	YEAR BUILT	CAPACITY (DWT)	TYPE	IMO NUMBER	APPROVED CLASSIFICATION SOCIETY	APPROVED CLASSIFICATION
1	ALCMENE	Majuro Shipping Company Inc.	Marshall Islands	2010	93,193	Bulk Carrier	9568586	Bureau Veritas	XHULL XMACH, Bulk Carrier CSR BC-A (Holds 2, 4 & 6 may be empty) ESP GRAB [20], Unrestricted navigation, XAUT-UMS, XAUT-PORT, MON-SHAFT, XALP, INWATERSURVEY
2	SEATTLE	Toku Shipping Company Inc.	Marshall Islands	2011	179,400	Bulk Carrier	9476848	Nippon Kaiji Kyokai	NS* (CSR, Bulk Carrier-Type A, BC-XII, GRAB 20, Performance Standard for Protective Coatings for Dedicated Seawater Ballast Tanks in All Types of Ships and Double-side Skin Spaces of Bulk Carriers) (ESP) (IWS) (PSCM) MNS*

3	PHAIDRA	Mejato Shipping Company Inc.	Marshall Islands	2013	87,100	Bulk Carrier	9661211	American Bureau of Shipping	XA1, Bulk Carrier, BC-A (holds 2, 4 and 6 may be empty), ESP, E, XAMS, XACCU, CPS, CSR AB-CM
4	ELECTRA	Rakaru Shipping Company Inc.	Marshall Islands	2013	87,000	Bulk Carrier	9661223	China Classification Society	*CSA Bulk Carrier, Double Side Skin; CSR; BC-A (Holds Nos 2,4 & 6 may be Empty);Grab (20);PSPC (B,D);Loading Computer (S,I,G); ESP;In-Water Survey; FTP;BWMP, *CSM, AUT-0;SCM;SEEMP (I)
5	ASTARTE	Ebadon Shipping Company Inc.	Marshall Islands	2013	81,500	Bulk Carrier	9600645	American Bureau of Shipping	XA1, Bulk Carrier, BC-A (holds 2, 4 and 6 may be empty), ESP, E, XAMS, XACCU, CPS, CSR AB-CM
6	G.P.ZAFIRAKIS	Weno Shipping Company Inc.	Marshall Islands	2013	179,134	Bulk Carrier	9671931	Lloyd's Register Classification Society (China) Co., Ltd.	X100A1 Bulk Carrier, CSR, BC-A, Hold nos 2,4,6 & 8 may be empty, GRAB[25], ESP, *IWS, LI, ShipRight(CM, ACS(B)), ECO (IHM), XLMC, UMS

7	P.S. PALIOS	Pulap Shipping Company Inc.	Marshall Islands	2014	179,492	Bulk Carrier	9573103	Bureau Veritas	XHULL X MACH Bulk carrier CSR CPS(WBT) BC-A (holds 2,4, 6 & 8 may be empty) ESP GRAB[20] unrestricted navigation X AUT-UMS, MON-SHAFT, XALP, INWATERSURVEY, LI-HG

SCHEDULE 8

FORM OF COMPLIANCE CERTIFICATE

To: BNP Paribas
35, rue de la Gare – Millénaire 4
75019 Paris
France

Date: [●]

Dear Sirs,

We refer to a loan agreement dated [●] 2018 (the "**Loan Agreement**") made between (1) Diana Shipping Inc. as borrower (the "**Borrower**"), (2) BNP Paribas as swap bank and (3) yourselves and agent, security trustee and bookrunner.

Words and expressions defined in the Loan Agreement shall have the same meaning when used in this compliance certificate.

We enclose with this certificate a copy of the unaudited consolidated financial statements of the Group (as published in the relevant press release) for the 6-month period ended on [●]]/and the audited consolidated annual financial statements of the Group for the Financial Year ended on [●]]. The financial statements (i) have been prepared in accordance with all applicable laws and GAAP consistently applied and (ii) give a true and fair view of the state of affairs of the Borrower, each Guarantor and the Group at the date of the financial statements and of their profit for the period to which the enclosed financial statements relate.

The Borrower and each Guarantor represent that no Event of Default or Potential Event of Default has occurred as at the date of this certificate [except for the following matter or event [*set out all material details of matter or event*]]. In addition as of [●], the Borrower and each Guarantor confirms compliance with the financial covenants set out in clause 11.2 (*Financial Covenants*) of the Loan Agreement and Clause 16.1 (*Minimum required security cover*) for the [6-month period][Financial Year] ending as at the date to which the enclosed financial statements are prepared.

We now certify that, based on the calculations enclosed herein, as at [●]:

(a) the Market Value Adjusted Net Worth of the Group is $[●] per cent. of the Market Value Adjusted Total Assets;

(b) the ratio of Consolidated Net Debt to Market Value Adjusted Total Assets less the aggregate amount of Cash and Cash Equivalents is [●]; and

(c) the aggregate of all Cash and Cash Equivalents is [●].

This Certificate shall be governed by, and construed in accordance with, English law.

_____
Chief Financial Officer
DIANA SHIPPING INC.

EXECUTION PAGE

BORROWER

SIGNED by)
)
for and on behalf of)
DIANA SHIPPING INC.)
in the presence of:)

LENDERS

SIGNED by)
)
for and on behalf of)
BNP PARIBAS)
in the presence of:)

AGENT

SIGNED by)
)
for and on behalf of)
BNP PARIBAS)
in the presence of:)

BOOKRUNNER

SIGNED by)
)
for and on behalf of)
BNP PARIBAS)
in the presence of:)

SECURITY TRUSTEE

SIGNED by)
)
for and on behalf of)
BNP PARIBAS)
in the presence of:)

SWAP BANK

SIGNED by)
)
for and on behalf of)
BNP PARIBAS)
in the presence of:)

Exhibit 4.34

Summary for Diana Shipping Inc. listing prospectus

Athens, Greece 3 December 2018

ANNEX XXII

Disclosure requirements in summaries

'Summaries are made up of disclosure requirements known as 'Elements'. These elements are numbered in Sections A – E (A.1 – E.7).

This summary contains all the Elements required to be included in a summary for this type of securities and Issuer.

Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements.

Even though an Element may be required to be inserted in the summary because of the type of securities and Issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary with the mention of 'not applicable'.

Element		Comments
A.1	**Warning**	this summary should be read as introduction to the prospectus; any decision to invest in the securities should be based on consideration of the prospectus as a whole by the investor; where a claim relating to the information contained in prospectus is brought before a court, the plaintiff investor might, under the national legislation of the Member States, have to bear the costs of translating the prospectus before the legal proceedings are initiated; and civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the prospectus or it does not provide, when read together with the other parts of the prospectus, key information in order to aid investors when considering whether to invest in such securities
A.2	**Consent to use the prospectus by financial intermediaries**	N/A; no consent is granted by the Issuer to the use of the prospectus for subsequent resale or final placement of the Bonds.
Element		**Disclosure requirement**
B.1	**Legal and commercial name**	The legal and commercial name of the Issuer is Diana Shipping Inc.
B.2	**The domicile and legal form of the issuer, the legislation under which the issuer operates and its country of incorporation.**	Diana Shipping Inc. is a corporation with limited liability but not a limited liability company or LLC, incorporated under the laws of the Republic of Marshall Islands with registration number 13671.
B.4b	**A description of any known trends affecting the issuer and the industries in which it operates.**	The below section should be read in conjunction with the risks decribed under the heading "Risk Factors" in the Annual Report on Form 20-F for the year ended December 31, 2017, that summarize the risks that may materially affect the company's business. Changes in national and international economic conditions, including, for example interest rate levels, inflation and employment levels, may influence the valuation of real and financial assets. In turn, this may impact the demand for goods, services and assets globally and thereby the macro economy. The current macroeconomic situation is uncertain and there is a risk of negative developments. Such changes and developments – none of 1 which will be within the control of the Issuer – may negatively impact the Issuer's activities. The values of the Group's vessels are outside of the Issuer's control and depend, among other things, on the global economy, global trade growth, as well as oil and gas prices. On the supply side there are uncertainties tied to ordering of new vessels and scope of future scrapping. The actual residual value of the vessels and/or future contract earnings may be lower than the Issuer estimates. The technical operation of a vessel has a significant impact on the vessel's economic life. Technical risks will always be present. There can be no guarantee that the parties tasked with the technical management of a vessel or overseeing such operation perform their duties according to agreement or satisfaction. Failure to adequately maintain the technical operation of a vessel may adversely impact the operating expenses of the vessel and accordingly any future potential realization values that can be obtained. The Group's performance depends heavily on its counterparties' ability to perform their obligations under agreed charter parties. Default by a counterparty of its obligations under its agreements with a Group Company may have adverse consequences for the overall Group. The counterparty's financial strength will thus be very important. The Group's vessels will operate in a variety of geographic regions. Consequently, the Group may, indirectly through its underlying investments, be exposed to political risk, risk of piracy, corruption, terrorism, outbreak of war, amongst others. The business, financial condition and results of operations of the Group may accordingly be negatively affected if such events do occur.

B.5	**Group**	Diana Shipping Inc. is a global provider of shipping transportation services who specialize in the ownership of dry bulk vessels. As of November 26, 2018 our fleet consists of 48 dry bulk vessels (4 Newcastlemax, 14 Capesize, 5 Post-Panamax, 5 Kamsarmax and 20 Panamax), as well as two Panamax dry bulk vessels, the "Triton" and "Alcyon", that have been sold and expected to be delivered to their new owners at the latest by January 7, 2019. As of the same date, the combined carrying capacity of the fleet, including the m/v Triton and m/v Alcyon, is approximately 5.8 million dwt with a weighted average age of 9.26 years. The commercial and technical management of our fleet, as well as the provision of administrative services relating to our fleet's operations, are carried out by Diana Shipping Services S.A., our wholly-owned subsidiary, and Diana Wilhelmsen Management Limited, a 50/50 joint venture with Wilhelmsen Ship Management. The Group's vessels are employed primarily on medium to long-term time charters and transport a range of dry bulk cargoes, including such commodities as iron ore, coal, grain and other materials along worldwide shipping routes.
B.9	**Profit forecast or estimate**	N/A; the prospectus does not contain any profit forecasts or estimates.
B.10	**Qualifications in the audit report**	N/A; there are no qualifications in the audit report.
B.12	**Significant change in the issuer's financial or trading position**	The selected historical key financial information as set out below has been derived from the Group's audited consolidated financial statements for the years ended 31 December 2017 and 2016, prepared in accordance with generally accepted accounting principles in the United States ("US GAAP"). There has been no material adverse change in the prospects of the Group since 31 December 2017.

CONSOLIDATED STATEMENTS OF OPERATIONS
For the years ended December 31, 2017 and 2016
(Expressed in thousands of U.S. Dollars – except for share and per share data)

	2017	2016
REVENUES:		
Time charter revenues	$ 161,897	$ 114,259
EXPENSES:		
Voyage expenses	8,617	13,826
Vessel operating expenses	90,358	85,955
Depreciation and amortization of deferred charges (Notes 2(l) and 2(m))	87,003	81,578
General and administrative expenses	26,332	25,510
Management fees to related party (Notes 3(b) and 4(d))	1,883	1,464
Impairment loss (Note 5)	442,274	-
Insurance recoveries, net of other loss (Note 5)	(10,879)	-
Gain on contract termination	-	(5,500)
Other loss/(income)	296	(253)
Operating loss	$ (483,987)	$ (88,321)
OTHER INCOME / (EXPENSES):		
Interest and finance costs (Note 10)	(26,628)	(21,949)
Interest and other income (Note 4(b))	4,508	2,410
Loss from equity method investments (Note 3)	(5,607)	(56,377)
Total other expenses, net	$ (27,727)	$ (75,916)
Net loss	$ (511,714)	$ (164,237)
Dividends on series B preferred shares (Notes 9(a) and 11)	(5,769)	(5,769)
Net loss attributed to common stockholders	$ (517,483)	$ (170,006)
Loss per common share, basic and diluted (Note 11)	$ (5.41)	$ (2.11)
Weighted average number of common shares, basic and diluted (Note 11)	95,731,093	80,441,517

DIANA SHIPPING INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
For the years ended December 31, 2017 and 2016)
(Expressed in thousands of U.S. Dollars)

	2017	2016
Net loss	$ (511,714)	$ (164,237)
Other comprehensive income/(loss) (Actuarial gain/(loss))	109	(84)
Comprehensive loss	$ (511,605)	$ (164,321)

CONSOLIDATED BALANCE SHEETS
December 31, 2017 and 2016
(Expressed in thousands of U.S. Dollars – except for share and per share data)

	2017	2016
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents (Note 2(e))	$ 40,227	$ 98,142
Accounts receivable, trade (Note 2(f))	4,937	5,903
Due from related parties (Notes 2(g) and 4(b))	82,660	102
Inventories (Note 2(h))	5,770	5,860
Prepaid expenses and other assets	5,167	5,309
Total current assets	138,761	115,316
FIXED ASSETS:		
Advances for vessels under construction and acquisitions and other vessel costs	-	46,863
Vessels net book value (Note 5)	1,053,578	1,403,912
Property and equipment, net (Note 6)	22,650	23,114
Total fixed assets	1,076,228	1,473,889
OTHER NON-CURRENT ASSETS:		
Restricted cash (Notes 2(e) and 7)	25,582	23,000
Due from related parties, non-current (Notes 2(g) and 4(b))	-	45,417
Investments in related parties (Notes 2(v) and 3)	3,249	6,014
Deferred charges, net (Notes 2(m), 2(n) and 5)	2,902	5,027
Total assets	$ 1,246,722	$ 1,668,663
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Current portion of long-term debt, net of deferred financing costs, current (Note 7)	$ 60,763	$ 65,072
Accounts payable, trade and other	7,954	6,572
Due to related parties (Note 4(a) and 4(d))	271	25
Accrued liabilities	8,246	5,734
Deferred revenue	3,207	822
Total current liabilities	80,441	78,225
Long-term debt, net of current portion and deferred financing costs, non-current (Note 7)	540,621	533,109
Other non-current liabilities	902	740
Commitments and contingencies (Note 8)	-	-
STOCKHOLDERS' EQUITY:		
Preferred stock (Note 9(a))	26	26
Common stock, $0.01 par value; 200,000,000 shares authorized and 106,131,017 and 84,696,017 issued and outstanding at December 31, 2017 and 2016, respectively (Note 9(b) and (c))	1,061	847
Additional paid-in capital	1,070,500	985,171
Accumulated other comprehensive income	294	185
Retained earnings/(Accumulated deficit)	(447,123)	70,360
Total stockholders' equity	624,758	1,056,589
Total liabilities and stockholders' equity	$ 1,246,722	$ 1,668,663

CONSOLIDATED STATEMENTS OF CASH FLOWS
For the years ended December 31, 2017 and 2016
(Expressed in thousands of U.S. Dollars)

	2017	2016
Cash Flows from Operating Activities:		
Net loss	$ (511,714)	$ (164,237)
Adjustments to reconcile net loss to net cash from operating activities:		
Depreciation and amortization of deferred charges	87,003	81,578
Impairment loss (Note 5)	442,274	-
Amortization of financing costs (Note 10)	1,455	1,503
Amortization of free lubricants benefit	-	(15)
Compensation cost on restricted stock (Note 9(d))	8,232	8,313
Actuarial gain/(loss)	109	(84)
Gain from insurance recoveries, net of other loss (Note 5)	(10,879)	-
Gain on shipbuilding contract termination	-	(278)
Loss from equity method investments, net of dividends (Note 3)	5,607	56,377
(Increase) / Decrease in:		
Receivables	966	(1,391)
Due from related parties	(141)	3,334
Inventories	90	391
Prepaid expenses and other assets	142	620
Increase / (Decrease) in:		
Accounts payable	1,382	(2,391)
Due to related parties	246	(39)
Accrued liabilities, net of accrued preferred dividends	2,512	(715)
Deferred revenue	2,385	(1,592)
Other liabilities	162	117
Drydock costs	(6,418)	(2,489)
Net cash provided by / (used in) Operating Activities	$ 23,413	$ (20,998)
Cash Flows from Investing Activities:		
Payments for vessel acquisitions, improvements and construction (Note 5)	(125,781)	(50,911)
Proceeds from vessel sale, net of expenses (Note 5)	2,032	-
Proceeds from insurance contract, net of expenses (Note 5)	11,362	-
Proceeds from sale of investment (Note 3)	158	-
Proceeds from shipbuilding contract termination (Notes 5)	-	9,413
Cash dividends from investment in Diana Containerships Inc. (Note 3(a))	-	96
Loan to Diana Containerships Inc. (Note 4(b))	(40,000)	-
Joint venture investment (Note 3(b))	-	-
Payments for plant, property and equipment (Note 6)	(104)	(217)
Net cash used in Investing Activities	$ (152,333)	$ (41,619)
Cash Flows from Financing Activities:		
Proceeds from long-term debt (Note 7)	57,240	39,265
Proceeds from issuance of common stock, net of expenses (Note 9(c))	77,311	-
Cash dividends on preferred stock	(5,769)	(5,769)
Payments for repurchase of common stock (Note 9(e))	-	-
Financing costs	(31)	(466)
Loan payments (Note 7)	(55,164)	(42,489)
Net cash provided by / (used in) Financing Activities	$ 73,587	$ (9,459)
Net decrease in cash, cash equivalents and restricted cash	(55,333)	(72,076)
Cash, cash equivalents and restricted cash at beginning of the year	121,142	193,218
Cash, cash equivalents and restricted cash at end of the year	$ 65,809	$ 121,142
RECONCILIATION OF CASH, CASH EQUIVALENTS AND RESTRICTED CASH		
Cash and cash equivalents	$ 40,227	$ 98,142
Restricted cash	25,582	23,000
Cash, cash equivalents and restricted cash	$ 65,809	$ 121,142
SUPPLEMENTAL CASH FLOW INFORMATION		
Related party loan reduction in exchange for preferred shares (Note 4(b))	$ 3,000	$ -
Interest, net of amounts capitalized	$ 24,503	$ 19,265

DIANA SHIPPING INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
For the years ended December 31, 2017 and 2016
(Expressed in thousands of U.S. Dollars – except for share and per share data)

	Preferred Stock		Common Stock					
	# of Shares	Par Value	# of Shares	Par Value	Additional Paid-in Capital	Other Comprehensive Income / (Loss)	Retained Earnings/ (Accumulated Deficit)	Total Equity
BALANCE, December 31, 2015	2,600,000	$ 26	82,546,017	$ 825	$ 976,880	$ 269	$ 240,366	$ 1,218,366
Net loss	-	$ -	-	$ -	$ -	$ -	$ (164,237)	$ (164,237)
Issuance of restricted stock and compensation cost (Note 9(d))	-	-	2,150,000	22	8,291	-	-	8,313
Dividends on series B preferred stock (Note 9(a))	-	-	-	-	-	-	(5,769)	(5,769)
Other comprehensive loss	-	-	-	-	-	(84)	-	(84)
BALANCE, December 31, 2016	2,600,000	$ 26	84,696,017	$ 847	$ 985,171	$ 185	$ 70,360	$ 1,056,589
Net loss	-	$ -	-	$ -	$ -	$ -	$ (511,714)	$ (511,714)
Issuance of common stock (Note 9(c))	-	-	20,125,000	201	77,110	-	-	77,311
Issuance of restricted stock and compensation cost (Note 9(d))	-	-	1,310,000	13	8,219	-	-	8,232
Dividends on series B preferred stock (Note 9(a))	-	-	-	-	-	-	(5,769)	(5,769)
Other comprehensive income	-	-	-	-	-	109	-	109
BALANCE, December 31, 2017	2,600,000	$ 26	106,131,017	$ 1,061	$ 1,070,500	$ 294	$ (447,123)	$ 624,758

B.13	**Recent events relevant to the evaluation of the issuer's solvency**	There have been no recent events particular to the Issuer which are to a material extent relevant to the evaluation of the issuer's solvency.
B.14	**If the issuer is dependent upon other entities within the group, this must be clearly stated**	Diana Shipping Inc., as parent company, is dependent upon all of its subsidiaries, and in particular the vessel owning single purpose companies and the wholly-owned subsidiary Diana Shipping Services S.A. and the established 50/50 joint venture with Wilhelmsen Ship Management named Diana Wilhelmsen Management Limited in Cyprus. A significant part of the cash flow generation required to service the parent company's obligations originate from these subsidiaries.
B.15	**Principal activities**	The Group's vessels are employed primarily on medium to long-term time charters and transport a range of dry bulk cargoes, including such commodities as iron ore, coal, grain and other materials along worldwide shipping routes.
B.17	**Credit ratings**	N/A; Diana Shipping Inc. do not have any public credit rating
Element		**Disclosure requirement**
C.1	**Type of class of securities being offered**	The Bonds will constitute senior debt obligations of the Issuer. The Bonds shall rank at least pari passu with each other and with all other senior unsecured obligations of the Issuer other than obligations which are mandatorily preferred by law. The Bonds shall rank ahead of subordinated capital. The Bond Issue is unsecured.
C.2	**Currency of the securities issue.**	The Bonds have been issued in USD and will be quoted and traded in USD.
C.5	**Any restrictions on the free transferability of the securities.**	The Bonds are freely transferable and may be pledged, subject to the following: (i) Bondholders will not be permitted to transfer the Bonds except (a) subject to an effective registration statement under the U.S. Securities Act, (b) to a person that the bondholder reasonably believes is a QIB within the meaning of Rule 144A that is purchasing for its own account, or the account of another QIB, in a transaction meeting the requirements of Rule 144A, (c) in an offshore transaction, including a transaction on the Oslo Børs, meeting the requirements of Regulation S under the U.S. Securities Act, , and (d) pursuant to any other exemption from registration under the U.S. Securities Act, including Rule 144 thereunder (if available). Page 13 (ii) Bondholders may be subject to purchase or transfer restrictions with regard to the Bonds, as applicable from time to time under local laws to which a Bondholder may be subject (due e.g. to its nationality, its residency, its registered address, its place(s) for doing business). Each Bondholder must ensure compliance with local laws and regulations applicable at own cost and expense.
C.8	**Rights attached to the securities**	**Limitation of rights of action** (a) No Bondholder is entitled to take any enforcement action, instigate any insolvency procedures, or take other action against the Issuer or any other party in relation to any of the liabilities of the Issuer or any other party under or in connection with the Finance Documents, other than through the Bond Trustee and in accordance with these Bond Terms, provided, however, that the Bondholders shall not be restricted from exercising any of their individual rights derived from these Bond Terms, including the right to exercise the Put Option. (b) Each Bondholder shall immediately upon request by the Bond Trustee provide the Bond Trustee with any such documents, including a written power of attorney (in form and substance satisfactory to the Bond Trustee), as the Bond Trustee deems necessary for the purpose of exercising its rights and/or carrying out its duties under the Finance Documents. The Bond Trustee is under no obligation to represent a Bondholder which does not comply with such request. **Bondholders' rights** (a) If a beneficial owner of a Bond not being registered as a Bondholder wishes to exercise any rights under the Finance Documents, it must obtain proof of ownership of the Bonds, acceptable to the Bond Trustee. (b) A Bondholder (whether registered as such or proven to the Bond Trustee's satisfaction to be the beneficial owner of the Bond as set out in paragraph (a) above) may issue one or more powers of attorney to third parties to represent it in relation to some or all of the Bonds held or beneficially owned by such Bondholder. The Bond Trustee shall only have to examine the face of a power of attorney or similar evidence of authorisation that has been provided to it pursuant to this Clause 3.3 (Bondholders' rights) and may assume that it is in full force and effect, unless otherwise is apparent from its face or the Bond Trustee has actual knowledge to the contrary.

C.9	**C.8 plus:** **"the nominal interest rate"** **"the date from which interest becomes payable and the due dates for interest"** **"where the rate is not fixed, description of the underlying on which it is based"** **"maturity date and arrangements for the amortisation of the loan, including the repayment procedures"** **"an indication of yield"** **"name of representative of debt security holders"**	Coupon rate: 9.50% p.a., semi-annual interest payments. Interest Payments: Interest will start to accrue on Settlement Date and shall be payable semi-annually in arrears on the interest payment day in March and September each year (each an "Interest Payment Date"). Day count fraction for coupon is "30/360", business day convention is "unadjusted" and business day is "Oslo", "London" and "New York". Maturity Date:27 September 2023 (5 years after Settlement Date). Amortization: The Bonds shall be repaid in full at the Maturity Date at 100% of nominal value (plus accrued interest on redeemed Bonds). Yield: Investors wishing to invest in the Bonds after the Issue Date must pay the market price for the Bonds in the secondary market at the time of purchase. Depending on the development in the bond market in general and the development of the Issuer, the price of the Bonds may have increased (above par) or decreased (below par). If the price has increased, the yield for the purchaser in the secondary market will be lower than the Interest Rate of the Bonds and vice versa. If the Bonds are bought and sold at par value the yield will be the same as the Interest Rate (9.50% per annum).
C.10	**C.9 plus:** **"if the security has a derivative component in the interest payment, provide a clear and comprehensive explanation to help investors understand how the value of their investment is affected by the value of the underlying instrument(s), especially under the circumstances when the risks are most evident"**	N/A; the Bonds bear fixed interest at the rate of 9.50% per annum
C.11	**An indication as to whether the securities offered are or will be the object of an application for admission to trading, with a view to their distribution in a regulated market or other equivalent markets with indication of the markets in question.**	An application will be made for the Bonds to be listed on Oslo Stock Exchange.

Element		Disclosure requirement
D.2	**Key information on the key risks that are specific to the issuer.**	The below section should be read in conjunction with the risks decribed under the heading "Risk Factors" in the Annual Report on Form 20-F for the year ended December 31, 2017, that summarize the risks that may materially affect the company's business. **Industry Specific Risk Factors** Charter hire rates for dry bulk carriers may remain at low levels or decrease in the future, which may adversely affect our earnings. The dry bulk carrier charter market remains significantly below its high in 2008, which has had and may continue to have an adverse effect on our revenues, earnings and profitability, and may affect our ability to comply with our loan covenants. If economic conditions throughout the world decline, in particular in the EU, in China and the rest of the Asia-Pacific region, it could negatively affect our earnings, financial condition and cash flows and may further adversely affect the market price of our common shares. A decrease in the level of China's export of goods or an increase in trade protectionism could have a material adverse impact on our charterers' business and, in turn, could cause a material adverse impact on our earnings, financial condition and cash flows. A decline in the state of global financial markets and economic conditions may adversely impact our ability to obtain additional financing or refinance our existing loan and credit facilities on acceptable terms which may hinder or prevent us from expanding our business. An over-supply of dry bulk carrier capacity may prolong or further depress the current low charter rates and, in turn, adversely affect our profitability. Risks associated with operating ocean-going vessels could affect our business and reputation, which could adversely affect our revenues and stock price. **Company Specific Risk Factors** The market values of our vessels have declined in recent years and may further decline, which could limit the amount of funds that we can borrow and could trigger breaches of certain financial covenants contained in our loan facilities, which could adversely affect our operating results, and we may incur a loss if we sell vessels following a decline in their market values. We charter some of our vessels on short-term time charters in a volatile shipping industry and a decline in charter hire rates could affect our results of operations and our ability to pay dividends. Rising crew costs could adversely affect our results of operations. Our involvement with Diana Containerships Inc. may expose us to risks which may adversely affect our financial condition. Our investment in Diana Wilhelmsen Management Limited may expose us to additional risks. The effects of the recent Greek crisis could adversely affect the operations of our fleet manager, which has offices in Greece. A cyber-attack could materially disrupt our business. 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 earnings may be adversely affected if we are not able to take advantage of favorable charter rates. Investment in derivative instruments such as forward freight agreements could result in losses.

		We may have difficulty effectively managing any further growth, which may adversely affect our earnings. We cannot assure you that we will be able to borrow amounts under our loan facilities and restrictive covenants in our loan facilities impose financial and other restrictions on us. We cannot assure you that we will be able to refinance indebtedness incurred under our loan facilities. Purchasing and operating secondhand vessels may result in increased operating costs and reduced operating days, which may adversely affect our earnings. We are subject to certain risks with respect to our counterparties on contracts, and failure of such counterparties to meet their obligations could cause us to suffer losses or otherwise adversely affect our business. In the highly competitive international shipping industry, we may not be able to compete for charters with new entrants or established companies with greater resources, and as a result, we may be unable to employ our vessels profitably. 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. The fiduciary duties of our officers and directors may conflict with those of the officers and director of Diana Containerships. We may not have adequate insurance to compensate us if we lose our vessels or to compensate third parties. Our vessels may suffer damage and we may face unexpected drydocking costs, which could adversely affect our cash flow and financial condition. The aging of our fleet may result in increased operating costs in the future, which could adversely affect our earnings. We are exposed to U.S. dollar and foreign currency fluctuations and devaluations that could harm our reported revenue and results of operations. Volatility in the London Interbank Offered Rate, could affect our profitability, earnings and cash flow. We depend upon a few significant customers for a large part of our revenues and the loss of one or more of these customers could adversely affect our financial performance. We are a holding company, and we depend on the ability of our subsidiaries to distribute funds to us in order to satisfy our financial obligations. Because we are organized under the laws of the Marshall Islands, it may be difficult to serve us with legal process or enforce judgments against us, our directors or our management. The international nature of our operations may make the outcome of any bankruptcy proceedings difficult to predict. If we expand our business further, we may need to improve our operating and financial systems and will need to recruit suitable employees and crew for our vessels. We may have to pay tax on U.S. source income, which would reduce our earnings. U.S. federal tax authorities could treat us as a “passive foreign investment company”, which could have adverse U.S. federal income tax consequences to U.S. shareholders.
D.3	**Key information on the key risks that are specific to the securities**	**Bond Specific Risk Factors** Under the terms of the Bond issue the Issuer is permitted to incur liabilities that will rank senior in priority to the Bonds, including, Inter Alia, Senior Secured Bank Debt. Mandatory prepayment events may lead to a prepayment of the Bonds in circumstances where an investor may not be able to reinvest the prepayment proceeds at an equivalent rate of interest. Bankruptcy and insolvency proceedings may prove difficult depending on which jurisdiction proceedings are opened in, and the Issuer's liabilities in respect of the Bonds may rank junior to certain of the Issuer's debts including the Issuer’s Senior Secured Bank Debt. There will only be a limited trading market for the Bonds. The market price of the Bonds may be volatile. The bondholders will be subject to restrictions on transfers of the Bonds. The terms and conditions of the Bond Terms will allow for modification of the Bonds or security, waivers or authorizations of breaches and substitution of the Issuer which, in certain circumstances, may be affected without the consent of bondholders. Legal investment considerations may restrict certain investments. The Issuer may incur substantial indebtedness. The Issuer’s ability to service its indebtedness depends on many factors beyond its control. The Bonds may not be a suitable investment for all investors. Fulfilment of conditions precedent.

		The terms and conditions of the Bond Terms will impose significant operating and financial restrictions, which may prevent the Issuer from capitalizing on business opportunities and taking some actions. The price of the Bonds is subject to risks of interest rate and currency fluctuation. Significant changes in exchange rates may have a material adverse effect on the value of the principal payable on the Bonds. The Bonds may be subject to optional redemption by the Issuer, which may have a material adverse effect on the value of the Bonds, and in such circumstances an investor may not be able to reinvest the redemption proceeds at an equivalent rate of interest. The enforcement of rights as a bondholder across multiple jurisdictions may prove difficult. Furthermore, in the event any bondholder's rights as a bondholder have been infringed, it may be difficult to enforce judgments against the Issuer or its respective directors or management. Change of law.
Element		**Disclosure requirement**
E.2b	**Reasons for the offer and use of proceeds when different from making profit and/or hedging certain risks.**	N/A; there will be no public offering of the Bonds
E.3	**A description of the terms and conditions of the offer.**	N/A; there will be no public offering of the Bonds
E.4	**A description of any interest that is material to the issue/offer including conflicting interests.**	N/A; there will be no public offering of the Bonds
E.7	**Estimated expenses charged to the investor by the issuer or the offeror**	N/A; there will be no public offering of the Bonds

Exhibit 4.35

Securities Note

Diana Shipping Inc.

9.50% USD 100,000,000 Senior Unsecured Callable Bond Issue 2018/2023

ISIN: NO0010832868

Arrangers:

As Joint Lead Managers

Athens, Greece 3 December 2018

This Security Note does not constitute an offer to buy, subscribe or sell the securities described herein.

This Securities Note combined with the Registration Document and Summary serves as a listing Prospectus as required by applicable laws and no securities are being offered or sold pursuant to this Prospectus.

IMPORTANT INFORMATION

The Securities Note has been prepared in connection with listing of the securities at Oslo Stock Exchange. The Norwegian FSA ("Finanstilsynet") has controlled and approved the Securities Note pursuant to Section 7-7 of the Norwegian Securities Trading Act. Finanstilsynet has not controlled and approved the accuracy or completeness of the information given in the Securities Note. The control and approval performed by the Norwegian FSA relates solely to descriptions included by the Partnership according to a pre-defined list of content requirements. The Norwegian FSA has not undertaken any form of control or approval of corporate matters described in or otherwise covered by the Securities Note. The Securities Note was approved by the Norwegian FSA on 3 December 2018.

New information that is significant for the Borrower or its subsidiaries may be disclosed after the Securities Note has been made public, but prior to listing of the Loan. Such information will be published as a supplement to the Securities Note pursuant to Section 7-15 of the Norwegian Securities Trading Act. On no account must the publication or the disclosure of the Securities Note give the impression that the information herein is complete or correct on a given date after the date on the Securities Note, or that the business activities of the Borrower or its subsidiaries may not have been changed.

Only the Borrower and the Joint Lead Managers are entitled to procure information about conditions described in the Securities Note. Information procured by any other person is of no relevance in relation to the Securities Note and cannot be relied on.

Unless otherwise stated, the Securities Note is subject to Norwegian law. In the event of any dispute regarding the Securities Note, Norwegian law will apply.

In certain jurisdictions, the distribution of the Securities Note may be limited by law, for example in the United States of America or in the United Kingdom. Approval of the Securities Note by the Norwegian FSA implies that the Note may be used in any EEA country. No other measures have been taken to obtain authorization to distribute the Securities Note in any jurisdiction where such action is required. Persons that receive the Securities Note are ordered by the Borrower and the Co-Lead Managers to obtain information on and comply with such restrictions.

This Securities Note is not an offer to sell or a request to buy bonds.

The Securities Note dated 3 December 2018 together with the Registration Document dated 3 December 2018 and the Summary dated 3 December 2018 constitutes the Prospectus.

The content of the Securities Note does not constitute legal, financial or tax advice and bond owners should seek legal, financial and/or tax advice.

Contact the Issuer to receive copies of the Securities Note.

Factors which are material for the purpose of assessing the market risks associated with Bond:

The Bonds may not be a suitable investment for all investors. Each potential investor in the Bonds must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

(i) have sufficient knowledge and experience to make a meaningful evaluation of the Bonds, the merits and risks of investing in the Bonds and the information contained or incorporated by reference in this Securities Note and/or Registration Document or any applicable supplement;

(ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Bonds and the impact the Bonds will have on its overall investment portfolio;

(iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Bonds, including where the currency for principal or interest payments is different from the potential investor's currency;

(iv) understand thoroughly the terms of the Bonds and be familiar with the behavior of the financial markets; and

(v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

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1 RISK FACTORS

Prior to any decision to invest in the Bonds, potential investors should carefully read and assess the following specific risks and the other information contained in this presentation. An investment in the bonds is suitable only for investors who understand the risk factors associated with this type of investment and who can afford a loss of all or part of their investment.

If any of the risks presented below materializes, individually or together with other circumstances, the business, financial position and operating results of the Issuer and the Group could be materially and adversely affected and the price of the Bonds may decline, causing investors to lose all or part of their invested capital.

The primary risk factors in connection with an investment in the bonds are described below. The description below is not exhaustive and the sequence of the risk factors is not set out according to importance. A prospective investor should carefully consider the factors set out below and elsewhere in this Presentation, including but not limited to the cost structure for both the Issuer and the investors, as well as the investors' current and future tax position.

The below described risk factors are supplemented by the risks described under the heading "Risk Factors" in our Annual Report on Form 20-F for the year ended December 31, 2017 that summarize the risks that may materially affect the Issuer's business.

Bond Specific Risk Factors

- **Un**der the terms of the Bond issue the Issuer is permitted to incur liabilities that will rank senior in priority to the Bonds, including, Inter Alia, Senior Secured Bank Debt.
- Mandatory prepayment events may lead to a prepayment of the Bonds in circumstances where an investor may not be able to reinvest the prepayment proceeds at an equivalent rate of interest.
- Bankruptcy and insolvency proceedings may prove difficult depending on which jurisdiction proceedings are opened in, and the Issuer's liabilities in respect of the Bonds may rank junior to certain of the Issuer's debts including the Issuer's Senior Secured Bank Debt.
- There will only be a limited trading market for the Bonds.
- The market price of the Bonds may be volatile.
- The bondholders will be subject to restrictions on transfers of the Bonds.
- The terms and conditions of the Bond Terms will allow for modification of the Bonds or security, waivers or authorizations of breaches and substitution of the Issuer which, in certain circumstances, may be affected without the consent of bondholders.
- Legal investment considerations may restrict certain investments.
- The Issuer may incur substantial indebtedness.
- The Issuer's ability to service its indebtedness depends on many factors beyond its control.
- The Bonds may not be a suitable investment for all investors.
- Fulfilment of conditions precedent.
- The terms and conditions of the Bond Terms will impose significant operating and financial restrictions, which may prevent the Issuer from capitalizing on business opportunities and taking some actions.
- The price of the Bonds is subject to risks of interest rate and currency fluctuation.
- Significant changes in exchange rates may have a material adverse effect on the value of the principal payable on the Bonds.

- The Bonds may be subject to optional redemption by the Issuer, which may have a material adverse effect on the value of the Bonds, and in such circumstances an investor may not be able to reinvest the redemption proceeds at an equivalent rate of interest.

- The enforcement of rights as a bondholder across multiple jurisdictions may prove difficult. Furthermore, in the event any bondholder's rights as a bondholder have been infringed, it may be difficult to enforce judgments against the Issuer or its respective directors or management.

- Change of law.

2 RESPONSIBILITY STATEMENT

This Prospectus has been prepared by Diana Shipping Inc. in connection with the Bond Issue and an investment therein. Diana Shipping Inc. confirms that it has taken all reasonable care to ensure that such is the case, the information contained in the Prospectus is, to the best of Diana Shipping Inc.'s knowledge, in accordance with the facts and contains no omission likely to affect its import.

Athens, Greece 3 December 2018

Simeon P. Palios

Chief Executive Officer and Chairman of the Board

Andreas Michalopoulos

Director, Chief Financial Officer and Treasurer

Diana Shipping Inc.

c/o Diana Shipping Services S.A.

Pendelis 16

175 64 Palaio Faliro

Athens, Greece

3 THIRD PARTY INFORMATION

If not otherwise indicated, Diana Shipping Inc. is the source of information in this Prospectus. Information which has been sourced from a third party has been accurately reproduced. As far as the Issuer is aware and able to ascertain from information published by such third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading.

4 INFORMATION CONCERNING THE SECURITIES

Reference name of the Bond Issue:	9.50% USD 100,000,000 Senior Unsecured Callable Bond Issue 2018/2023
ISIN:	NO0010832868
Issue date:	14 September 2018
Issuer:	Diana Shipping Inc. (a Marshall Islands corporation with registration number 13671) with LEI number 549300XD7FHNJ0THIV12
Group:	Means the Issuer and its Subsidiaries from time to time. A "Group Company" means the Issuer or any of its subsidiaries.
Currency:	USD
Borrowing Limit:	USD 125,000,000
Issue Amount/First Tranche:	USD 100,000,000
Coupon rate:	9.50% p.a., semi-annual interest payments.
Settlement Date:	27 September 2018. Notice is expected to be given to subscribers minimum two banking days prior to the Settlement Date.
Maturity Date:	27 September 2023 (5 years after Settlement Date).
First Interest Payment Date:	27 March 2018 (6 months after Settlement Date).
Last Interest Payment Date:	Maturity Date.
Interest Payments:	Interest will start to accrue on Settlement Date and shall be payable semi-annually in arrears on the interest payment day in March and September each year (each an "Interest Payment Date"). Day count fraction for coupon is "30/360", business day convention is "unadjusted" and business day is "Oslo", "London" and "New York".
Issue Price:	100% of nominal value
Yield:	Investors wishing to invest in the Bonds after the Issue Date must pay the market price for the Bonds in the secondary market at the time of purchase. Depending on the development in the bond market in general and the development of the Issuer, the price of the Bonds may have increased (above par) or decreased (below par). If the price has increased, the yield for the purchaser in the secondary market will be lower than the Interest Rate of the Bonds and vice versa. If the Bonds are bought and sold at par value the yield will be the same as the Interest Rate (9.50% per annum).
Amortization:	The Bonds shall be repaid in full at the Maturity Date at 100% of nominal value (plus accrued interest on redeemed Bonds).
Nominal value:	The Bonds will have a nominal value of USD 50,000 each.
Tap Issues:	The Issuer may at one or more occasions issue additional Bonds under the Bond Issue up to an aggregate amount equal to the Borrowing Limit (each such issue a "Tap Issue"). For Tap Issues not falling on an Interest Payment Date, accrued interest will be calculated using standard market practice in the secondary bond market.
Status of the Bonds:	The Bonds will constitute senior debt obligations of the Issuer. The Bonds shall rank at least pari passu with each other and with all other senior unsecured obligations of the Issuer other than obligations which are

	mandatorily preferred by law. The Bonds shall rank ahead of subordinated capital. The Bond Issue is unsecured.
Purpose of the Bonds:	The net proceeds from the Bonds shall be used for (i) prepayment in full of the Existing Notes (as defined below) and/or prepayment, in full or in part, or refinancing of other debt of the Group, and (ii) general corporate purposes.
Existing Notes:	The senior unsecured notes due 15 May 2020 with ISIN MHY2066G1200 with a total outstanding amount of USD 63.25 million and issued by the Issuer.
Call Options (American):	The Issuer may redeem the Bonds (in whole or in parts) as follows: (i) at any time from and including the Interest Payment Date falling 3 years after Settlement Date to, but not including, the Interest Payment Date falling 4 years after Settlement Date at a price equal to 103.8% of nominal value (plus accrued interests on the redeemed Bonds); (ii) at any time from and including the Interest Payment Date falling 4 years after Settlement Date to, but not including, the Interest Payment Date falling 4 years and 6 months after Settlement Date at a price equal to 101.9% of nominal value (plus accrued interests on the redeemed Bonds); (iii) at any time from and including the Interest Payment Date falling 4 years and 6 months after Settlement Date to, but not including, the Final Maturity Date at a price equal to 100.00% of nominal value (plus accrued interests on the redeemed Bonds).
Representations and warranties:	Standard representations and warranties as per the Trustee's rider for representations and warranties. The representations and warranties shall be made on the execution date of the relevant Finance Document, and shall be deemed to be repeated on the Settlement Date and, in case of a Tap Issue, on the date of issuance of any additional Bonds.
General Undertakings:	During the term of the Bonds, the Issuer shall (unless the Trustee or the Bondholders' Meeting (as the case may be) in writing have agreed otherwise) comply with the following general undertakings at any time: a) Merger: The Issuer shall not, and shall ensure that no other Group Company shall, carry out any merger or other business combination or corporate reorganization involving a consolidation of the assets and obligations of the Issuer or any other Group Company with any other companies or entities if such transaction would have a Material Adverse Effect. b) De-mergers: The Issuer shall not, and shall ensure that no other Group Company shall, carry out any de-merger or other corporate reorganization involving a split of the Issuer or any other Group Company into two or more separate companies or entities, if such transaction would have a Material Adverse Effect. c) Continuation of business: The Issuer shall procure that no material change is made to the general nature of the business of the Group and/or the Issuer from that carried on at the date of the Bond Terms. d) Corporate status: The Issuer shall not change its type of organization or jurisdiction of organization. e) Disposal of business: The Issuer shall not, and shall procure that

the other Group Companies shall not, sell or otherwise dispose of all or substantially all of the Group's assets or operations to any person not being a member of the Group, unless such sale, transfer or disposal is carried out in the ordinary course of business and would not have a Material Adverse Effect.

f) Arm's length transactions: The Issuer shall not, and the Issuer shall ensure that no other Group Company shall, enter into any transaction with any person except on arm's length terms and for fair market value.

g) Compliance with laws: The Issuer shall, and shall ensure that all other Group Companies shall, carry on its business in accordance with acknowledged, careful and sound practices in all aspects and comply in all respects with all laws and regulations it or they may be subject to from time to time. Breach of these obligations shall be regarded as non-compliance only if such breach would have a Material Adverse Effect.

h) Litigations: The Issuer shall, promptly upon becoming aware of them, send the Trustee such relevant details of any:

(i) litigations, arbitrations or administrative proceedings which have been or might be started by or against any Group Company and which, if decided adversely is likely to have a Material Adverse Effect; and

(ii) other events which have occurred or might occur and which is likely to have a Material Adverse Effect.

i) Reporting: The Issuer shall of its own accord make its Annual Financial Statements available to the Trustee and on its web pages for public distribution not later than 120 days after the end of each financial year and Interim Accounts not later than 60 days after the end of each 3 months interim period (each such date a "Reporting Date"). Such reports shall be prepared in accordance with GAAP, and include a profit and loss account, balance sheet, cash flow statement and management commentary or report from the Board of Directors in the form in which the Issuer is required to file them with the SEC pursuant to Section 13 or 15(d) of the Exchange Act.

Special Undertakings:

During the term of the Bonds, the Issuer shall (unless the Trustee or the Bondholders' Meeting (as the case may be) in writing have agreed otherwise) comply with the following special covenants at any time:

a) Distribution Restrictions: If (i) an Event of Default or an event or circumstance which, with the giving of any notice or the lapse of time, would constitute an Event of Default (a "Default") has occurred and is continuing, (ii) an Event of Default or a Default would result therefrom, (iii) the Issuer is not in compliance with the Financial Covenants, (iv) the making of any Distribution by the Issuer or a Subsidiary would result in the Issuer not being in compliance with the Financial Covenants or (v) if, as a result of a Distribution by the Issuer or a Subsidiary, except a Preferred Share Distribution, the Remaining Cash Position is less than the Remaining Cash Requirement, the Issuer shall not declare or make any Distribution.

b) Subsidiary distribution: Save for obligations under any Financial Indebtedness, the Issuer shall not permit any Subsidiary to create or permit to exist any contractual obligation (or encumbrance) restricting the right of any Subsidiary to:

(i) pay dividends or make other Distributions to its shareholders;
(ii) service any Financial Indebtedness to the Issuer;
(iii) make any loans to the Issuer; or
(iv) transfer any of its assets and properties to the Issuer;

if the creation of such contractual obligation is reasonably likely to prevent the Issuer from complying with its payment obligations under the Bond Terms.

c) Negative pledge: The Issuer shall not, and shall ensure that no Group Company shall, create, permit to subsist or allow to exist any mortgage, pledge, lien or any other encumbrance over any of its present or future respective assets (including shares in Subsidiaries) or its revenues, other than the encumbrances granted to secure any of the following:

(i) the Permitted Security;

(ii) any netting or set-off arrangement entered into by the Issuer or any other Group Company (as the case may be) in the ordinary course of its banking arrangements for the purpose of netting debt and credit balances of the Issuer (if applicable); and

(iii) any lien arising by operation of law.

d) Financial Indebtedness restrictions: The Issuer shall not, and shall ensure that no Group Company shall, incur, create or permit to subsist any Financial Indebtedness (including guarantees) other than the Permitted Financial Indebtedness (as defined below).

e) Financial support restrictions: The Issuer shall not and shall ensure that no other Group Company shall, grant any loans, guarantees or other financial assistance (including, but not limited to granting of security) ("Financial Support") to or for the benefit of any third party or other Group Company, other than any Financial Support granted:

(i) in connection with Permitted Financial Indebtedness; and

(ii) in the ordinary course of business.

f) Insurances: The Issuer shall, and the Issuer shall procure that each Group Company will, maintain with reputable insurance companies, funds or underwriters adequate insurance or captive arrangements with respect to its assets, equipment and business against such liabilities, casualties and contingencies and of such types and in such amounts as are consistent with prudent business practice in their relevant jurisdiction.

g) Listing: The Issuer shall ensure that its ordinary shares remain listed on the New York Stock Exchange or another recognized stock exchange.

Financial Covenants:

The Issuer undertakes to comply with the following Financial Covenants during the term of the Bond Issue:

a) Minimum Liquidity shall not be less than USD 10,000,000.

b) Tangible Net Worth of the Group shall exceed 20% of Total Assets; and

c) Net Borrowings to Total Assets shall not exceed 70%.

The Issuer undertakes to comply with the above Financial Covenants at all times, such compliance to be measured on each Quarter Date and

certified by the Issuer by delivery of a compliance certificate, setting out (in reasonable detail) computations evidencing compliance with the Financial Covenants, with the delivery of each Financial Report on the relevant Reporting Date. The Financial Covenants shall be calculated on a consolidated basis for the Group during the lifetime of the Bonds.

Definitions:

"Acceptable Bank" means, in relation to Cash and Cash Equivalents, a commercial bank, savings bank or trust company which has a rating of BBB or higher from Standard & Poor's Ratings Service or Baa2 or higher from Moody's Investor Service Limited or a comparable rating from a nationally recognized credit rating agency for its long term debt obligations.

"Annual Financial Statement" means the audited consolidated annual financial statements of the Issuer for any financial year, prepared in accordance with GAAP, such financial statements to include a profit and loss account, balance sheet, cash flow statement, managements summary and report of the board of directors in the form in which the Issuer is required to file them with the SEC pursuant to Section 13 or 15 (d) of the Exchange Act.

"Bondholders" means a holder of Bond(s), as registered in the CSD, from time to time.

"Bondholders' Meeting" means a meeting of Bondholders, as set out in the Bond Terms.

"Bonds" means the debt instruments issued by the Issuer pursuant to this Term Sheet/Bond Terms.

"Business Day" means a day on which both the relevant CSD settlement system is open.

"Cash and Cash Equivalents" means on any date, the aggregate equivalent in USD on such date of the then current market value of:

a) cash in hand or amounts standing to the credit of any current and/or on deposit accounts with an Acceptable Bank; and
b) time deposits with Acceptable Banks and certificates of deposit issued, and bills of exchange accepted, by an Acceptable Bank;
in each case to which any Group Company is beneficially entitled at the time and to which any Group Company has free and unrestricted access and which is not subject to any Security.

"Decisive Influence" means a person having, as a result of an agreement or through the ownership of shares or interests in another person (directly or indirectly):

(i) a majority of the voting rights in that other person; or
(ii) a right to elect or remove a majority of the members of the board of directors of that other person.

"Distribution" means:

(i) dividend payments or distributions, whether in cash or kind;
(ii) repurchasing of shares or undertaking other similar transactions (including, but not limited to total return swaps related to shares in the Issuer or transactions with a similar effect); or
(iii) repayment of any loans to its (or the Issuer's) shareholders that are subordinated in right of payment to the Bonds.

"Exchange Act" means the Securities Exchange Act of 1934, as amended.

“Finance Documents” means:

a) the Bond Terms;
b) the Trustee's fee agreement; and
c) any other document the Issuer and the Trustee designate as a Finance Document.

“Financial Indebtedness” means any indebtedness for or in respect of:

a) moneys borrowed (and debit balances at banks or other financial institutions);
b) any amount raised by acceptance under any acceptance credit facility or dematerialized equivalent;
c) any amount raised pursuant to any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument, including the Bonds;
d) the amount of any liability in respect of any lease or hire purchase contract which would, in accordance with GAAP, be treated as finance or capital lease (meaning that the lease is capitalized as an asset and booked as a corresponding liability in the balance sheet);
e) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis provided that the requirements for de-recognition under GAAP are met));
f) any derivative transaction entered into and, when calculating the value of any derivative transaction, only the marked to market value (or, if any actual amount is due as a result of the termination or close-out of that derivative transaction, that amount shall be taken into account);
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 a person which is not a Group Company which liability would fall within one of the other paragraphs of this definition;
h) any amount raised by the issue of redeemable shares which are redeemable (other than at the option of the Issuer) before the Maturity Date or are otherwise classified as borrowings under GAAP;
i) any amount of any liability under an advance or deferred purchase agreement, if (a) the primary reason behind entering into the agreement is to raise finance or (b) the agreement is in respect of the supply of assets or services and payment is due more than 120 calendar days after the date of supply;
j) any amount raised under any other transaction (including any forward sale or purchase agreement) having the commercial effect of a borrowing or otherwise being classified as a borrowing under GAAP; and
k) without double counting, the amount of any liability in respect of any guarantee for any of the items referred to in paragraphs a) to j) above.

“Financial Reports” means the Annual Financial Statements and the Interim Accounts.
“GAAP” means generally accepted accounting principles in the United States.
“Interim Accounts” means the unaudited consolidated quarterly financial statements of the Issuer for any quarter ending on 31 March, 30 June or 30 September, prepared in accordance with GAAP and including a profit and loss account, balance sheet, cash flow statement and management commentary or report from the board of directors in the form in which

the Issuer is required to file them with the SEC pursuant to Section 13 or 15(d) of the Exchange Act.
“Liquidity” means, at any date, the aggregate amount of Cash and Cash Equivalents of the Group in each case reported in accordance with GAAP.
“Net Borrowings” means Total Financial Indebtedness less Cash and Cash Equivalents.
“Permitted Financial Indebtedness” means:
(i) this Bond Issue (including any Tap Issue);
(ii) the Existing Notes;
(iii) any unsecured bonds issued by the Issuer with (i) no amortization and with maturity after the Maturity Date, (ii) terms not materially more favourable than the Bonds, and (iii) without any Financial Support from any other Group Company;
(iv) the Senior Bank Facilities;
(v) future senior secured or unsecured Financial Indebtedness provided by commercial banks, Export Credit Agencies or other financial institutions of similar nature incurred by the Issuer or any Group Company on marketable terms and conditions with the purpose of financing the acquisition of new vessels or assets (including newbuildings and/or second-hand vessels) (or acquisition of shares in entities owning one or more newbuildings or second-hand vessels or assets);
(vi) future senior secured bonds, notes or similar debt instruments issued by the Issuer or any Group Company on marketable terms and conditions with first priority security in vessels (newbuildings and/or second-hand vessels);
(vii) any Financial Indebtedness incurred by any Group Company in the ordinary course of business for working capital purposes and as part of the daily operations of such Group Company;
(viii) existing and future bid-, payment- and performance bonds, guarantees and letters of credit incurred by any Group Company in the ordinary course of business;
(ix) obligations incurred by any Group Company under any interest rate and currency hedging agreements relating to any Permitted Financial Indebtedness;
(x) any unsecured intra-group loans granted by any Group Company to another Group Company provided that intra-group loans to the Issuer shall be subordinated to the Bonds;
(xi) any unsecured Subordinated Loans to the Issuer;
(xii) any intra-group accounting balances relating to the provision of services between the Issuer and other Group Companies;
(xiii) any Financial Indebtedness incurred in the ordinary course of business for an amount of up to USD 20 million; and
(xiv) any refinancing, extension, amendment or replacement of any of (ii)-(xiii) above from time to time.

“Permitted Security” means any Security in respect of Permitted Financial Indebtedness referred to in paragraph (iv), (v), (vi), (vii), (viii), (ix), and (xiii) above and any refinancing, extension, amendment or replacement thereof from time to time.

“Preferred Share Distribution" means a distribution under a class of preferred share capital issued by the Issuer, provided that the conditions in "Distribution Restrictions" sub-paragraphs (i) to (iv) are met

“Quarter Date” means each 31 March, 30 June, 30 September and 31 December.

“Remaining Cash Position” means the sum of restricted cash and Cash and Cash Equivalents.

“Remaining Cash Requirement” means USD 500 000 per vessel plus USD 45 million.

“Senior Bank Facilities” means the following existing Financial Indebtedness:

(i) the loan agreement dated 22 October 2009 in respect of "Houston";
(ii) the loan agreement dated 2 October 2010 in respect of "Los Angeles" and "Philadelphia";
(iii) the loan agreement dated 13 September 2011 in respect of "Arethusa";
(iv) the loan agreement dated 24 May 2013 in respect of "Crystalia" and "Atalandi";
(v) the loan agreement dated 9 January 2014 in respect of "Melite" and "Artemis";
(vi) the loan agreement dated 18 December 2014 in respect of "G. P. Zafirakis" and "P. S. Palios";
(vii) the loan agreement dated 17 March 2015 for the purpose of adding additional vessels and refinancing previous loan agreements in respect of "Leto", "Melia", "Amphitrite" and "Polymnia";
(viii) the loan agreement dated 26 March 2015 in respect of "New York", "Myrto" and "Maia";
(ix) the loan agreement dated 29 April 2015 in respect of "Santa Barbara";
(x) the loan agreement dated 13 July 2018 with BNP Paribas;
(xi) the loan agreement dated 30 September 2015 in respect of "New Orleans" and "Medusa";
(xii) the loan agreement dated 7 January 2016 in respect of "San Francisco" and "Newport News";
(xiii) the loan agreement dated 29 March 2016 in respect of "Selina" and "Ismene"; and
(xiv) the loan agreement dated 10 May 2016 in respect of "Maera".

“Subsidiary” means a company over which another company has Decisive Influence.

“Subordinated Loans” means debt financing provided to the Issuer that is;

(a) subordinated in right of payment to the Bonds;
(b) does not mature or require any amortisation prior to the date on which all amounts under the Bond Terms and any other Finance Documents have been paid in full; and
(c) does not provide for its acceleration or confer any right to declare any event of default prior to the date on which all amounts under the Bond Terms and any other Finance

Documents have been paid in full. For the avoidance of doubt, payment of cash interest of any such loans is permitted only as long as no Event of Default has occurred and is continuing and subject to the Distribution Restrictions set out above.

“Tangible Net Worth” means the consolidated total shareholders’ equity (including retained earnings) of the Group, less goodwill and other intangible items (other than favorable charter agreements recorded in connection with purchase accounting under GAAP and, for the avoidance of doubt, vessel acquisition or construction agreements).

“Total Assets” means the amount of the total assets of the Issuer determined on a consolidated basis in accordance with GAAP and as shown in the balance sheet in the Issuer’s latest Financial Report.

“Total Financial Indebtedness” means the amount of long-term Financial Indebtedness (including finance leases, bank loans and other long-term

	debt) and short-term Financial Indebtedness of the Issuer, both determined on a consolidated basis in accordance with GAAP and as shown in the balance sheet in the Issuer's latest Financial Report.
Material Adverse Effect:	Means a material adverse effect on: (a) the Issuer's ability to perform and comply with its obligations under the Bond Terms; or (b) the validity or enforceability of the Bond Terms.
Change of Control Event:	Means if any person or group of persons acting in concert, gains Decisive Influence over the Issuer.
Put Option:	Upon the occurrence of a Change of Control Event, each Bondholder will have a right (a "Put Option") to require that the Issuer purchases all or some of the Bonds held by that Bondholder at a price equal to 101% of the nominal value during a period of 30 calendar days following the notice of a Change of Control Event. The Put Option repayment date will be the fifth Business Day after the end of the 30 calendar days exercise period. The settlement of the Put Option will be based on each Bondholders holding of Bonds at that day.
Clean-up Call:	If Bonds representing more than 90% of the outstanding Bonds have been repurchased in relation to a Change of Control Event (Put Option), the Issuer is entitled to repurchase all the remaining outstanding Bonds at a price of 101% of nominal value (plus accrued interest) by notifying the remaining Bondholders of its intention to do so no later than 20 calendar days after the settlement date for the Put Option. Such prepayment may occur at the earliest on the 15th calendar day following the date of such notice.
Issuer's ownership of Bonds:	The Issuer has the right to acquire and own the Bonds. Such Bonds may at the Issuer's discretion be retained or sold (but not cancelled).
Limitation of rights of action	No Bondholder is entitled to take any enforcement action, instigate any insolvency procedures, or take other action against the Issuer or any other party in relation to any of the liabilities of the Issuer or any other party under or in connection with the Finance Documents, other than through the Bond Trustee and in accordance with these Bond Terms, provided, however, that the Bondholders shall not be restricted from exercising any of their individual rights derived from these Bond Terms, including the right to exercise the Put Option. Each Bondholder shall immediately upon request by the Bond Trustee provide the Bond Trustee with any such documents, including a written power of attorney (in form and substance satisfactory to the Bond Trustee), as the Bond Trustee deems necessary for the purpose of exercising its rights and/or carrying out its duties under the Finance Documents. The Bond Trustee is under no obligation to represent a Bondholder which does not comply with such request.
Bondholders' rights	If a beneficial owner of a Bond not being registered as a Bondholder wishes to exercise any rights under the Finance Documents, it must obtain proof of ownership of the Bonds, acceptable to the Bond Trustee. A Bondholder (whether registered as such or proven to the Bond Trustee's satisfaction to be the beneficial owner of the Bond as set out in paragraph (a) above) may issue one or more powers of attorney to third parties to represent it in relation to some or all of the Bonds held or beneficially owned by such Bondholder. The Bond Trustee shall only have to examine the face of a power of attorney or similar evidence of authorisation that has been provided to it pursuant to this Clause 3.3 (Bondholders' rights) and may assume that it is in full force and effect, unless otherwise is apparent from its face or the Bond Trustee has actual knowledge to the

	contrary.
Event of Default:	The Bond Terms shall include standard event of default provisions for the Issuer and the Group Companies related to, inter alia, non-payment, breach of other obligations, misrepresentation, cross default, insolvency and insolvency proceedings, creditor's process, impossibility or illegality, unlawfulness and Material Adverse Effect, with applicable remedy provisions and exceptions, including that insolvency, insolvency proceedings and creditor's process with respect to the other Group Companies than the Issuer shall be subject to Material Adverse Effect qualifications. The cross default provisions shall only apply to any single Financial Indebtedness in excess of USD 20,000,000 (or equivalent thereof in any other currency), and cross default events to include items (i)-(iv) in the standard Nordic Trustee Bond Terms for any Group Company (including the threshold amounts referred to above).
Limitation of claims:	All claims under the Bond Agreement, attached hereto as Appendix 1, and the other Finance Documents as defined in Clause 1.1 of the Bond agreement, for payment, including interest and principal, will be subject to the legislation regarding time-bar provisions of the Norwegian Limitation Act of 18 May 1979 No. 18; pt. 3 years for interest payments and 10 years for principal.
Conditions precedent for disbursement to the Issuer	Payment of the net proceeds from the issuance of the Bonds to the Issuer shall be conditional on the Bond Trustee having received in due time (as determined by the Bond Trustee) prior to the Issue Date each of the following documents, in form and substance satisfactory to the Bond Trustee: (i) these Bond Terms duly executed by all parties hereto; (ii) certified copies of all necessary corporate resolutions of the Issuer to issue the Bonds and execute the Finance Documents to which it is a party; (iii) a certified copy of a power of attorney (unless included in the corporate resolutions) from the Issuer to relevant individuals for their execution of the Finance Documents to which it is a party, or extracts from the relevant register or similar documentation evidencing such individuals' authorisation to execute such Finance Documents on behalf of the Issuer; (iv) certified copies of the Issuer's articles of association and of a full extract from the relevant company register in respect of the Issuer evidencing that the Issuer is validly existing; (v) confirmation from the Issuer that no potential or actual Event of Default has occurred or is likely to occur as a result of the issuance of the Bonds; (vi) copies of the Issuer's latest Financial Reports (if any); (vii) confirmation that the applicable prospectus exemption requirements (ref the EU prospectus directive (2003/71 EC)) concerning the issuance of the Bonds have been fulfilled; (viii) copies of any necessary governmental approval, consent or waiver (as the case may be) required at such time to issue the Bonds; (ix) confirmation that the Bonds are registered in the CSD; (x) copies of any written documentation used in marketing the Bonds or made public by the Issuer or any Manager in connection with the issuance of the Bonds; (xi) the Bond Trustee Fee Agreement duly executed by the parties thereto; and (xii) legal opinions or other statements as may be required by the Bond Trustee (including in respect of corporate matters relating to the Issuer and the legality, validity and enforceability of these

	Bond Terms and the Finance Documents). The Bond Trustee, acting in its reasonable discretion, may, regarding this Clause 6.1 (Conditions precedent for disbursement to the Issuer), waive the requirements for documentation, or decide in its discretion that delivery of certain documents shall be made subject to an agreed closing procedure between the Bond Trustee and the Issuer
Joint Lead Managers:	Fearnley Securities AS, P.O. Box 1158 Sentrum, NO-0107, Oslo, Norway; and Nordea Bank Abp , filial i Norge, P.O. Box 1166 Sentrum, NO-0107 Oslo, Norway.
Trustee:	Nordic Trustee AS, Postboks 1470 Vika, NO-0116 Oslo, Norway
Registration:	The Norwegian Central Securities Depository (the "CSD"). Principal and interest accrued will be credited the bondholders through the CSD.
Paying Agent:	Nordea Bank Abp, filial i Norge, P.O. Box 1166 Sentrum, NO-0107 Oslo, Norway.
Listing of the Bonds:	An application will be made for the Bonds to be listed on Oslo Stock Exchange.
Market making:	No market-maker agreement has been made for this Bond Issue.
Tax gross up:	The Issuer shall pay any stamp duty and other public fees accruing in connection with issuance of the Bonds or the Security Documents, but not in respect of trading of the Bonds in the secondary market (except to the extent required by applicable laws), and the Issuer shall deduct before payment to the Bondholders at source any applicable withholding tax payable pursuant to law, subject to standard gross-up and gross-up call provisions.
Governing law:	This term sheet and the Bond Terms shall be governed by Norwegian law, venue to be Oslo district court (No.: "Oslo tingrett").
Bond Terms:	The standard Nordic Bond Terms for corporate and high yield bonds will regulate the rights and obligations with respect to the Bonds. In the event of any discrepancy between this term sheet and the final Bond Terms, the provisions of the Bond Terms shall prevail. By filing an application to subscribe for Bonds, each investor accepts to become a Bondholder and to be bound by the provisions of the Bond Terms. Further, by filing such application, each investor accepts that certain adjustments to the structure and terms described in this term sheet may occur in the final Bond Terms. The Bond Terms shall include provisions on the Bond Trustee's right to represent the Bondholders, including a "no action" clause, meaning that no individual Bondholder may take any legal action against the Issuer individually (as further described in the Bond Terms). The Bond Terms will further contain provisions regulating the duties of the Bond Trustee, procedures for Bondholders' Meetings/Written Resolutions and applicable quorum and majority requirements for Bondholders' consent, whereas a sufficient majority of Bondholders may materially amend the provision of the Bond Terms or discharge the Bonds in part or in full without the consent of all Bondholders, as well as other provisions customary for a bond offering as described herein.
Terms of subscription:	Any subscriber of the Bonds specifically authorises the Bond Trustee to

execute and deliver the Bond Terms on behalf of the prospective Bondholder, who will execute and deliver relevant application forms prior to receiving Bond allotments. On this basis, the Issuer and the Bond Trustee will execute and deliver the Bond Terms and the latter's execution and delivery is on behalf of all of the subscribers, such that they thereby will become bound by the Bond Terms. The Bond Terms specify that by virtue of being registered as a Bondholder (directly or indirectly) with the CSD, the Bondholders are bound by the terms of the Bond Terms and any other Finance Document, without any further action required to be taken or formalities to be complied with.
The Bond Terms shall be made available to the general public for inspection purposes and may, until redemption in full of the Bonds, be obtained on request to the Bond Trustee or the Issuer.

Subscription Restrictions:	General No action has been taken or will be taken to permit the distribution of any of the Bond Issue or any other material related to the Bonds in any jurisdiction where action would be required for such purposes. The offering of Bonds, the distribution of any of this Term Sheet or any other material related to the Bond Issue, the application for or purchase of Bonds, or the entry into of an agreement to purchase Bonds, may be restricted by law in certain jurisdictions, and persons into whose possession such documents or offer come must inform themselves about and observe any such restrictions. None of the Issuer or the Joint Lead Managers, or any of their representatives, shall have any responsibility for any violations of such restrictions. European Economic Area This Term Sheet or any other material related to the Bonds does not constitute or form part of a prospectus within the meaning of the EU Prospectus Directive, as implemented in any member state of the European Economic Area (the "EEA") (each, a "Relevant Member State"). The expression "EU Prospectus Directive" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in each Relevant Member State and the expression "2010 PD Amending Directive" means Directive 2010/73/EU. This Term Sheet or any other material related to the Bonds has therefore not been, and will not be, reviewed by or registered with the Norwegian Financial Supervisory Authority or any other regulator or public authority. Accordingly, the Bonds will only be offered or sold within the EEA in reliance of applicable exemptions from preparing a prospectus pursuant to the EU Prospectus Directive. United States The Bonds will be offered or sold to a "U.S. Person" (within the meaning of Regulation S under the U.S. Securities Act of 1933, as amended (the "U.S. Securities Act")) or within the United States only in reliance on Rule 144A under the U.S. Securities Act to Qualified Institutional Buyers ("QIBs") as defined in Rule 144A under the U.S. Securities Act. The Bonds have not and will not be registered under the U.S. Securities Act or any securities law of any state or other jurisdiction in the United States and may not be offered or sold within the United States to, or for the account or benefit of, any U.S. Person, except pursuant to an exemption from the registration requirements of the U.S. Securities Act and appropriate exemptions under the laws of any other jurisdiction. See further details in the Application Form. Failure to comply with these restrictions may constitute a violation of applicable securities legislation. Nordea is not registered with the U.S. Securities and Exchange

Commission as a U.S. registered broker-dealer and will not participate in the offer or sale of the Bonds within the United States.

United Kingdom

In the UK the Bonds will only offered or sold to persons who have professional experience, knowledge and expertise in matters relating to investments and are "investment professionals" for the purposes of article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 and only in circumstances where, in accordance with section 86(1) (c) and (d) of the Financial and Services Markets Act 2000 ("FSMA") the requirement to provide an approved prospectus in accordance with the requirement under section 85 FSMA does not apply. Consequently, the Applicant understands that the Bonds may be offered only to "qualified investors" for the purposes of sections 86(1) and 86(7) FSMA, or to limited numbers of UK investors, or only where minima are placed on the consideration or denomination of securities that can be made available (all such persons being referred to as "relevant persons"). Any application or subscription for the Bonds is available only to relevant persons and will be engaged in only with relevant persons. See further details in the Application Form.

Transfer Restrictions:

The Bonds are freely transferable and may be pledged, subject to the following:

(i) Bondholders will not be permitted to transfer the Bonds except (a) subject to an effective registration statement under the U.S. Securities Act, (b) to a person that the bondholder reasonably believes is a QIB within the meaning of Rule 144A that is purchasing for its own account, or the account of another QIB, in a transaction meeting the requirements of Rule 144A, (c) in an offshore transaction, including a transaction on the Oslo Børs, meeting the requirements of Regulation S under the U.S. Securities Act, , and (d) pursuant to any other exemption from registration under the U.S. Securities Act, including Rule 144 thereunder (if available).

(ii) Bondholders may be subject to purchase or transfer restrictions with regard to the Bonds, as applicable from time to time under local laws to which a Bondholder may be subject (due e.g. to its nationality, its residency, its registered address, its place(s) for doing business). Each Bondholder must ensure compliance with local laws and regulations applicable at own cost and expense.

Notwithstanding the above, a Bondholder which has purchased the Bonds in contradiction to mandatory restrictions applicable may nevertheless utilize its voting rights under the Bond Terms provided that the Issuer shall not incur any additional liability by complying with its obligations to such Bondholder.

5 ADDITIONAL INFORMATION

The involved persons in the Issuer have no interest, nor conflicting interests that are material to the Bond Issue.

The Issuer mandated Fearnley Securities AS and Nordea Bank Abp, filial i Norge as joint lead managers for the issuance of the Loan. The Joint Lead Managers have acted as advisors to the Issuer in relation to the pricing of the Loan.

Statement from the Joint Lead Managers:

Fearnley Securities AS and Nordea Bank Abp, filial i Norge, have assisted the Borrower in preparing the prospectus. Fearnley Securities AS and Nordea Bank Abp, filial i Norge, have not verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made, and the Joint Lead Managers expressively disclaim any legal or financial liability as to the accuracy or completeness of the information contained in this prospectus or any other information supplied in connection with bonds issued by the Issuer or their distribution. The statements made in this paragraph are without prejudice to the responsibility of the Issuer. Each person receiving this prospectus acknowledges that such person has not relied on the Joint Lead Managers nor on any person affiliated with them in connection with its investigation of the accuracy of such information or its investment decision.

Oslo, 3 December 2018

Execution version

BOND TERMS

FOR

Diana Shipping Inc. 9.50% senior unsecured callable bond issue 2018/2023

ISIN NO0010832868

Contents

BOND TERMS between	
ISSUER:	Diana Shipping Inc., a company existing under the laws of Marshall Islands with registration number 13671 and LEI-code 549300XD7FHNJ0THIV12; and
BOND TRUSTEE:	Nordic Trustee AS, a company existing under the laws of Norway with registration number 963 342 624 and LEI-code 549300XAKTM2BMKIPT85.
DATED:	26 September 2018
These Bond Terms shall remain in effect for so long as any Bonds remain outstanding.	

1. INTERPRETATION

1.1 Definitions

The following terms will have the following meanings:

"**Acceptable Bank**" means, in relation to Cash and Cash Equivalents, a commercial bank, savings bank or trust company which has a rating of BBB or higher from Standard & Poor`s Ratings Service or Baa2 or higher from Moody`s Investor Service Limited or a comparable rating from a nationally recognised credit rating agency for its long term debt obligations.

"**Additional Bonds**" means Bonds issued under a Tap Issue.

"**Affiliate**" means, in relation to any person:

(a) any person which is a Subsidiary of that person;

(b) any person who has Decisive Influence over that person (directly or indirectly); and

(c) any person which is a Subsidiary of an entity who has Decisive Influence (directly or indirectly) over that person.

"**Annual Financial Statements**" means the audited consolidated annual financial statements of the Issuer for any financial year, prepared in accordance with GAAP, such financial statements to include a profit and loss account, balance sheet, cash flow statement and report of the board of directors in the form which the Issuer is required to file them with the SEC pursuant to Section 13 or 15(d) of the Exchange Act.

"**Attachment**" means each of the attachments to these Bond Terms.

"**Bond Terms**" means these terms and conditions, including all Attachments which shall form an integrated part of these Bond Terms, in each case as amended and/or supplemented from time to time.

"**Bond Trustee**" means the company designated as such in the preamble to these Bond Terms, or any successor, acting for and on behalf of the Bondholders in accordance with these Bond Terms.

"**Bond Trustee Fee Agreement**" means the agreement entered into between the Issuer and the Bond Trustee relating among other things to the fees to be paid by the Issuer to the Bond Trustee for its obligations relating to the Bonds.

"**Bondholder**" means a person who is registered in the CSD as directly registered owner or nominee holder of a Bond, subject however to Clause 3.3 (*Bondholders' rights*).

"**Bondholders' Meeting**" means a meeting of Bondholders as set out in Clause 14 (*Bondholders' Decisions*).

"**Bonds**" means the debt instruments issued by the Issuer pursuant to these Bond Terms, including any Additional Bonds.

"**Business Day**" means a day on which the relevant CSD settlement system is open and banks generally are open for business in Oslo, London and New York.

"**Business Day Convention**" means that if the last day of any Interest Period originally falls on a day that is not a Business Day, no adjustment will be made to the Interest Period.

"**Call Option**" has the meaning given to it in Clause 10.2 (*Voluntary early redemption – Call Option*).

"**Call Option Repayment Date**" means the settlement date for the Call Option determined by the Issuer pursuant to Clause 10.2 (*Voluntary early redemption – Call Option*), or a date agreed upon between the Bond Trustee and the Issuer in connection with such redemption of Bonds.

"**Cash and Cash Equivalents**" means on any date, the aggregate equivalent in USD on such date of the then current market value of:

(a) cash in hand or amounts standing to the credit of any current and/or on deposit accounts with an Acceptable Bank; and

(b) time deposits with Acceptable Banks and certificates of deposit issued, and bills of exchange accepted, by an Accepted Bank;

in each case to which any Group Company is beneficially entitled at the time and to which any Group Company has free and unrestricted access and which is not subject to any Security.

"**Change of Control Event**" means a person or group of persons acting in concert gaining Decisive Influence over the Issuer.

"**CSD**" means the central securities depository in which the Bonds are registered, being Verdipapirsentralen ASA (VPS).

"**Compliance Certificate**" means a statement substantially in the form as set out in Attachment 1 hereto.

"**Decisive Influence**" means a person having, as a result of an agreement or through the ownership of shares or interests in another person (directly or indirectly):

(a) a majority of the voting rights in that other person; or

(b) a right to elect or remove a majority of the members of the board of directors of that other person.

"**Default Notice**" means a written notice to the Issuer as described in Clause 14.2 (*Acceleration of the Bonds*).

"**Default Repayment Date**" means the settlement date set out by the Bond Trustee in a Default Notice requesting early redemption of the Bonds.

"**Distribution**" means:

(a) dividend payments or distributions, whether in cash or in kind;

(b) repurchasing of shares or undertaking other similar transactions (including, but not limited to total return swaps related to shares in the Issuer or transactions with similar effect); or

(c) repayment of any loans to its (or the Issuer`s) shareholders that are subordinated in right of payment to the Bonds.

"**Event of Default**" means any of the events or circumstances specified in Clause 14.1 (*Events of Default*).

"**Exchange**" means Oslo Børs (the Oslo Stock Exchange).

"**Exchange Act**" means the United Stated Securities Exchange Act of 1934, as amended.

"**Existing Notes**" means the senior unsecured notes due 15 May 2020 with ISIN MHY2066G1200 with a total outstanding amount of USD 63.25 million and issued by the Issuer.

"**Finance Documents**" means these Bond Terms, the Bond Trustee Fee Agreement and any other document designated by the Issuer and the Bond Trustee as a Finance Document.

"**Financial Indebtedness**" means any indebtedness for or in respect of:

(a) moneys borrowed (and debit balances at banks or other financial institutions);

(b) any amount raised by acceptance under any acceptance credit facility or dematerialized equivalent;

(c) any amount raised pursuant to any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument, including the Bonds;

(d) the amount of any liability in respect of any lease or hire purchase contract which would, in accordance with GAAP, be treated as a finance or capital lease (meaning that the lease is capitalized as an asset and booked as a corresponding liability in the balance sheet);

(e) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis provided that the requirements for de-recognition under GAAP are met);

(f) any derivative transaction entered into and, when calculating the value of any derivative transaction, only the marked to market value (or, if any actual amount is due as a result of the termination or close-out of that derivative transaction, that amount shall be taken into account);

(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 a person which is not a Group Company which liability would fall within one of the other paragraphs of this definition;

(h) any amount raised by the issue of redeemable shares which are redeemable (other than at the option of the Issuer) before the Maturity Date or are otherwise classified as borrowings under GAAP;

(i) any amount of any liability under an advance or deferred purchase agreement, if (a) the primary reason behind entering into the agreement is to raise finance or (b) the agreement is in respect of the supply of assets or services and payment is due more than hundred and twenty (120) calendar days after the date of supply;

(j) any amount raised under any other transaction (including any forward sale or purchase agreement) having the commercial effect of a borrowing or otherwise being classified as a borrowing under GAAP; and

(k) without double counting, the amount of any liability in respect of any guarantee for any of the items referred to in paragraphs a) to j) above.

"**Financial Reports**" means the Annual Financial Statements and the Interim Accounts.

"**Financial Support**" means any loans, guarantees, Security or other financial assistance (whether actual or contingent).

"**GAAP**" means generally accepted accounting practices and principles in the United States.

"**Group**" means the Issuer and its Subsidiaries from time to time.

"**Group Company**" means the Issuer or any of its Subsidiaries.

"**Initial Bond Issue**" means the aggregate Nominal Amount of all Bonds issued on the Issue Date.

"**Initial Nominal Amount**" means the nominal amount of each Bond as set out in Clause 2.1 (*Amount, denomination and ISIN of the Bonds*).

"**Insolvent**" means that a person:

(a) is unable or admits inability to pay its debts as they fall due;

(b) suspends making payments on any of its debts generally; or

(c) is otherwise considered insolvent or bankrupt within the meaning of the relevant bankruptcy legislation of the jurisdiction which can be regarded as its center of main interest as such term is understood pursuant to Council Regulation (EC) no. 1346/2000 on insolvency proceedings (as amended).

"**Interest Payment Date**" means the last day of each Interest Period, the first Interest Payment Date being 27 March 2019 and the last Interest Payment Date being the Maturity Date.

"**Interest Period**" means, subject to adjustments in accordance with the Business Day Convention, the period between 27 March and 27 September each year, provided however that an Interest Period shall not extend beyond the Maturity Date.

"**Interest Rate**" means 9.50 percentage points per annum.

"**Interim Accounts**" means the unaudited consolidated quarterly financial statements of the Issuer for the quarterly period ending on each 31 March, 30 June or 30 September in each year, prepared in accordance with GAAP and including a profit and loss account, balance sheet, cash flow statement and management commentary or report from the board of directors in the form in which the Issuer is required to file them with the SEC pursuant to Section 13 or 15(d) of the Exchange Act.

"**ISIN**" means International Securities Identification Number, being the identification number of the Bonds.

"**Issue Date**" means 27 September 2018.

"**Issuer**" means the company designated as such in the preamble to these Bond Terms.

"**Issuer's Bonds**" means any Bonds which are owned by the Issuer or any Affiliate of the Issuer.

"**Liquidity**" means, at any time, the aggregate amount of Cash and Cash Equivalents of the Group in each case reported in accordance with GAAP.

"**Managers**" means Fearnley Securities AS and Nordea Bank AB (publ), filial i Norge.

"**Material Adverse Effect**" means a material adverse effect on:

(a) the ability of the Issuer to perform and comply with its obligations under these Bond Terms; or

(b) the validity or enforceability of these Bond Terms.

"**Maturity Date**" means 27 September 2023 (5 years after the Issue Date), adjusted according to the Business Day Convention.

"**Maximum Issue Amount**" shall have the meaning ascribed to such term in Clause 2.1 (*Amount, denomination and ISIN of the Bonds*).

"**Net Borrowings**" means Total Financial Indebtedness *less* Cash and Cash Equivalents.

"**Nominal Amount**" means the Initial Nominal Amount (less the aggregate amount by which each Bond has been partially redeemed, if any) pursuant to Clause 10 (*Redemption and repurchase of Bonds*) or any other amount following a split of Bonds pursuant to Clause 16.2, paragraph (j).

"**Outstanding Bonds**" means any Bonds not redeemed or otherwise discharged.

"**Overdue Amount**" means any amount required to be paid by the Issuer under any of the Finance Documents but not made available to the Bondholders on the relevant Payment Date or otherwise not paid on its applicable due date.

"**Partial Payment**" means a payment that is insufficient to discharge all amounts then due and payable under the Finance Documents.

"**Paying Agent**" means the legal entity appointed by the Issuer to act as its paying agent with respect to the Bonds in the CSD.

"**Payment Date**" means any Interest Payment Date or any Repayment Date.

"**Permitted Financial Indebtedness**" means:

(a) this Bond Issue (including any Tap Issue);

(b) the Existing Notes;

(c) any unsecured bonds issued by the Issuer with (i) no amortisation and with maturity after the Maturity Date, (ii) terms not materially more favourable than the Bonds, and (iii) without any Financial Support from any other Group Company;

(d) the Senior Bank Facilities;

(e) future senior secured or unsecured Financial Indebtedness provided by commercial banks, Export Credit Agencies or other financial institutions of similar nature incurred by the Issuer or any Group Company on marketable terms and conditions with the purpose of financing the acquisition of new vessels or assets (including newbuildings

and/or second-hand vessels) (or acquisition of shares in entities owning one or more newbuildings or second-hand vessels or assets);

(f) future senior secured bonds, notes or similar debt instruments issued by the Issuer or any Group Company on marketable terms and conditions with first priority security in vessels (newbuildings and/or second-hand vessels) except for vessels forming part of the Group's existing fleet that are unencumbered as of the Issue Date;

(g) any Financial Indebtedness incurred by any Group Company in the ordinary course of business for working capital purposes and as part of the daily operations of such Group Company;

(h) existing and future bid-, payment- and performance bonds, guarantees and letters of credit incurred by any Group Company in the ordinary course of business;

(i) obligations incurred by any Group Company under any interest rate and currency hedging agreements relating to any Permitted Financial Indebtedness;

(j) any unsecured intra-group loans granted by any Group Company to another Group Company provided that intra-group loans to the Issuer shall be subordinated to the Bonds;

(k) any unsecured Subordinated Loans to the Issuer;

(l) any intra-group accounting balances relating to the provision of services between the Issuer and other Group Companies;

(m) any Financial Indebtedness incurred in the ordinary course of business for an amount of up to USD 20,000,000; and

(n) any refinancing, extension, amendment or replacement of any of (b)-(m) above from time to time.

"**Permitted Security**" means any Security in respect of Permitted Financial Indebtedness referred to in paragraph (d), (e), (f), (g), (h), (i), and (m) above and any refinancing, extension, amendment or replacement thereof from time to time.

"**Preferred Share Distribution**" means a distribution under a class of preferred share capital issued by the Issuer, provided that the conditions in Clause 13.10 (*Distribution Restrictions*) sub-paragraphs (i) to (iv) are met.

"**Put Option**" shall have the meaning ascribed to such term in Clause 10.3 (*Mandatory repurchase due to a Put Option Event*).

"**Put Option Event**" means a Change of Control Event.

"**Put Option Repayment Date**" means the settlement date for the Put Option Event pursuant to Clause 10.3 (*Mandatory repurchase due to a Put Option Event*).

"**Quarter Date**" means each 31 March, 30 June, 30 September and 31 December.

"**Relevant Jurisdiction**" means the country in which the Bonds are issued, being Norway.

"**Relevant Record Date**" means the date on which a Bondholder's ownership of Bonds shall be recorded in the CSD as follows:

(a) in relation to payments pursuant to these Bond Terms, the date designated as the Relevant Record Date in accordance with the rules of the CSD from time to time;

(b) for the purpose of casting a vote in a Bondholders' Meeting, the date falling on the immediate preceding Business Day to the date of that Bondholders' Meeting being held, or another date as accepted by the Bond Trustee; and

(c) for the purpose of casting a vote in a Written Resolution:

(i) the date falling three (3) Business Days after the Summons have been published; or,

(ii) if the requisite majority in the opinion of the Bond Trustee has been reached prior to the date set out in paragraph (i) above, on the date falling on the immediate Business Day prior to the date on which the Bond Trustee declares that the Written Resolution has been passed with the requisite majority.

"**Remaining Cash Position**" means the sum of restricted cash and Cash and Cash Equivalents.

"**Remaining Cash Requirements**" means USD 500,000 per vessel plus USD 45,000,000.

"**Repayment Date**" means any Call Option Repayment Date, the Default Repayment Date, the Put Option Repayment Date, the Tax Event Repayment Date or the Maturity Date.

"**Securities Trading Act**" means the Securities Trading Act of 2007 no. 75 of the Relevant Jurisdiction.

"**Security**" means a mortgage, charge, pledge, lien, security assignment or other security interest securing any obligation of any person or any other agreement or arrangement having a similar effect.

"**Senior Bank Facilities**" means the following existing Financial Indebtedness:

(a) the loan agreement dated 22 October 2009 in respect of "Houston";

(b) the loan agreement dated 2 October 2010 in respect of "Los Angeles" and "Philadelphia";

(c) the loan agreement dated 13 September 2011 in respect of "Arethusa";

(d) the loan agreement dated 24 May 2013 in respect of "Crystalia" and "Atalandi";

(e) the loan agreement dated 9 January 2014 in respect of "Melite" and "Artemis";

(f) the loan agreement dated 18 December 2014 in respect of "G. P. Zafirakis" and "P. S. Palios";

(g) the loan agreement dated 17 March 2015 for the purpose of adding additional vessels and refinancing previous loan agreements in respect of "Leto", "Melia", "Amphitrite" and "Polymnia";

(h) the loan agreement dated 26 March 2015 in respect of "New York", "Myrto" and "Maia";

(i) the loan agreement dated 29 April 2015 in respect of "Santa Barbara";

(j) the loan agreement dated 13 July 2018 with BNP Paribas;

(k) the loan agreement dated 30 September 2015 in respect of "New Orleans" and "Medusa";

(l) the loan agreement dated 7 January 2016 in respect of "San Francisco" and "Newport News";

(m) the loan agreement dated 29 March 2016 in respect of "Selina" and "Ismene"; and

(n) the loan agreement dated 10 May 2016 in respect of "Maera".

"**Subordinated Loans**" means debt financing provided to the Issuer that is:

(a) subordinated in right of payment to the Bonds;

(b) does not mature or require any amortisation prior to the date on which all amounts under these Bond Terms and any other Finance Documents have been paid in full; and

(c) does not provide for its acceleration or confer any right to declare any event of default prior to the date on which all amounts under these Bond Terms and any other Finance Documents have been paid in full. For the avoidance of doubt, payment of cash interest of any such loans is permitted only as long as no Event of Default has occurred and is continuing and subject to the Distribution Restrictions set out above.

"**Subsidiary**" means a company over which another company has Decisive Influence.

"**Summons**" means the call for a Bondholders' Meeting or a Written Resolution as the case may be.

"**Tangible Net Worth**" means the consolidated total shareholders' equity (including retained earnings) of the Group, less goodwill and other intangible items (other than favorable charter agreements recorded in connection with purchase accounting under GAAP and, for the avoidance of doubt, vessel acquisition or construction agreements).

"**Tap Issue**" shall have the meaning ascribed to such term in Clause 2.1 (*Amount, denomination, ISIN and tenor)*.

"**Tap Issue Addendum**" shall have the meaning ascribed to such term in Clause 2.1 (*Amount, denomination, ISIN and tenor)*.

"**Tax Event Repayment Date**" means the date set out in a notice from the Issuer to the Bondholders pursuant to Clause 10.4 (*Early redemption option due to a tax event*).

"**Total Assets**" means the amount of the total assets of the Issuer determined on a consolidated basis in accordance with GAAP and as shown in the balance sheet in the Issuer's latest Financial Report.

"**Total Financial Indebtedness**" means the amount of long-term Financial Indebtedness (including finance leases, bank loans and other long-term debt) and short-term Financial Indebtedness of the Issuer, both determined on a consolidated basis in accordance with GAAP and as shown in the balance sheet in the Issuer's latest Financial Report.

"**Voting Bonds**" means the Outstanding Bonds less the Issuer's Bonds and a Voting Bond shall mean any single one of those Bonds.

"**Written Resolution**" means a written (or electronic) solution for a decision making among the Bondholders, as set out in Clause 15.5 (*Written Resolutions*).

1.2 Construction

In these Bond Terms, unless the context otherwise requires:

(a) headings are for ease of reference only;

(b) words denoting the singular number will include the plural and vice versa;

(c) references to Clauses are references to the Clauses of these Bond Terms;

(d) references to a time are references to Central European time unless otherwise stated;

(e) references to a provision of "**law**" is a reference to that provision as amended or re-enacted, and to any regulations made by the appropriate authority pursuant to such law;

(f) references to a "**regulation**" includes any regulation, rule, official directive, request or guideline by any official body;

(g) references to a "**person**" means any individual, corporation, partnership, limited liability company, joint venture, association, joint-stock company, unincorporated organization, government, or any agency or political subdivision thereof or any other entity, whether or not having a separate legal personality;

(h) references to Bonds being "**redeemed**" means that such Bonds are cancelled and discharged in the CSD in a corresponding amount, and that any amounts so redeemed may not be subsequently re-issued under these Bond Terms;

(i) references to Bonds being "**purchased**" or "**repurchased**" by the Issuer means that such Bonds may be dealt with by the Issuer as set out in Clause 11.1 (*Issuer's purchase of Bonds*),

(j) references to persons "**acting in concert**" shall be interpreted pursuant to the relevant provisions of the Securities Trading Act; and

(k) an Event of Default is "**continuing**" if it has not been remedied or waived.

2. THE BONDS

2.1 Amount, denomination and ISIN of the Bonds

(a) The Issuer has resolved to issue a series of Bonds in the maximum amount of USD 125,000,000 (the "**Maximum Issue Amount**"). The Bonds may be issued on different issue dates and the Initial Bond Issue will be in the amount of up to USD 100,000,000. The Issuer may, provided that the conditions set out in Clause 6.3 (*Tap Issues*) are met, at one or more occasions issue Additional Bonds (each a "Tap Issue") until the Nominal Amount of all Additional Bonds equals in aggregate the Maximum Issue Amount less the Initial Bond Issue. Each Tap Issue will be subject to identical terms as the Bonds issued pursuant to the Initial Bond Issue in all respects as set out in these Bond Terms, except that Additional Bonds may be issued at a different price than for the Initial Bond Issue and which may be below or above the Nominal Amount. The Bond Trustee shall prepare an addendum to these Bond Terms evidencing the terms of each Tap Issue (a "**Tap Issue Addendum**").

(b) The Bonds are denominated in US Dollars (USD), being the legal currency of the United States of America.

(c) The Initial Nominal Amount of each Bond is USD 50,000.

(d) The ISIN of the Bonds is NO0010832868. All Bonds issued under the same ISIN will have identical terms and conditions as set out in these Bond Terms.

2.2 Tenor of the Bonds

The tenor of the Bonds is from and including the Issue Date to but excluding the Maturity Date.

2.3 Use of proceeds

The Issuer will use the net proceeds from the Initial Bond Issue and issuance of any Additional Bonds for (i) prepayment in full of the Existing Notes and/or prepayment, in full or in part, or refinancing of other debt of the Group and (ii) general corporate purposes.

2.4 Status of the Bonds

The Bonds will constitute senior debt obligations of the Issuer. The Bonds will rank pari passu between themselves and will rank at least pari passu with each other and with all other senior unsecured obligations of the Issuer (save for such claims which are preferred by bankruptcy, insolvency, liquidation or other similar laws of general application). The Bonds shall rank ahead of subordinated capital.

2.5 Transaction Security

The Bonds are unsecured.

3. THE BONDHOLDERS

3.1 Bond Terms binding on all Bondholders

(a) By virtue of being registered as a Bondholder (directly or indirectly) with the CSD, the Bondholders are bound by these Bond Terms and any other Finance Document, without any further action required to be taken or formalities to be complied with by the Bond Trustee, the Bondholders, the Issuer or any other party.

(b) The Bond Trustee is always acting with binding effect on behalf of all the Bondholders.

3.2 Limitation of rights of action

(a) No Bondholder is entitled to take any enforcement action, instigate any insolvency procedures, or take other action against the Issuer or any other party in relation to any of the liabilities of the Issuer or any other party under or in connection with the Finance Documents, other than through the Bond Trustee and in accordance with these Bond Terms, provided, however, that the Bondholders shall not be restricted from exercising any of their individual rights derived from these Bond Terms, including the right to exercise the Put Option.

(b) Each Bondholder shall immediately upon request by the Bond Trustee provide the Bond Trustee with any such documents, including a written power of attorney (in form and substance satisfactory to the Bond Trustee), as the Bond Trustee deems necessary for the purpose of exercising its rights and/or carrying out its duties under the Finance Documents. The Bond Trustee is under no obligation to represent a Bondholder which does not comply with such request.

3.3 Bondholders' rights

(a) If a beneficial owner of a Bond not being registered as a Bondholder wishes to exercise any rights under the Finance Documents, it must obtain proof of ownership of the Bonds, acceptable to the Bond Trustee.

(b) A Bondholder (whether registered as such or proven to the Bond Trustee's satisfaction to be the beneficial owner of the Bond as set out in paragraph (a) above) may issue one or more powers of attorney to third parties to represent it in relation to some or all of the Bonds held or beneficially owned by such Bondholder. The Bond Trustee shall only have to examine the face of a power of attorney or similar evidence of authorisation that has been provided to it pursuant to this Clause 3.3 (*Bondholders' rights*) and may assume that it is in full force and effect, unless otherwise is apparent from its face or the Bond Trustee has actual knowledge to the contrary.

4. ADMISSION TO LISTING

The Issuer has applied, or shall apply, for the Bonds to be admitted to listing on the Exchange.

5. REGISTRATION OF THE BONDS

5.1 Registration in the CSD

The Bonds shall be registered in dematerialised form in the CSD according to the relevant securities registration legislation and the requirements of the CSD.

5.2 Obligation to ensure correct registration

The Issuer will at all times ensure that the registration of the Bonds in the CSD is correct and shall immediately upon any amendment or variation of these Bond Terms give notice to the CSD of any such amendment or variation.

5.3 Country of issuance

The Bonds have not been issued under any other country's legislation than that of the Relevant Jurisdiction. Save for the registration of the Bonds in the CSD, the Issuer is under no obligation to register, or cause the registration of, the Bonds in any other registry or under any other legislation than that of the Relevant Jurisdiction.

6. CONDITIONS FOR DISBURSEMENT

6.1 Conditions precedent for disbursement to the Issuer

(a) Payment of the net proceeds from the issuance of the Bonds to the Issuer shall be conditional on the Bond Trustee having received in due time (as determined by the Bond Trustee) prior to the Issue Date each of the following documents, in form and substance satisfactory to the Bond Trustee:

(i) these Bond Terms duly executed by all parties hereto;

(ii) certified copies of all necessary corporate resolutions of the Issuer to issue the Bonds and execute the Finance Documents to which it is a party;

(iii) a certified copy of a power of attorney (unless included in the corporate resolutions) from the Issuer to relevant individuals for their execution of the Finance Documents to which it is a party, or extracts from the relevant register or similar documentation evidencing such individuals' authorisation to execute such Finance Documents on behalf of the Issuer;

(iv) certified copies of the Issuer's articles of association and of a full extract from the relevant company register in respect of the Issuer evidencing that the Issuer is validly existing;

(v) confirmation from the Issuer that no potential or actual Event of Default has occurred or is likely to occur as a result of the issuance of the Bonds;

(vi) copies of the Issuer's latest Financial Reports (if any);

(vii) confirmation that the applicable prospectus exemption requirements (ref the EU prospectus directive (2003/71 EC)) concerning the issuance of the Bonds have been fulfilled;

(viii) copies of any necessary governmental approval, consent or waiver (as the case may be) required at such time to issue the Bonds;

(ix) confirmation that the Bonds are registered in the CSD;

(x) copies of any written documentation used in marketing the Bonds or made public by the Issuer or any Manager in connection with the issuance of the Bonds;

(xi) the Bond Trustee Fee Agreement duly executed by the parties thereto; and

(xii) legal opinions or other statements as may be required by the Bond Trustee (including in respect of corporate matters relating to the Issuer and the legality, validity and enforceability of these Bond Terms and the Finance Documents).

(b) The Bond Trustee, acting in its reasonable discretion, may, regarding this Clause 6.1 (C*onditions precedent for disbursement to the Issuer*), waive the requirements for documentation, or decide in its discretion that delivery of certain documents shall be made subject to an agreed closing procedure between the Bond Trustee and the Issuer

6.2 Distribution

Disbursement of the proceeds from the issuance of the Bonds is conditional on the Bond Trustee's confirmation to the Paying Agent that the conditions in Clause 6.1 (*Conditions precedent for disbursement to the Issuer*) have been either satisfied in the Bond Trustee's discretion or waived by the Bond Trustee pursuant to paragraph (b) of Clause 6.1 above.

6.3 Tap Issues

The Issuer may issue Additional Bonds if:

(a) the Bond Trustee has executed a Tap Issue Addendum; and

(b) the representations and warranties contained in Clause 7 (*Representations and Warranties*) of these Bond Terms are true and correct in all material respects and repeated by the Issuer as at the date of issuance of such Additional Bonds.

7. REPRESENTATIONS AND WARRANTIES

The Issuer makes the representations and warranties set out in this Clause 7 (*Representations and warranties*), in respect of itself, to the Bond Trustee (on behalf of the Bondholders) at the following times and with reference to the facts and circumstances then existing:

(a) at the date of these Bond Terms;

(b) at the Issue Date; and

(c) at the date of issuance of any Additional Bonds.

7.1 Status

It is a Marshall Islands incorporation, duly incorporated and validly existing and registered under the laws of its jurisdiction of incorporation, and has the power to own its assets and carry on its business as it is being conducted.

7.2 Power and authority

It has the power to enter into, perform and deliver, and has taken all necessary action to authorise its entry into, performance and delivery of, this Bond Terms and any other Finance Document to which it is a party and the transactions contemplated by those Finance Documents.

7.3 Valid, binding and enforceable obligations

These Bond Terms and each other Finance Document to which it is a party constitutes (or will constitute, when executed by the respective parties thereto) its legal, valid and binding obligations, enforceable in accordance with their respective terms, and (save as provided for therein) no further registration, filing, payment of tax or fees or other formalities are necessary or desirable to render the said documents enforceable against it.

7.4 Non-conflict with other obligations

The entry into and performance by it of these Bond Terms and any other Finance Document to which it is a party and the transactions contemplated thereby do not and will not conflict with (i) any law or regulation or judicial or official order; (ii) its constitutional documents; or (iii) any agreement or instrument which is binding upon it or any of its assets.

7.5 No Event of Default

(a) No Event of Default exists or is likely to result from the making of any drawdown under these Bond Terms or the entry into, the performance of, or any transaction contemplated by, any Finance Document.

(b) No other event or circumstance has occurred which constitutes (or with the expiry of any grace period, the giving of notice, the making of any determination or any combination of any of the foregoing, would constitute) a default or termination event (howsoever described) under any other agreement or instrument which is binding on it or any of its Subsidiaries or to which its (or any of its Subsidiaries') assets are subject which has or is likely to have a Material Adverse Effect.

7.6 Authorizations and consents

All authorisations, consents, approvals, resolutions, licenses, exemptions, filings, notarizations or registrations required:

(a) to enable it to enter into, exercise its rights and comply with its obligations under this Bond Terms or any other Finance Document to which it is a party; and

(b) to carry on its business as presently conducted and as contemplated by these Bond Terms,

have been obtained or effected and are in full force and effect.

7.7 Litigation

No litigation, arbitration or administrative proceedings or investigations of or before any court, arbitral body or agency which, if adversely determined, is likely to have a Material Adverse Effect have (to the best of its knowledge and belief) been started or threatened against it or any of its Subsidiaries.

7.8 Financial Reports

Its most recent Financial Reports fairly and accurately represent the assets and liabilities and financial condition as at their respective dates, and have been prepared in accordance with GAAP, consistently applied.

7.9 No Material Adverse Effect

Since the date of the most recent Financial Reports, there has been no change in its business, assets or financial condition that is likely to have a Material Adverse Effect.

7.10 No misleading information

Any factual information provided by it to the Bondholders or the Bond Trustee for the purposes of the issuance of the Bonds was true and accurate in all material respects as at the date it was provided or as at the date (if any) at which it is stated.

7.11 No withholdings

The Issuer is not required to make any deduction or withholding from any payment which it may become obliged to make to the Bond Trustee or the Bondholders under these Bond Terms.

7.12 Pari passu ranking

Its payment obligations under these Bond Terms or any other Finance Document to which it is a party ranks as set out in Clause 2.4.

7.13 Security

No Security exists over any of the present assets of any Group Company in conflict with these Bond Terms.

8. PAYMENTS IN RESPECT OF THE BONDS

8.1 Covenant to pay

(a) The Issuer will unconditionally make available to or to the order of the Bond Trustee and/or the Paying Agent all amounts due on each Payment Date pursuant to the terms of these Bond Terms at such times and to such accounts as specified by the Bond Trustee and/or the Paying Agent in advance of each Payment Date or when other payments are due and payable pursuant to these Bond Terms.

(b) All payments to the Bondholders in relation to the Bonds shall be made to each Bondholder registered as such in the CSD at the Relevant Record Date, by, if no specific order is made by the Bond Trustee, crediting the relevant amount to the bank account nominated by such Bondholder in connection with its securities account in the CSD.

(c) Payment constituting good discharge of the Issuer's payment obligations to the Bondholders under these Bond Terms will be deemed to have been made to each Bondholder once the amount has been credited to the bank holding the bank account nominated by the Bondholder in connection with its securities account in the CSD. If the paying bank and the receiving bank are the same, payment shall be deemed to have been made once the amount has been credited to the bank account nominated by the Bondholder in question.

(d) If a Payment Date or a date for other payments to the Bondholders pursuant to the Finance Documents falls on a day on which either of the relevant CSD settlement system or the relevant currency settlement system for the Bonds are not open, the payment shall be made on the first following possible day on which both of the said systems are open, unless any provision to the contrary have been set out for such payment in the relevant Finance Document.

8.2 Default interest

(a) Default interest will accrue on any Overdue Amount from and including the Payment Date on which it was first due to and excluding the date on which the payment is made at the Interest Rate plus an additional three (3) per cent. per annum.

(b) Default interest accrued on any Overdue Amount pursuant to this Clause 8.2 (*Default interest*) will be added to the Overdue Amount on each Interest Payment Date until the Overdue Amount and default interest accrued thereon have been repaid in full.

8.3 Partial Payments

(a) If the Paying Agent or the Bond Trustee receives a Partial Payment, such Partial Payment shall, in respect of the Issuer's debt under the Finance Documents be considered made for discharge of the debt of the Issuer in the following order of priority:

(i) firstly, towards any outstanding fees, liabilities and expenses of the Bond Trustee;

(ii) secondly, towards accrued interest due but unpaid; and

(iii) thirdly, towards any principal amount due but unpaid.

(b) Notwithstanding paragraph (a) above, any Partial Payment which is distributed to the Bondholders, shall, after the above mentioned deduction of outstanding fees, liabilities and expenses, be applied (i) firstly towards any principal amount due but unpaid and (ii) secondly, towards accrued interest due but unpaid, in the following situations;

(i) the Bond Trustee has served a Default Notice in accordance with Clause 14.2 (*Acceleration of the Bonds*), or

(ii) as a result of a resolution according to Clause 15 (*Bondholders' decisions*).

8.4 Taxation

(a) The Issuer is responsible for withholding any withholding tax imposed by applicable law on any payments to be made by it in relation to the Finance Documents.

(b) The Issuer shall, if any tax is withheld in respect of the Bonds under the Finance Documents:

(i) gross up the amount of the payment due from it up to such amount which is necessary to ensure that the Bondholders or the Bond Trustee, as the case may be, receive a net amount which is (after making the required withholding) equal to the payment which would have been received if no withholding had been required; and

(ii) at the request of the Bond Trustee, deliver to the Bond Trustee evidence that the required tax deduction or withholding has been made.

(b) Any public fees levied on the trade of Bonds in the secondary market shall be paid by the Bondholders, unless otherwise provided by law or regulation, and the Issuer shall not be responsible for reimbursing any such fees.

8.5 Currency

(a) All amounts payable under the Finance Documents shall be payable in the denomination of the Bonds set out in Clause 2.1 (Amount, denomination and ISIN of the Bonds). If, however, the denomination differs from the currency of the bank account connected to the Bondholder's account in the CSD, any cash settlement may be exchanged and credited to this bank account.

(b) Any specific payment instructions, including foreign exchange bank account details, to be connected to the Bondholder's account in the CSD must be provided by the relevant Bondholder to the Paying Agent (either directly or through its account manager in the CSD) within five (5) Business Days prior to a Payment Date. Depending on any currency exchange settlement agreements between each Bondholder's bank and the Paying Agent, and opening hours of the receiving bank, cash settlement may be delayed, and payment shall be deemed to have been made once the cash settlement has taken place, provided, however, that no default interest or other penalty shall accrue for the account of the Issuer for such delay.

8.6 Set-off and counterclaims

The Issuer may not apply or perform any counterclaims or set-off against any payment obligations pursuant to these Bond Terms or any other Finance Document.

9. INTEREST

9.1 Calculation of interest

(a) Each Outstanding Bond will accrue interest at the Interest Rate on the Nominal Amount for each Interest Period, commencing on and including the first date of the Interest Period, and ending on but excluding the last date of the Interest Period.

(b) Interest will accrue on the Nominal Amount of any Additional Bond for each Interest Period starting with the Interest Period commencing on the Interest Payment Date immediately prior to the issuance of the Additional Bonds (or, if the date of the issuance is not an Interest Payment Date and there is no Interest Payment Date prior to such date of issuance, starting with the Interest Period commencing on the Issue Date).

(c) Interest shall be calculated on the basis of a 360-day year comprised of twelve months of thirty (30) days each and, in case of an incomplete month, the actual number of days elapsed (30/360-days basis).

9.2 Payment of interest

Interest shall fall due on each Interest Payment Date for the corresponding preceding Interest Period and, with respect to accrued interest on the principal amount then due and payable, on each Repayment Date.

10. REDEMPTION AND REPURCHASE OF BONDS

10.1 Redemption of Bonds

The Outstanding Bonds will mature in full on the Maturity Date and shall be redeemed by the Issuer on the Maturity Date at a price equal to 100 per cent. of the Nominal Amount (plus accrued interest on redeemed Bonds).

10.2 Voluntary early redemption - Call Option

(a) The Issuer may redeem the Outstanding Bonds (in whole or in parts) (the "**Call Option**") on any Business Day at any time from and including:

(i) the Interest Payment Date falling 3 years after the Issue Date to, but not including, the Interest Payment Date falling 4 years after the Issue Date at a price equal to 103.8% of the Nominal Amount (plus accrued interest on the redeemed Bonds);

(ii) the Interest Payment Date falling 4 years after the Issue Date to, but not including, the Interest Payment Date falling 4 years and 6 months after the Issue Date at a price equal to 101.9% of the Nominal Amount (plus accrued interest on the redeemed Bonds);

(iii) the Interest Payment Date falling 4 years and 6 months after the Issue Date to, but not including, the Maturity Date at a price equal to 100% of the Nominal Amount (plus accrued interest on the redeemed Bonds).

(b) Any redemption of Bonds pursuant to Clause 10.2 (a) above shall be determined based upon the redemption prices applicable on the Call Option Repayment Date.

(c) The Call Option may be exercised by the Issuer by written notice to the Bond Trustee and the Bondholders at least ten (10), but not more than twenty (20), Business Days prior to the proposed Call Option Repayment Date. Such notice sent by the Issuer is irrevocable and shall specify the Call Option Repayment Date.

(d) Any Call Option exercised in part will be used for pro rata payment to the Bondholders in accordance with the applicable regulations of the CSD.

10.3 Mandatory repurchase due to a Put Option Event

(a) Upon the occurrence of a Put Option Event, each Bondholder will have the right (the "**Put Option**") to require that the Issuer purchases all or some of the Bonds held by that Bondholder at a price equal to 101 per cent. of the Nominal Amount.

(b) The Put Option must be exercised within thirty (30) calendar days after the Issuer has given notice to the Bond Trustee and the Bondholders that a Put Option Event has occurred pursuant to Clause 12.3 (*Put Option Event*). Once notified, the Bondholders' right to exercise the Put Option is irrevocable and will not be affected by any subsequent events related to the Issuer.

(c) Each Bondholder may exercise its Put Option by written notice to its account manager for the CSD, who will notify the Paying Agent of the exercise of the Put Option. The Put Option Repayment Date will be the fifth (5) Business Day after the end of the thirty (30) calendar days exercise period referred to in paragraph (b) above. However, the settlement of the Put Option will be based on each Bondholders holding of Bonds at the Put Option Repayment Date.

(d) If Bonds representing more than 90 per cent. of the Outstanding Bonds have been repurchased pursuant to this Clause 10.3 (Mandatory repurchase due to a Put Option Event), the Issuer is entitled to repurchase all the remaining Outstanding Bonds at the price stated in paragraph (a) above (plus accrued interest) by notifying the remaining Bondholders of its intention to do so no later than twenty (20) calendar days after the Put Option Repayment Date. Such prepayment may occur at the earliest on the fifteenth (15^{th}) calendar day following the date of such notice.

10.4 Early redemption option due to a tax event

If the Issuer is or will be required to gross up any withheld tax imposed by law from any payment in respect of the Bonds under the Finance Documents pursuant to Clause 8.4 (*Taxation*) as a result of a change in applicable law implemented after the date of these Bond Terms, the Issuer will have the right to redeem all, but not only some, of the Outstanding Bonds at a price equal to 100 per cent. of the Nominal Amount. The Issuer shall give written notice of such redemption to the Bond Trustee and the Bondholders at least twenty (20) Business Days prior to the Tax Event Repayment Date, provided that no such notice shall be given earlier than sixty (60) days prior to the earliest date on which the Issuer would be obliged to withhold such tax were a payment in respect of the Bonds then due.

11. PURCHASE AND TRANSFER OF BONDS

11.1 Issuer's purchase of Bonds

The Issuer may purchase and hold Bonds and such Bonds may be retained or sold in the Issuer's sole discretion (including with respect to Bonds purchased pursuant to Clause 10.3 (*Mandatory repurchase due to a Put Option Event*)).

11.2 Restrictions

(a) Certain purchase or selling restrictions may apply to Bondholders under applicable local laws and regulations from time to time. Neither the Issuer nor the Bond Trustee shall be responsible to ensure compliance with such laws and regulations and each Bondholder is responsible for ensuring compliance with the relevant laws and regulations at its own cost and expense.

(b) A Bondholder who has purchased Bonds in breach of applicable restrictions may, notwithstanding such breach, benefit from the rights attached to the Bonds pursuant to these Bond Terms (including, but not limited to, voting rights), provided that the Issuer shall not incur any additional liability by complying with its obligations to such Bondholder.

12. INFORMATION UNDERTAKINGS

12.1 Financial Reports

(a) The Issuer shall prepare Annual Financial Statements in the English language and make them available on its website (alternatively on another relevant information platform) as soon as they become available, and not later than hundred and twenty (120) days after the end of the financial year.

(b) The Issuer shall prepare Interim Accounts in the English language and make them available on its website (alternatively on another relevant information platform) as soon as they become available, and not later than sixty (60) days after the end of the relevant interim period.

12.2 Requirements as to Financial Reports

The Issuer shall supply to the Bond Trustee, in connection with the publication of its Interim Accounts pursuant to Clause 12.1 (b) (*Financial Reports*), a Compliance Certificate with a copy of the Interim Accounts attached thereto. The Compliance Certificate shall be duly signed by the chief executive officer or the chief financial officer of the Issuer, certifying inter alia that the Interim Accounts are fairly representing its financial condition as at the date of those financial statements.

12.3 Put Option Event

The Issuer shall inform the Bond Trustee in writing as soon as possible after becoming aware that a Put Option Event has occurred.

12.4 Information: Miscellaneous

The Issuer shall:

(a) promptly inform the Bond Trustee in writing of any Event of Default or any event or circumstance which the Issuer understands or could reasonably be expected to understand may lead to an Event of Default and the steps, if any, being taken to remedy it;

(b) at the request of the Bond Trustee, report the balance of the Issuer's Bonds (to the best of its knowledge, having made due and appropriate enquiries);

(c) send the Bond Trustee copies of any statutory notifications of the Issuer, including but not limited to in connection with mergers, de-mergers and reduction of the Issuer's share capital or equity;

(d) if the Bonds are listed on the Exchange, send a copy to the Bond Trustee of its notices to the Exchange;

(e) if the Issuer and/or the Bonds are rated, inform the Bond Trustee of its and/or the rating of the Bonds, and any changes to such rating;

(f) inform the Bond Trustee of changes in the registration of the Bonds in the CSD; and

(g) within a reasonable time, provide such information about the Issuer's and the Group's business, assets and financial condition as the Bond Trustee may reasonably request.

13. GENERAL AND FINANCIAL UNDERTAKINGS

The Issuer undertakes to (and shall, where applicable, procure that the other Group Companies will) comply with the undertakings set forth in this Clause 13 (*General and financial Undertakings*).

13.1 Authorisations

The Issuer shall, and shall procure that each other Group Company will, in all material respects obtain, maintain and comply with the terms of any authorisation, approval, license and consent required for the conduct of its business as carried out from time to time if a failure to do so would have Material Adverse Effect.

13.2 Compliance with laws

The Issuer shall, and shall procure that each other Group Company shall, carry on its business in accordance with acknowledged, careful and sound practices in all aspects and comply in all respects with all laws and regulations to which it may be subject from time to time, if failure so to comply would have a Material Adverse Effect.

13.3 Continuation of business

The Issuer shall procure that no material change is made to the general nature of the business from that carried on by the Group and/or the Issuer at the date of these Bond Terms.

13.4 Corporate status

The Issuer shall not change its type of organisation or jurisdiction of organisation.

13.5 Mergers and de-mergers

The Issuer shall not, and shall procure that no other Group Company will, carry out:

(a) any merger or other business combination or corporate reorganisation involving the consolidation of assets and obligations of the Issuer or any other Group Company with any other companies or entities; or

(b) any de-merger or other corporate reorganisation having the same or equivalent effect as a demerger involving a split of the Issuer or any other Group Company into two or more separate companies or entities;

if such merger, de-merger, combination or reorganisation would have a Material Adverse Effect.

13.6 Litigation

The Issuer shall, promptly upon becoming aware of them, send the Bond Trustee such relevant details of any:

(a) litigations, arbitrations or administrative proceedings which have been or might be started by or against any Group Company and which, if decided adversely is likely to have a Material Adverse Effect; and

(b) other events which have occurred or might occur and which is likely to have a Material Adverse Effect.

13.7 Financial Indebtedness

(a) Except as permitted under paragraph (b) below, the Issuer shall not, and shall procure that no other Group Company will, incur any additional Financial Indebtedness or maintain or prolong any existing Financial Indebtedness.

(b) Paragraph (a) above shall not prohibit any Group Company to incur, maintain or prolong any Permitted Financial Indebtedness.

13.8 Negative pledge

(a) Except as permitted under paragraph (b) below, the Issuer shall not, and shall procure that no other Group Company will, create or allow to subsist, retain, provide, prolong or renew any Security over any of its/their assets (whether present or future).

(b) Paragraph (a) above does not apply to Security granted to secure any of the following:

(i) Permitted Security;

(ii) any netting or set-off arrangements entered into by the Issuer or any other Group Company (as the case may be) in the ordinary course of its banking arrangements for the purposes of netting debt and credit balances of the Issuer (if applicable); and

(iii) any lien arising by operation of law.

13.9 Financial support

(a) Except as permitted under paragraph (b) below, the Issuer shall not, and shall procure that no other Group Company shall, be a creditor in respect of any Financial Support to or for the benefit of any third party or other Group Company.

(b) Paragraph (a) above does not apply to any:

(i) Permitted Financial Indebtedness; and

(ii) in the ordinary course of business.

13.10 Distribution restrictions

The Issuer shall not declare or make any Distributions if:

(a) an Event of Default or an event or circumstance which, with the giving of any notice or the lapse of time, would constitute an Event of Default (a "**Default**") has occurred and is continuing;

(b) an Event of Default or a Default would result therefrom;

(c) the Issuer is not in compliance with the financial covenants set out in Clause 13.16 (*Financial covenants)*;

(d) the making of any Distribution by the Issuer or a Subsidiary would result in the Issuer not being in compliance with the financial covenants set out in Clause 13.16 (*Financial covenants*); or

(e) as a result of a Distribution by the Issuer or a Subsidiary, except a Preferred Share Distribution, the Remaining Cash Position is less than the Remaining Cash Requirement.

13.11 Subsidiary restrictions

Save for obligations under any Financial Indebtedness, the Issuer shall not permit any Subsidiary to create or permit to exist any contractual obligation (or encumbrance) restricting the right of any Subsidiary to:

(a) pay dividends or make Distributions to its shareholders;

(b) service any Financial Indebtedness to the Issuer;

(c) make any loans to the Issuer; or

(d) transfer any of its assets and properties to the Issuer;

if the creation of such contractual obligation is reasonably likely to prevent the Issuer from complying with its payment obligations under these Bond Terms.

13.12 Arm`s length transactions

The Issuer shall not, and the Issuer shall procure that no other Group Company shall, enter into transactions with any person except on arm`s length terms and for fair market value.

13.13 Disposal

The Issuer shall not, and shall procure that other Group Companies shall not, sell or otherwise dispose of all or substantially all of the Group`s assets or operations to any person not being a member of the Group, unless such sale, transfer or disposal is carried out in the ordinary course of business and would not have a Material Adverse Effect.

13.14 Listing

The Issuer shall ensure that its ordinary shares remain listed on the New York Stock Exchange or another recognised stock exchange.

13.15 Insurances

The Issuer shall, and the Issuer shall procure that each Group Company will, maintain with reputable insurance companies, funds or underwriters adequate insurance or captive arrangements with respect to its assets, equipment and business against such liabilities, casualties and contingencies and of such types and in such amounts as are consistent with prudent business practice in their relevant jurisdiction.

13.16 Financial Covenants

(a) The Issuer shall comply with the following:

(i) *Minimum Liquidity*

Minimum Liquidity shall not be less than USD 10,000,000.

(ii) *Tangible Net Worth*

Tangible Net Worth of the Group shall exceed 20% of Total Assets.

(iii) *Net Borrowings to Total Assets*

Net Borrowings to Total Assets shall not exceed 70%.

(b) The Issuer undertakes to comply with the above financial covenants at all times, such compliance to be measured on each Quarter Date and certified by the Issuer by delivery of a Compliance Certificate, setting out (in reasonably detail) computations evidencing compliance with the financial covenants, with the delivery of each Financial Report within the reporting dates set out in Clause 12.1 (*Financial Reports*). The financial covenants shall be calculated on a consolidated basis for the Group during the lifetime of the Bonds.

14. EVENTS OF DEFAULT AND ACCELERATION OF THE BONDS

14.1 Events of Default

Each of the events or circumstances set out in this Clause 14.1 shall constitute an Event of Default:

(a) Non-payment

The Issuer fails to pay any amount payable by it under the Finance Documents when such amount is due for payment, unless:

(i) its failure to pay is caused by administrative or technical error in payment systems or the CSD and payment is made within five (5) Business Days following the original due date; or

(ii) in the discretion of the Bond Trustee, the Issuer has substantiated that it is likely that such payment will be made in full within five (5) Business Days following the original due date.

(b) Breach of other obligations

The Issuer does not comply with any provision of the Finance Documents other than set out under paragraph (a) (*Non-payment*) above, unless such failure is capable of being remedied and is remedied within twenty (20) Business Days after the earlier of the Issuer's actual knowledge thereof, or notice thereof is given to the Issuer by the Bond Trustee

(c) Misrepresentation

Any representation, warranty or statement (including statements in Compliance Certificates) made under or in connection with any Finance Documents is or proves to have been incorrect, inaccurate or misleading in any material respect when made or deemed to have been made, unless the circumstances giving rise to the misrepresentation are capable of remedy and are remedied within twenty (20) Business Days of the earlier of the Bond Trustee giving notice to the Issuer or the Issuer becoming aware of such misrepresentation.

(d) Cross default

If for a Group Company:

(i) any Financial Indebtedness is not paid when due nor within any applicable grace period; or

(ii) any Financial Indebtedness is declared to be or otherwise becomes due and payable prior to its specified maturity as a result of an event of default (however described); or

(iii) any commitment for any Financial Indebtedness is cancelled or suspended by a creditor as a result of an event of default (however described), or

(iv) any creditor becomes entitled to declare any Financial Indebtedness due and payable prior to its specified maturity as a result of an event of default (however described),

provided however that the amount of such Financial Indebtedness or commitment for Financial Indebtedness falling within paragraphs (i) to (iv) above singly exceeds USD 20,000,000 (or the equivalent thereof in any other currency).

(e) Insolvency and insolvency proceedings

The Issuer, and in respect of a Group Company only if such event results in a Material Adverse Effect:

(i) is Insolvent; or

(ii) is object of any corporate action or any legal proceedings is taken in relation to:

(A) the suspension of payments, a moratorium of any indebtedness, winding-up, dissolution, administration or reorganisation (by way of voluntary arrangement, scheme of arrangement or otherwise) other than a solvent liquidation or reorganization; or

(B) a composition, compromise, assignment or arrangement with any creditor which may materially impair its ability to perform its obligations under these Bond Terms; or

(C) the appointment of a liquidator (other than in respect of a solvent liquidation), receiver, administrative receiver, administrator, compulsory manager or other similar officer of any of its assets; or

(D) enforcement of any Security over any of its or their assets having an aggregate value exceeding the threshold amount set out in paragraph 14.1 (d) (*Cross default*) above; or

(E) for (A) - (D) above, any analogous procedure or step is taken in any jurisdiction in respect of any such company,

however this shall not apply to any petition which is frivolous or vexatious and is discharged, stayed or dismissed within twenty (20) Business Days of commencement.

(f) Creditor's process

Any expropriation, attachment, sequestration, distress or execution affects any asset or assets of the Issuer and/or a Group Company, only if such event results in a Material Adverse Effect, having an aggregate value exceeding the threshold amount set out in paragraph 14.1 (d) (*Cross default*) above and is not discharged within twenty (20) Business Days.

(g) Unlawfulness

It is or becomes unlawful for the Issuer to perform or comply with any of its obligations under the Finance Documents to the extent this may materially impair:

(i) the ability of the Issuer to perform its obligations under these Bond Terms; or

(ii) the ability of the Bond Trustee to exercise any material right or power vested to it under the Finance Documents.

14.2 Acceleration of the Bonds

If an Event of Default has occurred and is continuing, the Bond Trustee may, in its discretion in order to protect the interests of the Bondholders, or upon instruction received from the Bondholders pursuant to Clause 14.3 (*Bondholders' instructions*) below, by serving a Default Notice:

(a) declare that the Outstanding Bonds, 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

(b) exercise any or all of its rights, remedies, powers or discretions under the Finance Documents or take such further measures as are necessary to recover the amounts outstanding under the Finance Documents.

14.3 Bondholders' instructions

The Bond Trustee shall serve a Default Notice pursuant to Clause 14.2 (Acceleration of the Bonds) if:

(a) the Bond Trustee receives a demand in writing from Bondholders representing a simple majority of the Voting Bonds, that an Event of Default shall be declared, and a Bondholders' Meeting has not made a resolution to the contrary; or

(b) the Bondholders' Meeting, by a simple majority decision, has approved the declaration of an Event of Default.

14.4 Calculation of claim

The claim derived from the Outstanding Bonds due for payment as a result of the serving of a Default Notice will be calculated at the prices set out in Clause 10.2 (*Voluntary early redemption – Call Option*) as applicable at the following dates (and regardless of the Default Repayment Date set out in the Default Notice):

(i) for any Event of Default arising out of a breach of Clause 14.1 (*Events of Default*) paragraph (a) (*Non-payment*), the claim will be calculated at the price applicable at the date when such Event of Default occurred; and

(ii) for any other Event of Default, the claim will be calculated at the price applicable at the date when the Default Notice was served by the Bond Trustee.

15. BONDHOLDERS' DECISIONS

15.1 Authority of the Bondholders' Meeting

(a) A Bondholders' Meeting may, on behalf of the Bondholders, resolve to alter any of these Bond Terms, including, but not limited to, any reduction of principal or interest and any conversion of the Bonds into other capital classes.

(b) The Bondholders' Meeting cannot resolve that any overdue payment of any instalment shall be reduced unless there is a pro rata reduction of the principal that has not fallen due, but may resolve that accrued interest (whether overdue or not) shall be reduced without a corresponding reduction of principal.

(c) The Bondholders' Meeting may not adopt resolutions which will give certain Bondholders an unreasonable advantage at the expense of other Bondholders.

(d) Subject to the power of the Bond Trustee to take certain action as set out in Clause 16.1 (*Power to represent the Bondholders*), if a resolution by, or an approval of, the

Bondholders is required, such resolution may be passed at a Bondholders' Meeting. Resolutions passed at any Bondholders' Meeting will be binding upon all Bondholders.

(e) At least 50 per cent. of the Voting Bonds must be represented at a Bondholders' Meeting for a quorum to be present.

(f) Resolutions will be passed by simple majority of the Voting Bonds represented at the Bondholders' Meeting, unless otherwise set out in paragraph (g) below.

(g) Save for any amendments or waivers which can be made without resolution pursuant to Clause 17.1 (*Procedure for amendments and waivers*) paragraph (a), section (i) and (ii), a majority of at least 2/3 of the Voting Bonds represented at the Bondholders' Meeting is required for approval of any waiver or amendment of any provisions of these Bond Terms, including a change of Issuer and change of Bond Trustee.

15.2 Procedure for arranging a Bondholders' Meeting

(a) A Bondholders' Meeting shall be convened by the Bond Trustee upon the request in writing of:

(i) the Issuer;

(ii) Bondholders representing at least 1/10 of the Voting Bonds;

(iii) the Exchange, if the Bonds are listed and the Exchange is entitled to do so pursuant to the general rules and regulations of the Exchange; or

(iv) the Bond Trustee.

The request shall clearly state the matters to be discussed and resolved.

(b) If the Bond Trustee has not convened a Bondholders' Meeting within ten (10) Business Days after having received a valid request for calling a Bondholders' Meeting pursuant to paragraph (a) above, then the re-questing party may itself call the Bondholders' Meeting.

(c) Summons to a Bondholders' Meeting must be sent no later than ten (10) Business Days prior to the proposed date of the Bondholders' Meeting. The Summons shall be sent to all Bondholders registered in the CSD at the time the Summons is sent from the CSD. If the Bonds are listed, the Issuer shall ensure that the Summons is published in accordance with the applicable regulations of the Exchange. The Summons shall also be published on the website of the Bond Trustee (alternatively by press release or other relevant information platform).

(d) Any Summons for a Bondholders' Meeting must clearly state the agenda for the Bondholders' Meeting and the matters to be resolved. The Bond Trustee may include additional agenda items to those requested by the person calling for the Bondholders' Meeting in the Summons. If the Summons contains proposed amendments to these Bond Terms, a description of the proposed amendments must be set out in the Summons.

(e) Items which have not been included in the Summons may not be put to a vote at the Bondholders' Meeting.

(f) By written notice to the Issuer, the Bond Trustee may prohibit the Issuer from acquiring or dispose of Bonds during the period from the date of the Summons until the date of the Bondholders' Meeting, unless the acquisition of Bonds is made by the Issuer pursuant to Clause 10 (*Redemption and Repurchase of Bonds*).

(g) A Bondholders' Meeting may be held on premises selected by the Bond Trustee, or if paragraph (b) above applies, by the person convening the Bondholders' Meeting (however to be held in the capital of the Relevant Jurisdiction). The Bondholders' Meeting will be opened and, unless otherwise decided by the Bondholders' Meeting, chaired by the Bond Trustee. If the Bond Trustee is not present, the Bondholders' Meeting will be opened by a Bondholder and be chaired by a representative elected by the Bondholders' Meeting (the Bond Trustee or such other representative, the "**Chairperson**").

(h) Each Bondholder, the Bond Trustee and, if the Bonds are listed, representatives of the Exchange, or any person or persons acting under a power of attorney for a Bondholder, shall have the right to attend the Bondholders' Meeting (each a "**Representative**"). The Chairperson may grant access to the meeting to other persons not being Representatives, unless the Bondholders' Meeting decides otherwise. In addition, each Representative has the right to be accompanied by an advisor. In case of dispute or doubt with regard to whether a person is a Representative or entitled to vote, the Chairperson will decide who may attend the Bondholders' Meeting and exercise voting rights.

(i) Representatives of the Issuer have the right to attend the Bondholders' Meeting. The Bondholders Meeting may resolve to exclude the Issuer's representatives and/or any person holding only Issuer's Bonds (or any representative of such person) from participating in the meeting at certain times, however, the Issuer's representative and any such other person shall have the right to be present during the voting.

(j) Minutes of the Bondholders' Meeting must be recorded by, or by someone acting at the instruction of, the Chairperson. The minutes must state the number of Voting Bonds represented at the Bondholders' Meeting, the resolutions passed at the meeting, and the results of the vote on the matters to be decided at the Bondholders' Meeting. The minutes shall be signed by the Chairperson and at least one other person. The minutes will be deposited with the Bond Trustee who shall make available a copy to the Bondholders and the Issuer upon request.

(k) The Bond Trustee will ensure that the Issuer, the Bondholders and the Exchange are notified of resolutions passed at the Bondholders' Meeting and that the resolutions are published on the website of the Bond Trustee (or other relevant electronically platform or press release).

(l) The Issuer shall bear the costs and expenses incurred in connection with convening a Bondholders' Meeting regardless of who has convened the Bondholders' Meeting, including any reasonable costs and fees incurred by the Bond Trustee.

15.3 Voting rules

(a) Each Bondholder (or person acting for a Bondholder under a power of attorney) may cast one vote for each Voting Bond owned on the Relevant Record Date, ref. Clause 3.3 (*Bondholders' rights*). The Chairperson may, in its sole discretion, decide on accepted evidence of ownership of Voting Bonds.

(b) Issuer's Bonds shall not carry any voting rights. The Chairperson shall determine any question concerning whether any Bonds will be considered Issuer's Bonds.

(c) For the purposes of this Clause 15 (*Bondholders' decisions*), a Bondholder that has a Bond registered in the name of a nominee will, in accordance with Clause 3.3 (*Bondholders' rights*), be deemed to be the owner of the Bond rather than the nominee. No vote may be cast by any nominee if the Bondholder has presented relevant evidence to the Bond Trustee pursuant to Clause 3.3 (*Bondholders' rights*) stating that it is the owner of the Bonds voted for. If the Bondholder has voted directly for any of its nominee registered Bonds, the Bondholder's votes shall take precedence over votes submitted by the nominee for the same Bonds.

(d) Any of the Issuer, the Bond Trustee and any Bondholder has the right to demand a vote by ballot. In case of parity of votes, the Chairperson will have the deciding vote.

15.4 Repeated Bondholders' Meeting

(a) Even if the necessary quorum set out in paragraph (d) of Clause 15.1 (*Authority of the Bondholders' Meeting*) is not achieved, the Bondholders' Meeting shall be held and voting completed for the purpose of recording the voting results in the minutes of the Bondholders' Meeting. The Bond Trustee or the person who convened the initial Bondholders' Meeting may, within ten (10) Business Days of that Bondholders' Meeting, convene a repeated meeting with the same agenda as the first meeting.

(b) The provisions and procedures regarding Bondholders' Meetings as set out in Clause 15.1 (*Authority of the Bondholders' Meeting*), Clause 15.2 (*Procedure for arranging a Bondholders' Meeting*) and Clause 15.3 (*Voting rules*) shall apply *mutatis mutandis* to a repeated Bondholders' Meeting, with the exception that the quorum requirements set out in paragraph (d) of Clause 15.1 (*Authority of the Bondholders' Meeting*) shall not apply to a repeated Bondholders' Meeting. A Summons for a repeated Bondholders' Meeting shall also contain the voting results obtained in the initial Bondholders' Meeting.

(c) A repeated Bondholders' Meeting may only be convened once for each original Bondholders' Meeting. A repeated Bondholders' Meeting may be convened pursuant to the procedures of a Written Resolution in accordance with Clause 15.5 (*Written Resolutions*), even if the initial meeting was held pursuant to the procedures of a Bondholders' Meeting in accordance with Clause 15.2 (*Procedure for arranging a Bondholders' Meeting*) and vice versa.

15.5 Written Resolutions

(a) Subject to these Bond Terms, anything which may be resolved by the Bondholders in a Bondholders' Meeting pursuant to Clause 15.1 (Authority of the Bondholders'

Meeting) may also be resolved by way of a Written Resolution. A Written Resolution passed with the relevant majority is as valid as if it had been passed by the Bondholders in a Bondholders' Meeting, and any reference in any Finance Document to a Bondholders' Meeting shall be construed accordingly.

(b) The person requesting a Bondholders' Meeting may instead request that the relevant matters are to be resolved by Written Resolution only, unless the Bond Trustee decides otherwise.

(c) The Summons for the Written Resolution shall be sent to the Bondholders registered in the CSD at the time the Summons is sent from the CSD and published at the Bond Trustee's web site, or other relevant electronic platform or via press release.

(d) The provisions set out in Clause 15.1 (*Authority of the Bondholders' Meeting*), 15.2 (*Procedure for arranging a Bondholder's Meeting*), Clause 15.3 (*Voting Rules*) and Clause 15.4 (*Repeated Bondholders' Meeting*) shall apply *mutatis mutandis* to a Written Resolution, except that:

(i) the provisions set out in paragraphs (g), (h) and (i) of Clause 15.2 (*Procedure for arranging Bondholders Meetings*); or

(ii) provisions which are otherwise in conflict with the requirements of this Clause 15.5 (*Written Resolution*),

shall not apply to a Written Resolution.

(e) The Summons for a Written Resolution shall include:

(i) instructions as to how to vote to each separate item in the Summons (including instructions as to how voting can be done electronically if relevant); and

(ii) the time limit within which the Bond Trustee must have received all votes necessary in order for the Written Resolution to be passed with the requisite majority (the "**Voting Period**"), such Voting Period to be at least three (3) Business Days but not more than fifteen (15) Business Days from the date of the Summons, provided however that the Voting Period for a Written Resolution summoned pursuant to Clause 15.4 (*Repeated Bondholders' Meeting*) shall be at least ten (10) Business Days but not more than fifteen (15) Business Days from the date of the Summons.

(f) Only Bondholders of Voting Bonds registered with the CSD on the Relevant Record Date, or the beneficial owner thereof having presented relevant evidence to the Bond Trustee pursuant to Clause 3.3 (*Bondholders' rights*), will be counted in the Written Resolution.

(g) A Written Resolution is passed when the requisite majority set out in paragraph (e) or paragraph (f) of Clause 15.1 (*Authority of Bondholders' Meeting*) has been achieved, based on the total number of Voting Bonds, even if the Voting Period has not yet

expired. A Written Resolution may also be resolved if the sufficient numbers of negative votes are received prior to the expiry of the Voting Period.

(h) The effective date of a Written Resolution passed prior to the expiry of the Voting Period is the date when the resolution is approved by the last Bondholder that results in the necessary voting majority being achieved.

(i) If no resolution is passed prior to the expiry of the Voting Period, the number of votes shall be calculated at the close of business on the last day of the Voting Period, and a decision will be made based on the quorum and majority requirements set out in paragraphs (d) to (f) of Clause 15.1(*Authority of Bondholders' Meeting*).

16. THE BOND TRUSTEE

16.1 Power to represent the Bondholders

(a) The Bond Trustee has power and authority to act on behalf of, and/or represent, the Bondholders in all matters, including but not limited to taking any legal or other action, including enforcement of these Bond Terms, and the commencement of bankruptcy or other insolvency proceedings against the Issuer, or others.

(b) The Issuer shall promptly upon request provide the Bond Trustee with any such documents, information and other assistance (in form and substance satisfactory to the Bond Trustee), that the Bond Trustee deems necessary for the purpose of exercising its and the Bondholders' rights and/or carrying out its duties under the Finance Documents.

16.2 The duties and authority of the Bond Trustee

(a) The Bond Trustee shall represent the Bondholders in accordance with the Finance Documents, including, inter alia, by following up on the delivery of any Compliance Certificates and such other documents which the Issuer is obliged to disclose or deliver to the Bond Trustee pursuant to the Finance Documents and, when relevant, in relation to accelerating and enforcing the Bonds on behalf of the Bondholders.

(b) The Bond Trustee is not obligated to assess or monitor the financial condition of the Issuer or any other Obligor unless to the extent expressly set out in these Bond Terms, or to take any steps to ascertain whether any Event of Default has occurred. Until it has actual knowledge to the contrary, the Bond Trustee is entitled to assume that no Event of Default has occurred. The Bond Trustee is not responsible for the valid execution or enforceability of the Finance Documents, or for any discrepancy between the indicative terms and conditions described in any marketing material presented to the Bondholders prior to issuance of the Bonds and the provisions of these Bond Terms.

(c) The Bond Trustee is entitled to take such steps that it, in its sole discretion, considers necessary or advisable to protect the rights of the Bondholders in all matters pursuant to the terms of the Finance Documents. The Bond Trustee may submit any instructions received by it from the Bondholders to a Bondholders' Meeting before the Bond Trustee takes any action pursuant to the instruction.

(d) The Bond Trustee is entitled to engage external experts when carrying out its duties under the Finance Documents.

(e) The Bond Trustee shall hold all amounts recovered on behalf of the Bondholders on separated accounts.

(f) The Bond Trustee will ensure that resolutions passed at the Bondholders' Meeting are properly implemented, provided, however, that the Bond Trustee may refuse to implement resolutions that may be in conflict with these Bond Terms, any other Finance Document, or any applicable law.

(g) Notwithstanding any other provision of the Finance Documents to the contrary, the Bond Trustee is not obliged to do or omit to do anything if it would or might in its reasonable opinion constitute a breach of any law or regulation.

(h) If the cost, loss or liability which the Bond Trustee may incur (including reasonable fees payable to the Bond Trustee itself) in:

(i) complying with instructions of the Bondholders; or

(ii) taking any action at its own initiative,

will not, in the reasonable opinion of the Bond Trustee, be covered by the Issuer or the relevant Bondholders pursuant to paragraphs (e) and (g) of Clause 16.4 (*Expenses, liability and indemnity*), the Bond Trustee may refrain from acting in accordance with such instructions, or refrain from taking such action, until it has received such funding or indemnities (or adequate security has been provided therefore) as it may reasonably require.

(i) The Bond Trustee shall give a notice to the Bondholders before it ceases to perform its obligations under the Finance Documents by reason of the non-payment by the Issuer of any fee or indemnity due to the Bond Trustee under the Finance Documents.

(j) The Bond Trustee may instruct the CSD to split the Bonds to a lower nominal amount in order to facilitate partial redemptions, restructuring of the Bonds or other situations.

16.3 Equality and conflicts of interest

(a) The Bond Trustee shall not make decisions which will give certain Bondholders an unreasonable advantage at the expense of other Bondholders. The Bond Trustee shall, when acting pursuant to the Finance Documents, act with regard only to the interests of the Bondholders and shall not be required to have regard to the interests or to act upon or comply with any direction or request of any other person, other than as explicitly stated in the Finance Documents.

(b) The Bond Trustee may act as agent, trustee, representative and/or security agent for several bond issues relating to the Issuer notwithstanding potential conflicts of interest. The Bond Trustee is entitled to delegate its duties to other professional parties.

16.4 Expenses, liability and indemnity

(a) The Bond Trustee will not be liable to the Bondholders for damage or loss caused by any action taken or omitted by it under or in connection with any Finance Document, unless directly caused by its gross negligence or wilful misconduct. The Bond Trustee shall not be responsible for any indirect or consequential loss. Irrespective of the foregoing, the Bond Trustee shall have no liability to the Bondholders for damage caused by the Bond Trustee acting in accordance with instructions given by the Bondholders in accordance with these Bond Terms.

(b) Any liability for the Bond Trustee for damage or loss is limited to the amount of the Outstanding Bonds. The Bond Trustee is not liable for the content of information provided to the Bondholders by or on behalf of the Issuer or any other person.

(c) The Bond Trustee shall not be considered to have acted negligently in:

(i) acting in accordance with advice from or opinions of reputable external experts; or

(ii) taking, delaying or omitting any action if acting with reasonable care and provided the Bond Trustee considers that such action is in the interests of the Bondholders.

(d) The Issuer is liable for, and will indemnify the Bond Trustee fully in respect of, all losses, expenses and liabilities incurred by the Bond Trustee as a result of negligence by the Issuer (including its directors, management, officers, employees and agents) in connection with the performance of the Bond Trustee’s obligations under the Finance Documents, including losses incurred by the Bond Trustee as a result of the Bond Trustee's actions based on misrepresentations made by the Issuer in connection with the issuance of the Bonds, the entering into or performance under the Finance Documents, and for as long as any amounts are outstanding under or pursuant to the Finance Documents.

(e) The Issuer shall cover all costs and expenses incurred by the Bond Trustee in connection with it fulfilling its obligations under the Finance Documents. The Bond Trustee is entitled to fees for its work and to be indemnified for costs, losses and liabilities on the terms set out in the Finance Documents. The Bond Trustee's obligations under the Finance Documents are conditioned upon the due payment of such fees and indemnifications. The fees of the Bond Trustee will be further set out in the Bond Trustee Fee Agreement.

(f) The Issuer shall on demand by the Bond Trustee pay all costs incurred for external experts engaged after the occurrence of an Event of Default, or for the purpose of investigating or considering (i) an event or circumstance which the Bond Trustee reasonably believes is or may lead to an Event of Default or (ii) a matter relating to the Issuer or any of the Finance Documents which the Bond Trustee reasonably believes may constitute or lead to a breach of any of the Finance Documents or otherwise be detrimental to the interests of the Bondholders under the Finance Documents.

(g) Fees, costs and expenses payable to the Bond Trustee which are not reimbursed in any other way due to an Event of Default, the Issuer being Insolvent or similar circumstances pertaining to any Obligors, may be covered by making an equal reduction in the proceeds to the Bondholders hereunder of any costs and expenses incurred by the Bond Trustee (or the Security Agent) in connection therewith. The Bond Trustee may withhold funds from any escrow account (or similar arrangement) or from other funds received from the Issuer or any other person, irrespective of such funds being subject to Transaction Security, and to set-off and cover any such costs and expenses from those funds.

(h) As a condition to effecting any instruction from the Bondholders (including, but not limited to, instructions set out in Clause 14.3 (*Bondholders' instructions*) or Clause 15.2 (*Procedure for arranging a Bondholders' Meeting*)), the Bond Trustee may require satisfactory Security, guarantees and/or indemnities for any possible liability and anticipated costs and expenses from those Bondholders who have given that instruction and/or who voted in favour of the decision to instruct the Bond Trustee.

16.5 Replacement of the Bond Trustee

(a) The Bond Trustee may be replaced according to the procedures set out in Clause 15 (*Bondholders' Decisions*), and the Bondholders may resolve to replace the Bond Trustee without the Issuer's approval.

(b) The Bond Trustee may resign by giving notice to the Issuer and the Bondholders, in which case a successor Bond Trustee shall be elected pursuant to this Clause 16.5 (*Replacement of the Bond Trustee*), initiated by the retiring Bond Trustee.

(c) If the Bond Trustee is Insolvent, or otherwise is permanently unable to fulfil its obligations under these Bond Terms, the Bond Trustee shall be deemed to have resigned and a successor Bond Trustee shall be appointed in accordance with this Clause 16.5 (*Replacement of the Bond Trustee*).The Issuer may appoint a temporary Bond Trustee until a new Bond Trustee is elected in accordance with paragraph (a) above.

(d) The change of Bond Trustee's shall only take effect upon execution of all necessary actions to effectively substitute the retiring Bond Trustee, and the retiring Bond Trustee undertakes to co-operate in all reasonable manners without delay to such effect. The retiring Bond Trustee shall be discharged from any further obligation in respect of the Finance Documents from the change takes effect, but shall remain liable under the Finance Documents in respect of any action which it took or failed to take whilst acting as Bond Trustee. The retiring Bond Trustee remains entitled to any benefits and any unpaid fees or expenses under the Finance Documents before the change has taken place.

(e) Upon change of Bond Trustee the Issuer shall co-operate in all reasonable manners without delay to replace the retiring Bond Trustee with the successor Bond Trustee and release the retiring Bond Trustee from any future obligations under the Finance Documents and any other documents.

17. AMENDMENTS AND WAIVERS

17.1 Procedure for amendments and waivers

(a) The Issuer and the Bond Trustee (acting on behalf of the Bondholders) may agree to amend the Finance Documents or waive a past default or anticipated failure to comply with any provision in a Finance Document, provided that:

(i) such amendment or waiver is not detrimental to the rights and benefits of the Bondholders in any material respect, or is made solely for the purpose of rectifying obvious errors and mistakes; or

(ii) such amendment or waiver is required by applicable law, a court ruling or a decision by a relevant authority; or

(iii) such amendment or waiver has been duly approved by the Bondholders in accordance with Clause 15 (*Bondholders' Decisions*).

(b) Any changes to these Bond Terms necessary or appropriate in connection with the appointment of a Security Agent other than the Bond Trustee shall be documented in an amendment to these Bond Terms, signed by the Bond Trustee (in its discretion). If so desired by the Bond Trustee, any or all of the Transaction Security Documents shall be amended, assigned or re-issued, so that the Security Agent is the holder of the relevant Security (on behalf of the Bondholders). The costs incurred in connection with such amendment, assignment or re-issue shall be for the account of the Issuer.

17.2 Authority with respect to documentation

If the Bondholders have resolved the substance of an amendment to any Finance Document, without resolving on the specific or final form of such amendment, the Bond Trustee shall be considered authorised to draft, approve and/or finalise (as applicable) any required documentation or any outstanding matters in such documentation without any further approvals or involvement from the Bondholders being required.

17.3 Notification of amendments or waivers

The Bond Trustee shall as soon as possible notify the Bondholders of any amendments or waivers made in accordance with this Clause 17 (*Amendments and waivers*), setting out the date from which the amendment or waiver will be effective, unless such notice obviously is unnecessary. The Issuer shall ensure that any amendment to these Bond Terms is duly registered with the CSD.

18. MISCELLANEOUS

18.1 Limitation of claims

All claims under the Finance Documents for payment, including interest and principal, will be subject to the legislation regarding time-bar provisions of the Relevant Jurisdiction.

18.2 Access to information

(a) These Bond Terms will be made available to the public and copies may be obtained from the Bond Trustee or the Issuer. The Bond Trustee will not have any obligation to distribute any other information to the Bondholders or any other person, and the

Bondholders have no right to obtain information from the Bond Trustee, other than as explicitly stated in these Bond Terms or pursuant to statutory provisions of law.

(b) In order to carry out its functions and obligations under these Bond Terms, the Bond Trustee will have access to the relevant information regarding ownership of the Bonds, as recorded and regulated with the CSD.

(c) The information referred to in paragraph (b) above may only be used for the purposes of carrying out their duties and exercising their rights in accordance with the Finance Documents and shall not disclose such information to any Bondholder or third party unless necessary for such purposes.

18.3 Notices, contact information

Written notices to the Bondholders made by the Bond Trustee will be sent to the Bondholders via the CSD with a copy to the Issuer and the Exchange (if the Bonds are listed). Any such notice or communication will be deemed to be given or made via the CSD, when sent from the CSD.

(a) The Issuer's written notifications to the Bondholders will be sent to the Bondholders via the Bond Trustee or through the CSD with a copy to the Bond Trustee and the Exchange (if the Bonds are listed).

(b) Unless otherwise specifically provided, all notices or other communications under or in connection with these Bond Terms between the Bond Trustee and the Issuer will be given or made in writing, by letter, e-mail or fax. Any such notice or communication will be deemed to be given or made as follows:

(i) if by letter, when delivered at the address of the relevant party;

(ii) if by e-mail, when received; and

(iii) if by fax, when received.

(c) The Issuer and the Bond Trustee shall each ensure that the other party is kept informed of changes in postal address, e-mail address, telephone and fax numbers and contact persons.

(d) When determining deadlines set out in these Bond Terms, the following will apply (unless otherwise stated):

(i) if the deadline is set out in days, the first day of the relevant period will not be included and the last day of the relevant period will be included;

(ii) if the deadline is set out in weeks, months or years, the deadline will end on the day in the last week or the last month which, according to its name or number, corresponds to the first day the deadline is in force. If such day is not a part of an actual month, the deadline will be the last day of such month; and

(iii) if a deadline ends on a day which is not a Business Day, the deadline is postponed to the next Business Day.

18.4 Defeasance

(a) Subject to paragraph (b) below and provided that:

(i) an amount sufficient for the payment of principal and interest on the Outstanding Bonds to the Maturity Date (including, to the extent applicable, any premium payable upon exercise of the Call Option), and always subject to paragraph (c) below (the "**Defeasance Amount**") is credited by the Issuer to an account in a financial institution acceptable to the Bond Trustee (the "**Defeasance Account**");

(ii) the Defeasance Account is irrevocably pledged and blocked in favour of the Bond Trustee on such terms as the Bond Trustee shall request (the "**Defeasance Pledge"**); and

(iii) the Bond Trustee has received such legal opinions and statements reasonably required by it, including (but not necessarily limited to) with respect to the validity and enforceability of the Defeasance Pledge, then the Issuer will be relieved from its obligations under Clause 12.2 (*Requirements as to Financial Reports*) paragraph (a), Clause 12.3 (*Put Option Event*), Clause 12.4 (*Information: Miscellaneous*) and Clause 13 (*General and financial undertakings*);

(b) The Bond Trustee shall be authorised to apply any amount credited to the Defeasance Account towards any amount payable by the Issuer under any Finance Document on the due date for the relevant payment until all obligations of the Issuer and all amounts outstanding under the Finance Documents are repaid and discharged in full.

(c) The Bond Trustee may, if the Defeasance Amount cannot be finally and conclusively determined, decide the amount to be deposited to the Defeasance Account in its discretion, applying such buffer amount as it deems required.

A defeasance established according to this Clause 18.4 may not be reversed.

19. GOVERNING LAW AND JURISDICTION

19.1 Governing law

These Bond Terms are governed by the laws of the Relevant Jurisdiction, without regard to its conflict of law provisions.

19.2 Main jurisdiction

The Bond Trustee and the Issuer agree for the benefit of the Bond Trustee and the Bondholders that Oslo District Court (No.: *Oslo tingrett*) shall have jurisdiction with respect to any dispute arising out of or in connection with these Bond Terms. The Issuer agrees for the benefit of the Bond Trustee and the Bondholders that any legal action or proceedings arising out of or in connection with these Bond Terms against the Issuer or any of its assets may be brought in such court.

19.3 Alternative jurisdiction

Clause 19 (*Governing law and jurisdiction*) is for the exclusive benefit of the Bond Trustee and the Bondholders and the Bond Trustee have the right:

(a) to commence proceedings against the Issuer or any of its assets in any court in any jurisdiction; and

(b) to commence such proceedings, including enforcement proceedings, in any competent jurisdiction concurrently.

19.4 Service of process

(a) Without prejudice to any other mode of service allowed under any relevant law, the Issuer:

(i) irrevocably appoints Advokatfirmaet Wiersholm AS as its agent for service of process in relation to any proceedings in connection with these Bond Terms; and

(ii) agrees that failure by an agent for service of process to notify the Issuer of the process will not invalidate the proceedings concerned.

(b) If any person appointed as an agent for service of process is unable for any reason to act as agent for service of process, the Issuer must immediately (and in any event within ten (10) Business Days of such event taking place) appoint another agent on terms acceptable to the Bond Trustee. Failing this, the Bond Trustee may appoint another agent for this purpose.

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These Bond Terms have been executed in two originals, of which the Issuer and the Bond Trustee shall retain one each.

SIGNATURES:

The Issuer: **DIANA SHIPPING INC.** /s/ Andreas Nikolaos Michalopoulos /s/ Ioannis Zafirakis ……..... By: Andreas Nikolaos Michalopoulos and Ioannis Zafirakis Position: Director, Chief Financial Officer & Treasurer and Director, Chief Strategy Officer & Secretary	**As Bond Trustee :** **NORDIC TRUSTEE AS** ……. By: Position:

These Bond Terms have been executed in two originals, of which the Issuer and the Bond Trustee shall retain one each.

SIGNATURES:

The Issuer: **DIANA SHIPPING INC.** ……. By: Position:	**As Bond Trustee :** **NORDIC TRUSTEE AS** /s/ Joegen Andersen ……. By: Joegen Andersen Position:

SCHEDULE 1
COMPLIANCE CERTIFICATE

[date]

Diana Shipping Inc. 9.50% bonds 2018/2023 ISIN NO0010832868[

We refer to the Bond Terms for the above captioned Bonds made between Nordic Trustee AS as Bond Trustee on behalf of the Bondholders and the undersigned as Issuer. Pursuant to Clause 12.2 (*Requirements as to Financial Reports*) of the Bond Terms a Compliance Certificate shall be issued in connection with each delivery of Financial Statements to the Bond Trustee.

This letter constitutes the Compliance Certificate for the period [●].

Capitalised terms used herein will have the same meaning as in the Bond Terms.

With reference to Clause 12.2 (*Requirements as to Financial Reports*) we hereby certify that all information delivered under cover of this Compliance Certificate is true and accurate and there has been no material adverse change to the financial condition of the Issuer since the date of the last accounts or the last Compliance Certificate submitted to you. Copies of our latest consolidated [Financial Statements] / [Interim Accounts] are enclosed.

[The Financial Covenants set out in Clause 13.16 (*Financial Covenants*) are met, please see the calculations and figures in respect of the ratios attached hereto.]

We confirm that, to the best of our knowledge, no Event of Default has occurred or is likely to occur.

Yours faithfully,

NX

_____

Name of authorised person

Enclosure: Financial Statements; [and

any other written documentation]

Exhibit 4.36

Registration Document

Diana Shipping Inc.

Registration number 13671
(Marshall Islands)
Listing on Oslo Stock Exchange

Arrangers:

This Registration Document does not constitute an offer to buy, subscribe or sell the securities described herein.

This Registration Document combined with the relevant Securities Note and Summary serves as a listing Prospectus as required by applicable laws and no securities are being offered or sold pursuant to this Prospectus.

IMPORTANT NOTICE

This Registration Document (the "Registration Document") has been prepared by Diana Shipping Inc. ("Diana", "the Company" or the "Issuer") for use in connection with the listing of Company's bonds on the Oslo Stock Exchange (the "Listing").

The Registration Document combined with the relevant Securities Note and Summary constitutes a Prospectus (the "Prospectus").

This Registration Document has been prepared to comply with chapter 7 of the Norwegian Securities Trading Act of 29 June 2007 No. 75 (Nw: *Verdipapirhandelloven*) ("Norwegian Securities Trading Act") and related secondary legislation including the Prospectus Directive (EC Commission Regulation EC/809/2004). The Financial Supervisory Authority of Norway (Nw: *Finanstilsynet*) ("NFSA") has reviewed and approved this Registration Document in accordance with Section 7-7 and 7-8 of the Norwegian Securities Trading Act. The Prospectus is valid 12 months from the Financial Supervisory Authority's approval. The Norwegian FSA has not verified or approved the accuracy or completeness of the information provided in this Prospectus. The NFSAs control and approval solely relates to the issuers descriptions according to a pre-defined list of requirements. The NFSA has not undertaken any form of control or approval of corporate matters described in, or in any way included in the prospectus. The Registration Document has been prepared in the English language only.

The information contained herein is as of the date of this Registration Document and subject to change, completion or amendment without notice. In accordance with Section 7-15 of the Norwegian Securities Trading Act, any new factor, significant error or inaccuracy that might have an effect on the assessment of the Bond Issue contemplated hereby and emerges between the time of approval of the Registration Document and the Listing, will be included in a supplement to the Registration Document. Neither the approval nor distribution or use of this Registration Document shall under any circumstances create any implication that the information herein is correct as of any date subsequent to the date of the Registration Document.

All inquiries relating to this Registration Document should be directed to the Company. No other person has been authorized to give any information about, or make any representation on behalf of, the Company in connection with the Listing and, if given or made, such other information or representation must not be relied upon as having been authorized by the Company.

Unless otherwise indicated, the source of the information in this Registration Document is the Company. The contents of this Registration Document are not to be construed as legal, business or tax advice. Each reader of the Registration Document should consult with its own professional advisors for legal, business and tax advice. If you are in any doubt about the contents of this Registration Document, you should consult your stockbroker, bank manager, lawyer, accountant or other professional advisor.

An investment in bonds involves inherent risks. Prospective investors in Bonds issued by the Company should carefully consider the risks associated with the investment when reading the information contained in this Registration Document, and be aware of the risk of losing such investment in its entirety, before deciding to invest. A summary of risk factors are set out in Section 1 "Risk Factors". However, prospective investors should read the entire Registration Document before making any investment decision.

Offering restrictions

The distribution of this Registration Document may in certain jurisdictions be restricted by law (including, but not limited to, the United States, Canada, Australia, Japan and South Africa). Persons in possession of this Registration Document are required to inform themselves about and to observe any such restrictions. This Registration Document does not constitute an offer of, or an invitation to subscribe or purchase, any bonds or other securities.

The securities described in this Registration Document have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "U.S. Securities Act") and may not be offered or sold absent registration or an applicable exemption from registration under the U.S. Securities Act.

Furthermore, the bonds may not be offered or sold in or into Canada, Japan, the Republic of South Africa or Australia.

In relation to the United Kingdom, this Registration Document is only directed at, and may only be distributed to, persons who fall within the scope of Article 19 (Investment Professionals) and 49 (High Net Worth Companies, Unincorporated Associations etc.) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2001 (as amended) or who are persons to whom the document may otherwise be lawfully distributed. This Registration Document may only be distributed in circumstances which do not result in an offer to the public in the United Kingdom within the meaning of Public Offers of Securities Regulations 1995 (as amended). The distribution

(which term shall include any form of communication) of this Registration Document may be restricted pursuant to Section 21 (Restrictions on Financial Promotion) of the Financial Services and Markets Act 2000 (as amended).

Except for the approval by NFSA as described above, no action has been taken or will be taken in any jurisdiction by the Company or the Manager that would permit a public offering of Bonds issued by the Company, or the possession or distribution of any documents relating to the Listing, or any amendment or supplement thereto, hereunder but not limited to this Registration Document, in any country or jurisdiction where specific action for that purpose is required. Any person receiving this Registration Document is required by the Company and the Manager to inform themselves about and to observe such restrictions.

The restrictions and limitations listed and described herein are not exhaustive, and other restrictions and limitations that are not known or identified by the Company or the Manager at the date of this Registration Document may apply in various jurisdictions as they relate to the Listing and the Registration Document.

This Registration Document is subject to Norwegian law, unless otherwise indicated herein. Any dispute arising in respect of this Listing or this Registration Document is subject to the exclusive jurisdiction of the Norwegian courts, with Bergen District Court as exclusive venue.

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1 RISK FACTORS

Prior to any decision to invest in the Bonds, potential investors should carefully read and assess the following specific risks and the other information contained in this presentation. An investment in the bonds is suitable only for investors who understand the risk factors associated with this type of investment and who can afford a loss of all or part of their investment.

If any of the risks presented below materializes, individually or together with other circumstances, the business, financial position and operating results of the Issuer and the Group could be materially and adversely affected, and the price of the Bonds may decline, causing investors to lose all or part of their invested capital.

The primary risk factors in connection with an investment in the bonds are described below. The description below is not exhaustive and the sequence of the risk factors is not set out according to importance. A prospective investor should carefully consider the factors set out below and elsewhere in this Presentation, including but not limited to the cost structure for both the Issuer and the investors, as well as the investors' current and future tax position.

The below described risk factors are supplemented by the risks described under the heading "Risk Factors" in our Annual Report on Form 20 -F for the year ended December 31, 2017 that summarize the risks that may materially affect the Issuer's business.

Industry Specific Risk Factors

Charter hire rates for dry bulk carriers may remain at low levels or decrease in the future, which may adversely affect our earnings.

The dry bulk carrier charter market remains significantly below its high in 2008, which has had and may continue to have an adverse effect on our revenues, earnings and profitability, and may affect our ability to comply with our loan covenants.

If economic conditions throughout the world decline, in particular in the EU, in China and the rest of the Asia-Pacific region, it could negatively affect our earnings, financial condition and cash flows and may further adversely affect the market price of our common shares.

A decrease in the level of China's export of goods or an increase in trade protectionism could have a material adverse impact on our charterers' business and, in turn, could cause a material adverse impact on our earnings, financial condition and cash flows.

A decline in the state of global financial markets and economic conditions may adversely impact our ability to obtain additional financing or refinance our existing loan and credit facilities on acceptable terms which may hinder or prevent us from expanding our business.

An over-supply of dry bulk carrier capacity may prolong or further depress the current low charter rates and, in turn, adversely affect our profitability.

Risks associated with operating ocean-going vessels could affect our business and reputation, which could adversely affect our revenues and stock price.

World events could affect our earnings and financial condition.

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

Our operating results are subject to seasonal fluctuations, which could affect our operating results.

An increase in the price of fuel, or bunkers, may adversely affect profits.

We are subject to complex laws and regulations, including environmental regulations that can adversely affect the cost, manner or feasibility of doing business.

Increased inspection procedures, tighter import and export controls and new security regulations could increase costs and disrupt our business.

The operation of dry bulk carriers has certain unique operational risks which could affect our earnings and cash flow.

Our vessels may call on ports located in countries that are subject to sanctions and embargoes imposed by the U.S. or other governments, which could adversely affect our reputation and the market for our common stock.

Maritime claimants could arrest or attach one or more of our vessels, which could interrupt our cash flows.

We conduct business in China, where the legal system is not fully developed and has inherent uncertainties that could limit the legal protections available to us.

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

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

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

Company Specific Risk Factors

The market values of our vessels have declined in recent years and may further decline, which could limit the amount of funds that we can borrow and could trigger breaches of certain financial covenants contained in our loan facilities, which could adversely affect our operating results, and we may incur a loss if we sell vessels following a decline in their market values.

We charter some of our vessels on short-term time charters in a volatile shipping industry and a decline in charter hire rates could affect our results of operations and our ability to pay dividends.

Rising crew costs could adversely affect our results of operations.

Our involvement with Diana Containerships Inc. may expose us to risks which may adversely affect our financial condition.

Our investment in Diana Wilhelmsen Management Limited may expose us to additional risks.

The effects of the recent Greek crisis could adversely affect the operations of our fleet manager, which has offices in Greece.

A cyber-attack could materially disrupt our business.

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 earnings may be adversely affected if we are not able to take advantage of favorable charter rates.

Investment in derivative instruments such as forward freight agreements could result in losses.

We may have difficulty effectively managing any further growth, which may adversely affect our earnings.

We cannot assure you that we will be able to borrow amounts under our loan facilities and restrictive covenants in our loan facilities impose financial and other restrictions on us.

We cannot assure you that we will be able to refinance indebtedness incurred under our loan facilities.

Purchasing and operating secondhand vessels may result in increased operating costs and reduced operating days, which may adversely affect our earnings.

We are subject to certain risks with respect to our counterparties on contracts, and failure of such counterparties to meet their obligations could cause us to suffer losses or otherwise adversely affect our business.

In the highly competitive international shipping industry, we may not be able to compete for charters with new entrants or established companies with greater resources, and as a result, we may be unable to employ our vessels profitably.

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.

The fiduciary duties of our officers and directors may conflict with those of the officers and director of Diana Containerships.

We may not have adequate insurance to compensate us if we lose our vessels or to compensate third parties.

Our vessels may suffer damage and we may face unexpected drydocking costs, which could adversely affect our cash flow and financial condition.

The aging of our fleet may result in increased operating costs in the future, which could adversely affect our earnings.

We are exposed to U.S. dollar and foreign currency fluctuations and devaluations that could harm our reported revenue and results of operations.

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

We depend upon a few significant customers for a large part of our revenues and the loss of one or more of these customers could adversely affect our financial performance.

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

Because we are organized under the laws of the Marshall Islands, it may be difficult to serve us with legal process or enforce judgments against us, our directors or our management.

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

If we expand our business further, we may need to improve our operating and financial systems and will need to recruit suitable employees and crew for our vessels.

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

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

2 RESPONSIBILITY STATEMENT

2.1 Responsibility Statement by Persons Responsible

This Registration Document has been prepared by Diana Shipping Inc. in connection with the Bond Issue and an investment therein. Diana Shipping Inc. confirms that it has taken all reasonable care to ensure that such is the case, the information contained in the Registration Document is, to the best of Diana Shipping Inc.'s knowledge, in accordance with the facts and contains no omission likely to affect its import.

Athens, Greece 3 December 2018

Simeon P. Palios

Chief Executive Officer and Chairman of the Board

Andreas Michalopoulos

Director, Chief Financial Officer and Treasurer

Diana Shipping Inc.
c/o Diana Shipping Services S.A.
Pendelis 16
175 64 Palaio Faliro
Athens, Greece

3 THIRD PARTY INFORMATION

If not otherwise indicated, Diana Shipping Inc. is the source of information in this Prospectus. Information which has been sourced from a third party has been accurately reproduced. As far as the Issuer is aware and able to ascertain from information published by such third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading.

4 PRESENTATION OF THE GROUP

4.1 Overview

Diana Shipping Inc. is a holding company incorporated under the laws of Liberia in March 1999 as Diana Shipping Investments Corp (registration number: 13671). In February 2005, the Company's articles of incorporation were amended. Under the amended and restated articles of incorporation, the Company was renamed Diana Shipping Inc. and was re-domiciled from the Republic of Liberia to the Republic of the Marshall Islands. Please refer to appendix A for the full Articles of Incorporation. Our executive offices are located at Pendelis 16, 175 64 Palaio Faliro, Athens, Greece. Our telephone number at this address is +30-210-947-0100. Our agent and authorized representative in the United States is our wholly-owned subsidiary, Bulk Carriers (USA) LLC, established in September 2006, in the State of Delaware, which is located at 2711 Centerville Road, Suite 400, Wilmington, Delaware 19808.

Our purpose, as stated in our amended and restated articles of incorporation, is to engage in any lawful act or activity for which corporations may now or hereafter be organized under the Business Corporations Act of the Marshall Islands, or the BCA.

The objectives for which the Company is formed and incorporated are listed in the Company’s Articles of Incorporation, which can be found in Appendix A.

4.2 Business objectives and strategy

Diana Shipping Inc. is a global provider of shipping transportation services through its ownership of dry bulk vessels. As of November 26, 2018 our fleet consists of 48 dry bulk vessels (4 Newcastlemax, 14 Capesize, 5 Post-Panamax, 5 Kamsarmax and 20 Panamax), as well as two Panamax dry bulk vessels, the "Triton" and "Alcyon", that have been sold and expected to be delivered to their new owners at the latest by January 7, 2019. As of the same date, the combined carrying capacity of our fleet, including the m/v Triton and m/v Alcyon, is approximately 5.8 million dwt with a weighted average age of 9.26 years.

We wholly own the subsidiaries which own the vessels that comprise our fleet. Our vessels are employed primarily on medium to long-term time charters and transport a range of dry bulk cargoes, including such commodities as iron ore, coal, grain and other materials along worldwide shipping routes.

The commercial and technical management of our fleet, as well as the provision of administrative services relating to our fleet's operations, are carried out by Diana Shipping Services S.A., our wholly-owned subsidiary, and Diana Wilhelmsen Management Limited, a 50/50 joint venture with Wilhelmsen Ship Management.

We focus on the ownership of dry bulk carriers with a capacity of 70,000 dwt and above. However, we will also consider purchasing other classes of dry bulk vessels, if we determine that those vessels would, in our view, present favorable investment opportunities. The size of our fleet may change through acquisitions or sales of vessels, however the company has not engaged in any new significant activities.

Competitive position

Among the distinguishing strengths that we believe provide us with a competitive advantage in the dry bulk shipping industry are the following:

- We own a modern, high quality fleet of dry bulk carriers.
- Our fleet includes groups of sister ships, providing operational and scheduling flexibility, as well as cost efficiencies.
- We have an experienced management team.
- We benefit from the experience and reputation of Diana Shipping Services S.A. and the relationship with Wilhelmsen Ship Management through the Diana Wilhelmsen Management Limited joint venture.
- We benefit from strong relationships with members of the shipping and financial industries.
- We have a strong balance sheet and a low level of indebtedness.

During 2017, 2016 and 2015, we had a fleet utilization of 98.2%, 99.4% and 99.3%, respectively, our vessels achieved daily time charter equivalent rates of $8,568, $6,106 and $9,739, respectively, and we generated revenues of $161.9 million, $114.3 million and $157.7 million, respectively.

The following table presents certain information concerning the dry bulk carriers in our fleet as of November 23, 2018:

	Vessel BUILT DWT	Sister Ships*	Gross Rate (USD Per Day)	Com**	Charterers	Delivery Date to Charterers***	Redelivery Date to Owners****	Notes
	22 Panamax Bulk Carriers							
1	DANAE 2001 75,106	A	$10,000	5.00%	Phaethon International Company AG	22-Dec-17	22-Jan-19 - 7-May-19	
2	DIONE 2001 75,172	A	$10,350	5.00%	Ausca Shipping Limited, Hong Kong	23-Jan-18	23-Mar-19 - 8-Jul-19	
3	NIREFS 2001 75,311	A	$9,400	5.00%	Jaldhi Overseas Pte. Ltd., Singapore	5-May-17	11-Aug-18	
			$10,750	3.75%	Hudson Shipping Lines Incorporated	11-Aug-18	11-Jul-19 - 11-Oct-19	
4	ALCYON 2001 75,247	A	$8,800	5.00%	Hudson Shipping Lines Incorporated	20-Jul-17	29-Nov-18 - 18-Dec-18	1,2,3
5	TRITON 2001 75,336	A	$6,500	5.00%	Ausca Shipping Limited, Hong Kong	8-Jun-17	15-Oct-18	4
			$11,000	5.00%	Tongli Shipping Pte. Ltd.	4-Nov-18	26-Nov-18	1,3
6	OCEANIS 2001 75,211	A	$7,000	5.00%	Ausca Shipping Limited, Hong Kong	30-May-17	16-Nov-18	
			$10,350	5.00%		16-Nov-18	1-Jan-20 - 31-Mar-20	
7	THETIS 2004 73,583	B	$8,350	5.00%	Ausca Shipping Limited, Hong Kong	14-Jul-17	19-Oct-18	5,6
			$10,650	3.75%	Hudson Shipping Lines Incorporated	16-Nov-18	16-Jan-20 - 16-Apr-20	
8	PROTEFS 2004 73,630	B	$7,900	5.00%	Hudson Shipping Lines Incorporated	24-Jun-17	19-Sep-18	
			$11,000	3.75%		19-Sep-18	4-Sep-19 - 19-Dec-19	
9	CALIPSO 2005 73,691	B	$12,200	5.00%	Glencore Agriculture B.V., Rotterdam	12-Mar-18	28-May-19 - 12-Sep-19	
10	CLIO 2005 73,691	B	$8,550	5.00%	Phaethon International Company AG	9-Jul-17	10-Nov-18	
			$10,600	5.00%	Ausca Shipping Limited, Hong Kong	10-Nov-18	10-Sep-19 - 10-Dec-19	
11	NAIAS 2006 73,546	B	$10,000	5.00%	Phaethon International Company AG	26-Nov-17	11-Feb-19 - 26-May-19	
12	ARETHUSA 2007 73,593	B	$12,600	5.00%	Glencore Agriculture B.V., Rotterdam	27-Apr-18	27-Apr-19 - 27-Jul-19	
13	ERATO 2004 74,444	C	$10,500	5.00%	Phaethon International Company AG	30-Dec-17	2-Mar-19 - 30-May-19	
14	CORONIS 2006 74,381	C	$9,000	5.00%	Narina Maritime Ltd	16-May-17	11-Aug-18	7
			$8,300	5.00%	CJ International Italy	11-Aug-18	10-Oct-18	
			$11,300	5.00%	Societa Per Azioni	10-Oct-18	11-Aug-19 - 11-Nov-19	

15	MELIA 2005 76,225	$12,000	5.00%	United Bulk Carriers International S.A., Luxemburg	28-Apr-18	28-Sep-19 - 28-Dec -19	8
16	ARTEMIS 2006 76,942	$9,000 $12,600	5.00% 5.00%	Ausca Shipping Limited, Hong Kong	8-Jul-17 17-Sep-18	17-Sep-18 17-Sep-19 - 17-Dec -19	

17 LETO 2010 81,297		$12,500	5.00%	Glencore Agriculture B.V., Rotterdam	10-Jan-18	10-May-19 - 25-Aug-19	
18 SELINA 2010 75,700	D	$12,250	5.00%	BG Shipping Co., Limited, Hong Kong	6-Feb-18	6-Jun-19 - 6-Sep-19	
19 MAERA	D	$11,900	5.00%	Unico Logistics Co., Ltd., Seoul	19-Sep-17	4-Jul-18	
		$11,750	5.00%	ST Shipping and Transport Pte. Ltd., Singpore	4-Jul-18	20-Jan-19 - 4-Apr-19	9
2013 75,403							
20 ISMENE 2013 77,901		$12,000	5.00%	DHL Project & Chartering Limited, Hong Kong	16-Sep-17	29-Nov-18 - 16-Dec-18	1
21 CRYSTALIA 2014 77,525	E	$11,100	5.00%	Glencore Agriculture B.V., Rotterdam	3-Oct-17	30-Nov-18 - 18-Jan-19	1
22 ATALANDI 2014 77,529	E	$13,500	5.00%	Uniper Global Commodities SE, Düsseldorf	27-Apr-18	27-Jun-19 - 27-Sep-19	
5 Kamsarmax Bulk Carriers							
23 MAIA	F	$10,125	5.00%	Glencore Agriculture B.V., Rotterdam	27-Jul-17	5-Nov-18	10
		$13,300	5.00%		12-Nov-18	1-Jan-20 - 31-Mar-20	
2009 82,193							
24 MYRSINI 2010 82,117	F	$8,650	5.00%	RWE Supply & Trading GmbH, Essen	8-Jun-17	1-Dec-18 - 31-Dec-18	1
25 MEDUSA	F	$10,000	4.75%	Cargill International S.A., Geneva	6-Jul-17	3-Sep-18	
		$14,000	4.75%		3-Sep-18	3-Oct-19 - 3-Dec-19	
2010 82,194							
26 MYRTO 2013 82,131	F	$14,000	4.75%	Cargill International S.A., Geneva	25-Apr-18	25-May-19 - 25-Jul-19	
27 ASTARTE		$9,000	5.00%	Glencore Agriculture B.V., Rotterdam	12-Jun-17	16-Oct-18	
		$14,250	5.00%		16-Oct-18	16-Dec-19 - 16-Mar-20	
2013 81,513							
5 Post-Panamax Bulk Carriers							
28 ALCMENE		$8,000	4.75%	Cargill International S.A., Geneva	8-Jun-17	6-Oct-18	
		$14,000	5.00%	Smart Gain Shipping Co., Limited, Hong Kong	6-Oct-18	9-Nov-18	
		$11,500	5.00%	BG Shipping Co., Limited, Hong Kong	21-Nov-18	21-Oct-19 - 21-Jan-20	
2010 93,193							
29 AMPHITRITE 2012 98,697	G	$11,150	4.75%	Cargill International S.A., Geneva	28-Sep-17	1-Dec-18 - 28-Jan-19	1
30 POLYMNIA	G	$10,100	4.75%	Cargill International S.A., Geneva	15-Mar-17	9-Jul-18	
		$16,000	4.75%		9-Jul-18	9-Sep-19 - 9-Dec-19	
2012 98,704							
31 ELECTRA	H	$8,000	5.00%	Uniper Global Commodities SE, Düsseldorf	11-Jun-17	19-Oct-18	
		$13,500	5.00%		19-Oct-18	15-Sep-19 - 15-Dec-19	
2013 87,150							

32	PHAIDRA 2013 87,146	H	$12,700	5.00%	Uniper Global Commodities SE, Düsseldorf	13-Jan-18	13-Jan-19 - 13-Apr-19	
	14 Capesize Bulk Carriers							
33	NORFOLK 2002 164,218		$13,250	5.00%	SwissMarine Services S.A., Geneva	1-Dec-17	1-Sep-19 - 1-Dec-19	
34	ALIKI 2005 180,235		$18,000	5.00%	SwissMarine Services S.A., Geneva	9-Apr-18	9-Dec-19 - 9-Feb-20	
35	BALTIMORE 2005 177,243		$18,050	5.00%	Koch Shipping Pte. Ltd., Singapore	6-Jun-18	22-May-19 - 21-Aug-19	
36	SALT LAKE CITY 2005 171,810		$16,250	4.75%	Cargill International S.A., Geneva	1-May-18	1-Jan-19 - 1-Mar-19	
37	SIDERIS GS 2006 174,186	I	$13,000	5.00%	Rio Tinto Shipping (Asia) Pte., Ltd., Singapore	21-Jun-17	15-Nov-18	
			$8,500	5.00%	Berge Bulk Shipping Pte. Ltd., Singapore	15-Nov-18	15-Dec-18	
			$15,350	5.00%		15-Dec-18	15-Dec-19 - 30-Mar-20	
38	SEMIRIO 2007 174,261	I	$14,150	5.00%	Koch Shipping Pte. Ltd., Singapore	21-May-17	1-Sep-18	
			$20,050	5.00%	Pacific Bulk Cape Company Limited, Hong Kong	1-Sep-18	1-Jul-19 - 16-Sep-19	
39	BOSTON 2007 177,828	I	$17,000	5.00%	EGPN Bulk Carrier Co., Limited, Hong Kong	6-Dec-17	6-Apr-19 - 6-Jul-19	
40	HOUSTON 2009 177,729	I	$19,000	5.00%	SwissMarine Services S.A., Geneva	9-May-18	25-Jan-19 - 24-Apr-19	
41	NEW YORK 2010 177,773	I	$16,000	5.00%	DHL Project & Chartering Limited, Hong Kong	2-Feb-18	2-Jun-19 - 2-Sep-19	
42	SEATTLE 2011 179,362	J	$11,700	5.00%	Koch Shipping Pte. Ltd., Singapore	8-Feb-17	30-Jul-18	11
			$24,000	5.00%		30-Jul-18	30-Nov-18 - 30-Jan-19	
43	P. S. PALIOS 2013 179,134	J	$17,350	5.00%	Koch Shipping Pte. Ltd., Singapore	24-May-18	9-Jun-19 - 24-Aug-19	
44	G. P. ZAFIRAKIS 2014 179,492	K	$15,000	5.00%	RWE Supply & Trading GmbH, Essen	14-Aug-17	30-Nov-18 - 14-Jan-19	1
45	SANTA BARBARA 2015 179,426	K	$20,250	4.75%	Cargill International S.A., Geneva	24-Apr-18	9-Oct-19 - 9-Dec-19	
46	NEW ORLEANS 2015 180,960		$21,000	5.00%	SwissMarine Services S.A., Geneva	24-Mar-18	24-Feb-19 - 24-Apr-19	

4 Newcastlemax Bulk Carriers

47	LOS ANGELES 2012 206,104	L	$19,150	5.00%	SwissMarine Services S.A., Geneva	16-Apr-18	1-Jan-19 - 16-Apr-19	
48	PHILADELPHIA 2012 206,040	L	$20,000	5.00%	Koch Shipping Pte. Ltd., Singapore	18-Jun-18	3-Feb-20 - 18-May-20	
49	SAN FRANCISCO 2017 208,006	M	$24,000	5.00%	Koch Shipping Pte. Ltd., Singapore	14-May-18	4-Mar-19 - 24-May-19	
50	NEWPORT NEWS 2017 208,021	M	BCI_2014 5TCs AVG + 24%	5.00%	SwissMarine Services S.A., Geneva	10-Jan-17	1-Dec-18 - 10-Mar-19	1

* Each dry bulk carrier is a "sister ship", or closely similar, to other dry bulk carriers that have the same letter.
** Total commission percentage paid to third parties.
*** In case of newly acquired vessel with time charter attached, this date refers to the expected/actual date of delivery of the vessel to the Company.
**** Range of redelivery dates, with the actual date of redelivery being at the Charterers' option, but subject to the terms, conditions, and exceptions of the particular charterparty.

1 Based on latest information.
2 Vessel off hire for unscheduled maintenance from May 30, 2018 to July 10, 2018.
3 Vessel sold and expected to be delivered to her new Owners at the latest by January 7, 2019.
4 Vessel on scheduled drydocking from October 17, 2018 to November 1, 2018.
5 Charterers have agreed to pay the weighted average of the Baltic Panamax 4 T/C routes, as published by the Baltic Exchange on October 15, 2018, for the excess period commencing from October 14, 2018.
6 Vessel on scheduled drydocking from October 22, 2018 to November 16, 2018.
7 Charterers have agreed to pay the weighted average of the Baltic Panamax 4 T/C routes, as published by the Baltic Exchange on August 6, 2018, for the excess period commencing from August 5, 2018, in case it is higher than the current rate of US$ 9,000.
8 Vessel off hire from October 22, 2018 to October 25, 2018.
9 Vessel off hire from August 9, 2018 to August 12, 2018.
10 Charterers have agreed to pay the weighted average of the Baltic Panamax 4 T/C routes, as published by the Baltic Exchange on October 26, 2018 plus 18%, only in case it is higher than the exsisting rate of US$10,125 which otherwise will continue to apply, for the excess period commencing from October 27, 2018.
11 Charterers have agreed to pay the weighted average of the Baltic Capesize 5 T/C routes, as published by the Baltic Exchange on July 23, 2018 plus 5%, for the excess period commencing from July 23, 2018.

Management of Our Fleet

The commercial and technical management of our fleet, as well as the provision of administrative services relating to the fleet's operations, are carried out by our wholly-owned subsidiary, Diana Shipping Services S.A., and out 50/50 joint venture Diana Wilhelmsen Management Limited, pursuant to a management agreement between the management company and each ship owning company whose vessel is managed by it. All management agreements are not for a specific time period and may be terminated by either party by giving three months prior notice in writing unless the ship is sold or becomes a total loss, or with immediate effect, against payment to the Managers of damages. In exchange for providing us with commercial and technical services, personnel and office space, we pay Diana Shipping Services S.A., a commission, which is a percentage of the managed vessels' gross revenues, a fixed monthly fee per managed vessel and an additional monthly fee for the administrative services provided to Diana Shipping Inc. Such services may include budgeting, reporting, monitoring of bank accounts, compliance with banks, payroll services and any other possible service that Diana Shipping Inc. would require to perform its operations. Similarly, in exchange for providing us with commercial and technical services, we pay Diana Wilhelmsen Management Limited a commission which is a percentage of the managed vessels' gross revenues and a fixed management monthly fee for each managed vessel. The amounts deriving from the agreements with Diana Shipping Services S.A. are considered inter-company transactions and, therefore, are eliminated from our consolidated financial statements. The management fees deriving from the agreements with Diana Wilhelmsen Management Limited are included in our statement of operations as "Management fees to related party", whereas commercial fees are included in "Voyage expenses". Since June 1, 2010, Diana Enterprises Inc., renamed to Steamship Shipbroking Enterprises Inc., or Steamship, a related party controlled by our Chief Executive Officer and Chairman of the Board, Mr. Simeon Palios, provides brokerage

services to us. Brokerage fees are included in "General and Administrative expenses" in our statement of operations. The terms of this relationship are currently governed by a Brokerage Services Agreement dated April 1, 2017.

Our Customers

Our customers include national, regional and international companies, such as Cargill International S.A., Glencore Grain B.V., EDF Trading Ltd, RWE Supply and Trading Gmbh, Clearlake Shipping Pte Ltd, Koch Shipping Pte Ltd and Swissmarine Services S.A. During 2017, three of our charterers accounted for 43% of our revenues: Koch (17%), Swissmarine (14%), and Cargill (12%). During 2016, four of our charterers accounted for 54% of our revenues: RWE Supply (19%), Swissmarine (15%), Cargill (10%) and Glencore (10%). During 2015, four of our charterers accounted for 66% of our revenues: EDF Trading (10%), Glencore (20%), RWE Supply (24%) and Clearlake (12%).

We charter our dry bulk carriers to customers pursuant to time charters. 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 canal and port charges. We remain responsible for paying the chartered vessel's operating expenses, including the cost of crewing, insuring, repairing and maintaining the vessel. In 2017, we paid commissions that ranged from 4.75% to 5.0% of the total daily charter hire rate of each charter to unaffiliated ship brokers and to in-house brokers associated with the charterer, depending on the number of brokers involved with arranging the charter.

We strategically monitor developments in the dry bulk shipping industry on a regular basis and, subject to market demand, seek to adjust the charter hire periods for our vessels according to prevailing market conditions. In order to take advantage of relatively stable cash flow and high utilization rates, we fix some of our vessels on long-term time charters. Currently, the majority of our vessels are employed on short to medium-term time charters, which provides us with flexibility in esponding to market developments. We continuously evaluate our balance of short- and long-term charters and extend or reduce the charter hire periods of the vessels in our fleet according to the developments in the dry bulk shipping industry.

The Dry Bulk Shipping Industry

The global dry bulk carrier fleet could be divided into seven categories based on a vessel's carrying capacity. These categories consist of:

> Very Large Ore Carriers. Very large ore carriers, or VLOCs, have a carrying capacity of more than 200,000 dwt and are a comparatively new sector of the dry bulk carrier fleet. VLOCs are built to exploit economies of scale on long-haul iron ore routes.

> Capesize. Capesize vessels have a carrying capacity of 110,000-199,999 dwt. Only the largest ports around the world possess the infrastructure to accommodate vessels of this size. Capesize vessels are primarily used to transport iron ore or coal and, to a much lesser extent, grains, primarily on long-haul routes.

> Post-Panamax. Post-Panamax vessels have a carrying capacity of 80,000-109,999 dwt. These vessels tend to have a shallower draft and larger beam than a standard Panamax vessel with a higher cargo capacity. These vessels have been designed specifically for loading high cubic cargoes from draught restricted ports, although they cannot transit the Panama Canal.

> Panamax. Panamax vessels have a carrying capacity of 60,000-79,999 dwt. These vessels carry coal, iron ore, grains, and, to a lesser extent, minor bulks, including steel products, cement and fertilizers. Panamax vessels are able to pass through the Panama Canal, making them more versatile than larger vessels with regard to accessing different trade routes. Most Panamax and Post-Panamax vessels are "gearless," and therefore must be served by shore-based cargo handling equipment. However, there are a small number of geared vessels with onboard cranes, a feature that enhances trading flexibility and enables operation in ports which have poor infrastructure in terms of loading and unloading facilities.

> Handymax/Supramax. Handymax vessels have a carrying capacity of 40,000-59,999 dwt. These vessels operate in a large number of geographically dispersed global trade routes, carrying primarily grains and minor bulks. Within the Handymax category there is also a sub-sector known as Supramax. Supramax bulk carriers are ships between 50,000 to 59,999 dwt, normally offering cargo loading and unloading flexibility with on-board cranes, or "gear," while at the same time possessing the cargo carrying capability approaching conventional Panamax bulk carriers.

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

Other size categories occur in regional trade, such as Kamsarmax, with a maximum length of 229 meters, the maximum length that can load in the port of Kamsar in the Republic of Guinea. Other terms such as Seawaymax, Setouchmax, Dunkirkmax, and Newcastlemax also appear in regional trade.

The supply of dry bulk carriers is dependent on the delivery of new vessels and the removal of vessels from the global fleet, either through scrapping or loss. The level of scrapping activity is generally a function of scrapping prices in relation to current and prospective charter market conditions, as well as operating, repair and survey costs. The average age at which a vessel is scrapped was 25 years in 2017, 23 years in 2016 and 25 years in 2015.

The demand for dry bulk carrier capacity is determined by the underlying demand for commodities transported in dry bulk carriers, which in turn is influenced by trends in the global economy. Demand for dry bulk carrier capacity is also affected by the operating efficiency of the global fleet, along with port congestion, which has been a feature of the market since 2004, absorbing tonnage and therefore leading to a tighter balance between supply and demand. In evaluating demand factors for dry bulk carrier capacity, the Company believes that dry bulk carriers can be the most versatile element of the global shipping fleets in terms of employment alternatives.

Charter Hire Rates

Charter hire rates fluctuate by varying degrees among dry bulk carrier size categories. The volume and pattern of trade in a small number of commodities (major bulks) affect demand for larger vessels. Therefore, charter rates and vessel values of larger vessels often show greater volatility. Conversely, trade in a greater number of commodities (minor bulks) drives demand for smaller dry bulk carriers. Accordingly, charter rates and vessel values for those vessels are usually subject to less volatility.

Charter hire rates paid for dry bulk carriers are primarily a function of the underlying balance between vessel supply and demand, although at times other factors may play a role. Furthermore, the pattern seen in charter rates is broadly mirrored across the different charter types and the different dry bulk carrier categories. In the time charter market, rates vary depending on the length of the charter period and vessel-specific factors such as age, speed and fuel consumption.

In the voyage charter market, rates are, among other things, influenced by cargo size, commodity, port dues and canal transit fees, as well as commencement and termination regions. In general, a larger cargo size is quoted at a lower rate per ton than a smaller cargo size. Routes with costly ports or canals generally command higher rates than routes with low port dues and no canals to transit. Voyages with a load port within a region that includes ports where vessels usually discharge cargo or a discharge port within a region with ports where vessels load cargo also are generally quoted at lower rates, because such voyages generally increase vessel utilization by reducing the unloaded portion (or ballast leg) that is included in the calculation of the return charter to a loading area.

Within the dry bulk shipping industry, the charter hire rate references most likely to be monitored are the freightrate indices issued by the Baltic Exchange. These references are based on actual charter hire rates under charters entered into by market participants as well as daily assessments provided to the Baltic Exchange by a panel of major shipbrokers. The Baltic Panamax Index is the index with the longest history. The Baltic Capesize Index and Baltic Handymax Index are of more recent origin.

The Baltic Dry Index, or BDI, a daily average of charter rates in 20 shipping routes measured on a time charter and voyage basis and covering Capesize, Panamax, Supramax, and Handysize dry bulk carriers declined from a high of 11,793 in May 2008 to a low of 663 in December 2008. In 2015, the BDI ranged from a high of 1,222 in August to a low of 471 in December. In 2016, the BDI ranged from a record low of 290 in February to a high of 1,257 in November. In 2017, the BDI ranged from a low of 685 in February to a high of 1,743 in December (Source: Clarksons Research).

Vessel Prices

Dry bulk vessel values increased in 2017 as compared to 2016 and 2015. Consistent with these trends, the market value of our dry bulk carriers had also increased. As charter rates and vessel values remain at relatively low levels, there can be no assurance as to how long charter rates and vessel values will remain at their current levels or whether they will decrease or improve to any significant degree in the near future.

Competition

Our business fluctuates in line with the main patterns of trade of the major dry bulk cargoes and varies according to changes in the supply and demand for these items. We operate in markets that are highly competitive and based primarily on supply and demand. We compete for charters on the basis of price, vessel location, size, age and condition of the vessel, as well as on our reputation as an owner and operator. We compete with other owners of dry bulk carriers in the Panamax,
Post-Panamax and smaller class sectors and with owners of Capesize and Newcastlemax dry bulk carriers. Ownership of dry bulk carriers is highly fragmented.

We believe that we possess a number of strengths that provide us with a competitive advantage in the dry bulk shipping industry:

> We own a modern, high quality fleet of dry bulk carriers. We believe that owning a modern, high quality fleet reduces operating costs, improves safety and provides us with a competitive advantage in securing favorable time charters. We

maintain the quality of our vessels by carrying out regular inspections, both while in port and at sea, and adopting a comprehensive maintenance program for each vessel.

> Our fleet includes thirteen groups of sister ships. We believe that maintaining a fleet that includes sister ships enhances the revenue generating potential of our fleet by providing us with operational and scheduling flexibility. The uniform nature of sister ships also improves our operating efficiency by allowing our fleet manager to apply the technical knowledge of one vessel to all vessels of the same series and creates economies of scale that enable us to realize cost savings when maintaining, supplying and crewing our vessels.

> We have an experienced management team. Our management team consists of experienced executives who have, on average, more than 30 years of operating experience in the shipping industry and has demonstrated ability in managing the commercial, technical and financial areas of our business. Our management team is led by Mr. Simeon Palios, a qualified naval architect and engineer who has more than 40 years of experience in the shipping industry.

> We benefit from the experience and reputation of Diana Shipping Services S.A. and the relationship with Wilhelmsen Ship Management through the Diana Wilhelmsen Management Limited joint venture.

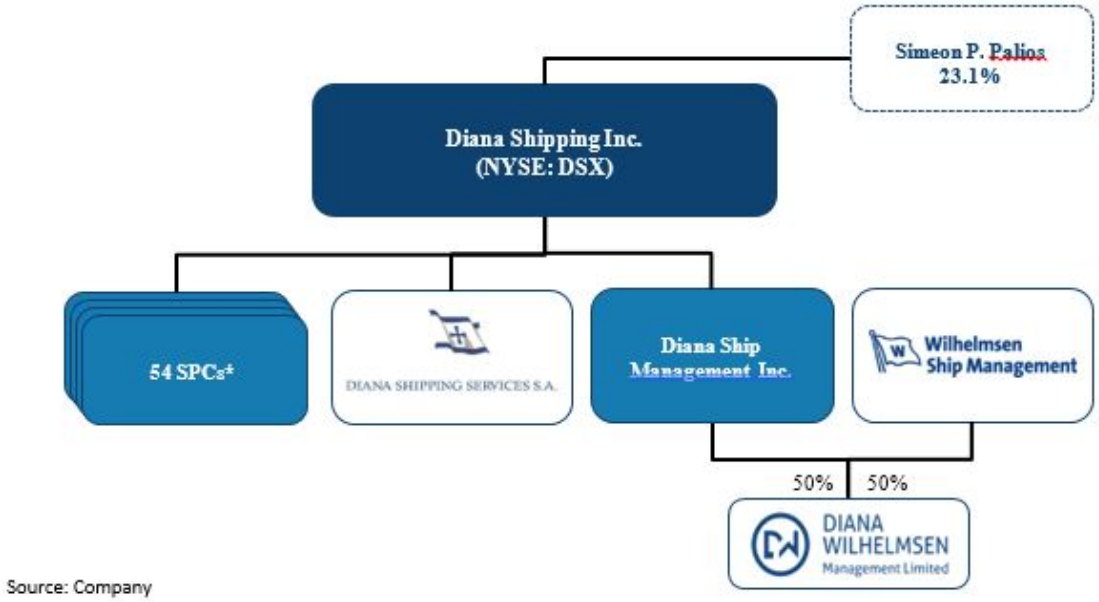
> We benefit from strong relationships with members of the shipping and financial industries. We have developed strong relationships with major international charterers, shipbuilders and financial institutions that we believe are the result of the quality of our operations, the strength of our management team and our reputation for dependability.

> We have a strong balance sheet and a relatively low level of indebtedness. We believe that our strong balance sheet and relatively low level of indebtedness provide us with the flexibility to increase the amount of funds that we may draw under our loan facilities in connection with any future acquisitions or otherwise and enable us to use cash flow that would otherwise be dedicated to debt service for other purposes.

4.3 Organizational structure

Diana Shipping Inc. is the sole owner of all of the issued and outstanding shares of its subsidiaries. Each of the vessels is owned through a separate wholly-owned subsidiary. Subsidiaries without a vessel are dormant and do not have any operations. Bulk Carriers (USA) LLC, our agent and authorized representative in the United States is also our wholly-owned subsidiary. Diana Shipping Inc., as parent company, is dependent upon its subsidiaries, as a significant part of the cash flow generation required to service the parent company's obligations originate from these subsidiaries.

Below is the organizational chart of the DSI Group of companies:



Source: Company

**Including SPCs without assets*

4.4 Fleet list

Diana Shipping Inc. wholly owns the subsidiaries which own the vessels that comprise our fleet below:

Diana Shipping Inc. Fleet List					
Panamax Gearless Bulk Carriers					
Name of Vessel	**Size (deadweight tons)**	**Year Built**	**Company**	**Flag**	**Management Company**
Danae	75,106	2001	EATON MARINE S.A.	Greek	DSS
Dione	75,172	2001	CHORRERA COMPAÑIA ARMADORA S.A.	Greek	DSS
Nirefs	75,311	2001	SKYVAN SHIPPING COMPANY S.A.	Bahamas	DWM
Alcyon*	75,247	2001	BUENOS AIRES COMPAÑIA ARMADORA S.A.	Bahamas	DWM
Triton*	75,336	2001	HUSKY TRADING, S.A.	Bahamas	DWM
Oceanis	75,211	2001	PANAMA COMPAÑIA ARMADORA S.A.	Bahamas	DSS
Thetis	73,583	2004	CHANGAME COMPAÑIA ARMADORA S.A.	Bahamas	DSS
Protefs	73,630	2004	CYPRES ENTERPRISES CORP.	Bahamas	DWM
Calipso	73,691	2005	DARIEN COMPAÑIA ARMADORA S.A.	Bahamas	DWM
Clio	73,691	2005	TEXFORD MARITIME S.A.	Bahamas	DWM
Naias	73,546	2006	AILUK SHIPPING COMPANY INC.	Marshall Islands	DWM
Arethusa	73,593	2007	BIKAR SHIPPING COMPANY INC.	Greek	DSS
Erato	74,444	2004	URBINA BAY TRADING, S.A.	Bahamas	DSS
Coronis	74,381	2006	VESTA COMMERCIAL, S.A.	Marshall Islands	DSS
Melia	76,225	2005	MANDARINGINA INC.	Marshall Islands	DSS
Artemis	76,942	2006	FAYO SHIPPING COMPANY INC.	Marshall Islands	DSS
Leto	81,297	2010	JEMO SHIPPING COMPANY INC.	Marshall Islands	DSS
Selina	75,700	2010	KABEN SHIPPING COMPANY INC.	Marshall Islands	DSS
Maera	75,403	2013	WAKE SHIPPING COMPANY INC.	Marshall Islands	DSS
Ismene	77,901	2013	TAROA SHIPPING COMPANY INC.	Marshall Islands	DSS
Crystalia	77,525	2014	ERIKUB SHIPPING COMPANY INC.	Greek	DSS
Atalandi	77,529	2014	WOTHO SHIPPING COMPANY INC.	Greek	DSS
Kamsarmax Bulk Carriers					
Name of Vessel	**Size (deadweight tons)**	**Year Built**	**Company**	**Flag**	**Management Company**
Maia	82,193	2009	JABAT SHIPPING COMPANY INC.	Marshall Islands	DSS
Myrsini	82,117	2010	MAKUR SHIPPING COMPANY INC.	Marshall Islands	DSS
Medusa	82,194	2010	RAIROK SHIPPING COMPANY INC.	Marshall Islands	DSS
Myrto	82,131	2013	TUVALU SHIPPING COMPANY INC.	Marshall Islands	DSS
Astarte	81,513	2013	EBADON SHIPPING COMPANY INC.	Marshall Islands	DSS

Post-Panamax Bulk Carriers					
Name of Vessel	**Size (deadweight tons)**	**Year Built**	**Company**	**Flag**	**Management Company**
Alcmene	93,193	2010	MAJURO SHIPPING COMPANY INC.	Marshall Islands	DWM
Amphitrite	98,697	2012	GUAM SHIPPING COMPANY INC.	Marshall Islands	DSS
Polymnia	98,704	2012	PALAU SHIPPING COMPANY INC.	Marshall Islands	DSS
Electra	87,150	2013	RAKARU SHIPPING COMPANY INC.	Marshall Islands	DSS
Phaidra	87,146	2013	MEJATO SHIPPING COMPANY INC.	Marshall Islands	DSS
Capesize Bulk Carriers					
Name of Vessel	**Size (deadweight tons)**	**Year Built**	**Company**	**Flag**	**Management Company**
Norfolk	164,218	2002	SILVER CHANDRA SHIPPING COMPANY LIMITED	Cyprus	DSS
Aliki	180,235	2005	KNOX SHIPPING COMPANY INC.	Marshall Islands	DSS
Baltimore	177,243	2005	BOKAK SHIPPING COMPANY INC.	Marshall Islands	DSS
Salt Lake City	171,810	2005	MARFORT NAVIGATION COMPANY LIMITED	Cyprus	DWM
Sideris GS	174,186	2006	JALUIT SHIPPING COMPANY INC.	Marshall Islands	DSS
Semirio	174,261	2007	KILI SHIPPING COMPANY INC.	Marshall Islands	DWM
Boston	177,828	2007	LIB SHIPPING COMPANY INC.	Marshall Islands	DSS
Houston	177,729	2009	GALA PROPERTIES INC.	Marshall Islands	DSS
New York	177,773	2010	BIKINI SHIPPING COMPANY INC.	Marshall Islands	DSS
Seattle	179,362	2011	TOKU SHIPPING COMPANY INC.	Marshall Islands	DSS
P. S. Palios	179,134	2013	PULAP SHIPPING COMPANY INC.	Marshall Islands	DSS
G. P. Zafirakis	179,492	2014	WENO SHIPPING COMPANY INC.	Marshall Islands	DSS
Santa Barbara	179,426	2015	LELU SHIPPING COMPANY INC.	Marshall Islands	DSS
New Orleans	180,960	2015	UJAE SHIPPING COMPANY INC.	Marshall Islands	DSS
Newcastlemax Bulk Carriers					
Name of Vessel	**Size (deadweight tons)**	**Year Built**	**Company**	**Flag**	**Management Company**
Los Angeles	206,104	2012	LAE SHIPPING COMPANY INC.	Marshall Islands	DSS
Philadelphia	206,040	2012	NAMU SHIPPING COMPANY INC.	Marshall Islands	DSS
San Francisco	208,006	2017	ASTER SHIPPING COMPANY INC.	Marshall Islands	DSS
Newport News	208,021	2017	AERIK SHIPPING COMPANY INC.	Marshall Islands	DSS

*Vessel sold and expected to be delivered to her new Owners at the latest by January 7, 2019.

4.5 Selected financial information

The following tables set forth our selected consolidated financial data as of and for the years ended December 31, 2017, 2016, 2015, 2014 and 2013 and the three months and nine months ended September 30, 2018 and 2017. The selected consolidated financial data as of and for the years ended December 31, 2017, 2016, 2015, 2014 and 2013 are derived from our audited consolidated financial statements and notes thereto which have been prepared in accordance with U.S. generally accepted accounting principles, or U.S. GAAP.

	As of and for the Year Ended December 31,				
	2017	2016	2015	2014	2013
	(in thousands of U.S. dollars, except for share and per share data, fleet data and average daily results)				
Statement of Operations Data:					
Time charter revenues	$ 161,897	$ 114,259	$ 157,712	$ 175,576	$ 164,005
Impairment loss	442,274	-	-	-	-
Operating loss	(483,987)	(88,321)	(47,177)	(18,204)	(8,653)
Net loss	(511,714)	(164,237)	(64,713)	(10,268)	(21,205)
Dividends on series B preferred shares	(5,769)	(5,769)	(5,769)	(5,080)	-
Loss attributed to common stockholders	(517,483)	(170,006)	(70,482)	(15,348)	(21,205)
Loss per common share, basic and diluted	(5.41)	(2.11)	(0.89)	(0.19)	(0.26)
Weighted average number of common shares, basic and diluted	95,731,093	80,441,517	79,518,009	81,292,290	81,328,390
Balance Sheet Data:					
Total assets	$ 1,246,722	$ 1,668,663	$ 1,836,965	$ 1,787,122	$ 1,701,981
Total current liabilities	80,441	78,225	58,889	98,092	62,297
Capital stock	1,071,587	986,044	977,731	972,125	927,032
Long-term debt (including current portion), net of deferred financing costs	601,384	598,181	600,071	484,256	431,557
Total stockholders' equity	624,758	1,056,589	1,218,366	1,282,226	1,253,392

	Three months ended September 30,		Nine months ended September 30,	
	2018	2017	2018	2017
STATEMENT OF OPERATIONS DATA (in thousands of US Dollars)				
Time charter revenues	$ 61,505	$ 43,920	$ 163,315	$ 112,960
Voyage expenses	1,818	2,478	4,658	5,597
Vessel operating expenses	22,809	22,697	70,300	66,337
Net income/(loss)	14,767	(24,493)	13,672	(74,782)
Net income/(loss) attributed to common stockholders	13,325	(25,936)	9,345	(79,109)

4.6 Financing

As at December 31, 2017, we had $604.8 million of long term debt outstanding under our facilities and Notes and consisted of the agreements described below.

Secured Term Loans:

On October 22, 2009, our wholly-owned subsidiary Gala Properties Inc. entered into a $40.0 million loan agreement with Bremer Landesbank ("Bremer") to partly finance the acquisition cost of the Houston. The loan is repayable in 40 quarterly installments of $0.9 million plus one balloon installment of $4.0 million to be paid together with the last installment on November 12, 2019. The loan bears interest at LIBOR plus a margin of 2.15% per annum.

On October 2, 2010, our wholly-owned subsidiaries Lae Shipping Company Inc. ("Lae") and Namu Shipping Company Inc., ("Namu") entered into a loan agreement with Export-Import Bank of China ("CEXIM Bank") and DnB NOR Bank ASA ("DnB") to finance part of the construction cost of the Los Angeles, and the Philadelphia, for an amount of up to $82.6 million, of which $72.1 million was drawn, being 70% of the vessels' market value on delivery. The Lae advance is repayable in 40 quarterly installments of approximately $0.6 million and a balloon of $12.3 million payable together with the last installment on February 15, 2022. The Namu advance is repayable in 40 quarterly installments of approximately $0.6 million and a balloon of $11.4 million payable together with the last installment on May 18, 2022. Pursuant to an amendment of the loan agreement dated May 18, 2017, each of the individual banks are allowed to demand repayment in full of such bank's contribution in any or all advances on August 16, 2019. If one or more banks (acting through the agent) exercise such right in respect of an advance, the borrowers shall be obliged to repay each such bank's contribution in that advance in full on such date. The loan bears interest at LIBOR plus a margin of 2.50% per annum.

On September 13, 2011, our wholly-owned subsidiary Bikar Shipping Company Inc. ("Bikar") entered into a loan agreement with Emporiki Bank of Greece S.A. ("Emporiki") for a loan of up to $15.0 million to refinance part of the acquisition cost of the Arethusa. On December 13, 2012, Bikar, the Company, DSS and Credit Agricole Corporate and Investment Bank ("Credit Agricole") entered into a supplemental loan agreement to transfer the outstanding loan balance, the ISDA master swap agreement and the existing security documents from Emporiki to Credit Agricole. The loan is repayable in 20 equal semiannual installments of $0.5 million each and a balloon payment of $5.0 million to be paid together with the last installment on September 15, 2021. The loan bears interest at LIBOR plus a margin of 2.5% per annum, or 1% for such loan amount that is equivalently secured by cash pledge in favor of the bank.

On May 24, 2013, our wholly-owned subsidiaries Erikub Shipping Company Inc. ("Erikub") and Wotho Shipping Company Inc. ("Wotho") entered into a loan agreement with CEXIM Bank and DnB to finance part of the construction cost of Crystalia and Atalandi for an amount of up to $15.0 million for each vessel, drawn on May 22, 2014. Each advance is repayable in 19 quarterly installments of $250,000 and a balloon of $10.3 million payable together with the last installment on February 22, 2019. The loan bears interest at LIBOR plus a margin of 3.0% per annum.

On January 9, 2014, our wholly-owned subsidiaries Taka Shipping Company Inc. and Fayo Shipping Company Inc. entered into a loan agreement with Commonwealth Bank of Australia, London Branch, for a loan facility of up to $18.0 million to finance part of the acquisition cost of the Melite and Artemis. The loan bears interest at LIBOR plus a margin of 2.25%. The loan was drawn in two tranches, one of $8.5 million assigned to Melite and one of $9.5 million assigned to Artemis. Tranche A is repayable in 24 equal consecutive quarterly installments of $195,833 each; and a balloon of $3.8 million payable on January 13, 2020. Tranche B is repayable in 32 equal consecutive quarterly installments of $156,250 each and a balloon of $4.5 million payable on January 13, 2022. As a result of the grounding incident of the Melite and the subsequent sale of the vessel, Tranche A was repaid in full in October 2017.

On December 18, 2014, our wholly-owned subsidiaries Weno Shipping Company Inc. ("Weno") and Pulap Shipping Company Inc. ("Pulap") entered into a loan agreement with BNP Paribas ("BNP"), for a loan facility of up to $55.0 million to finance part of the acquisition cost of the G. P. Zafirakis and the P. S. Palios, of which $53.5 million was drawn. The loan bears interest at LIBOR plus a margin of 2%, and is repayable in 14 equal semi-annual installments of approximately $1.6 million and a balloon of $31.5 million, payable on November 30, 2021.

On March 17, 2015, eight of our wholly-owned subsidiaries entered into a loan facility with Nordea to refinance the existing agreements with the bank and to add additional vessels. On March 19, 2015, after repaying in full all outstanding indebtedness with the bank, we drew down the amount of $93.1 million. The loan is repayable in 24 equal consecutive quarterly installments of approximately $1.9 million and a balloon of $48.4 million payable together with the last installment on March 19, 2021. The loan bears interest plus a margin of 2.1% of LIBOR.

On March 26, 2015, three of our wholly-owned subsidiaries entered into a loan agreement with ABN AMRO Bank N.V. for a secured term loan facility of up to $53.0 million, to refinance part of the acquisition cost of the vessels New York, Myrto and Maia of which $50.2 million was drawn on March 30, 2015. The loan is repayable in 24 equal consecutive quarterly installments of about $1.0 million and a balloon of $26.3 million payable together with the last installment on March 30, 2021. The loan bears interest at LIBOR plus a margin of 2.0%.

On April 29, 2015, our wholly-owned subsidiary Lelu Shipping Company Inc. ("Lelu") entered into a term loan agreement with Danish Ship Finance A/S for a loan facility of $30.0 million, drawn on April 30, 2015 to partly finance the acquisition cost of the Santa Barbara, which was delivered in January 2015. The loan is repayable in 28 equal consecutive quarterly installments of $0.5 million each and a balloon of $16.0 million payable together with the last installment on April 30, 2022. The loan bears interest at LIBOR plus a margin of 2.15%.

On July 22, 2015, we entered into a term loan agreement with BNP Paribas for a loan of $165.0 million drawn on July 24, 2015. The loan is repayable in 20 consecutive quarterly installments, the first eight installments in an amount of $2.5 million, followed by four installments in an amount of $5.0 million; eight installments in an amount of $7.0 million; and a balloon installment of $69.0 million payable together with the last installment on July 24, 2020. The loan bears interest at LIBOR plus a margin of 2.35% per annum for the first two years; 2.3% per annum for the third year and 2.25% per annum until the final maturity of the loan.

On September 30, 2015, our wholly-owned subsidiaries, Ujae Shipping Company Inc. ("Ujae") and Rairok Shipping Company Inc. ("Rairok") entered into a term loan agreement with ING Bank N.V. for a loan of up to $39.7 million, available in two advances to finance part of the acquisition cost of the New Orleans and the Medusa. Advance A of about $28.0 million was drawn on November 19, 2015 and is repayable in 28 consecutive quarterly installments of about $0.5 million and a balloon installment of about $15.0 million payable together with the last installment on November 19, 2022. Advance B of about $11.7 million was drawn on October 6, 2015 and is repayable in 28 consecutive quarterly installments of about $0.3 million and a balloon installment of about $3.5 million payable together with the last installment on October 6, 2022. The loan bears interest at LIBOR plus a margin of 1.65%.

On January 7, 2016, three of our wholly-owned subsidiaries entered into a secured loan agreement with the CEXIM Bank for a loan of up to $75.7 million in order to finance part of the construction cost of three vessels. On January 4, 2017, we drew down $57.24 million to finance part of the construction cost of San Francisco and Newport News, both delivered on January 4, 2017. The balance of the committed loan amount, including the tranche for Hull DY6006 whose shipbuilding contract was cancelled on October 31, 2016, was cancelled. On February 6, 2017, we also entered into a Deed of Release with the CEXIM Bank in order to release the owner of Hull DY6006 of all of its obligations under the loan agreement as borrower. The loan is payable in 60 equal quarterly installments of $954,000 each, the last of which is payable by March 12, 2032, and bears interest at LIBOR plus a margin of 2.3%.

On March 29, 2016, two of our wholly-owned subsidiaries entered into a term loan agreement with ABN AMRO Bank N.V. for a loan of $25.755 million, drawn on March 30, 2016, to finance the acquisition cost of the Selina and the Ismene. The loan is payable in eight consecutive quarterly installments of $855,000 each and a balloon installment of $18.9 million payable together with the last installment by June 30, 2019. The first repayment installment was repaid on September 30, 2017. The loan bears interest at LIBOR plus a margin of 3%.

On May 10, 2016, one of our wholly-owned subsidiaries entered into a term loan agreement with DNB Bank ASA and the CEXIM Bank for a loan of $13.51 million, drawn on the same date, being the purchase price of the Maera. The loan is payable in seven equal consecutive quarterly installments of $19,775 each, four equal consecutive quarterly installments of $282,500 each and a balloon of about $12.2 million payable together with the last installment on January 4, 2019. The loan bears interest at LIBOR plus a margin of 3% per annum. Subsequently to December 31, 2017, and according to the terms of the loan agreement, we prepaid an additional amount of $289,177 which will be deducted from the balloon and which was reclassified as current in the consolidated balance sheet as at December 31, 2017.

Under the secured term loans outstanding as of December 31, 2017, 46 vessels of the Company's fleet were mortgaged with first preferred or priority ship mortgages. Additional securities required by the banks include first priority assignment of all earnings, insurances, first assignment of time charter contracts with duration that exceeds a certain period, pledge over the shares of the borrowers, manager's undertaking and subordination and requisition compensation and either a corporate guarantee by Diana Shipping Inc. (the "Guarantor") or a guarantee by the ship owning companies (where applicable), financial covenants, as well as operating account assignments. The lenders may also require additional security in the future in the event the borrowers breach certain covenants under the loan agreements. The secured term loans generally include restrictions as to changes in management and ownership of the vessels, additional indebtedness, as well as minimum requirements regarding hull cover ratio and minimum liquidity per vessel owned by the borrowers, or the guarantor, maintained in the bank accounts of the borrowers, or the guarantor. Furthermore, the secured term loans contain cross default provisions and additionally the Company is not permitted to pay any dividends following the occurrence of an event of default.

As at December 31, 2016, we were not in compliance with the minimum security cover requirement, under our $165.0 million loan facility with BNP Paribas. We estimated the shortfall to be $25.7 million and as such an amount of $19.7 million, representing the amount which would have to be paid to the bank, was reclassified as current in the consolidated balance sheet as at December 31, 2016. In addition, we received a waiver from the Commonwealth Bank, valid until December 31, 2016, for the non-compliance with the minimum required security cover, which was amended to a lower level than the one stated in the loan agreement. On January 13, 2017, the bank extended its consent for the use of the lower minimum required security cover until June 30, 2017. As of December 31, 2017 and the date of this report, we were in compliance with all of our loan covenants.

Senior Notes due 2020

On May 28, 2015, we issued $55.0 million aggregate principal amount of our 8.5% senior unsecured notes due 2020, or our Notes, in a registered public offering and on June 5, 2015, we issued an additional $8.25 million aggregate principal amount of the Notes, pursuant to the underwriters' option to purchase additional Notes. The Notes will mature on May 15, 2020, and effective May 15, 2017 may be redeemed in whole or in part at any time at a redemption price equal to 100% of the principal amount to be redeemed, plus accrued and unpaid interest to, but excluding, the redemption date. The Notes bear interest at a rate of 8.500% per annum, payable quarterly on each February 15, May 15, August 15 and November 15, commencing on August 15, 2015. The Notes commenced trading on the NYSE on May 29, 2015 under the symbol "DSXN."

5 BOARD OF DIRECTORS AND SENIOR MANAGEMENT

5.1 Board of Directors

Overview
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 appointed or their employment is terminated.

Name of director	Position
Simeon P. Palios	Class I Director, Chief Executive Officer and Chairman of the Board
Anastasios C. Margaronis	Class I Director and President
Andreas Michalopoulos	Class III Director, Chief Financial Officer and Treasurer
Ioannis G. Zafirakis	Class I Director, Chief Strategy Officer and Secretary
Semiramis Paliou	Class III Director and Chief Operating Officer
William (Bill) Lawes	Class II Director
Apostolos Kontoyannis	Class III Director
Konstantinos Fotiadis	Class III Director
Konstantinos Psaltis	Class II Director
Kyriacos Riris	Class II Director
Christos Glavanis	Class I Director

The term of our Class I directors expires in 2021, the term of our Class II directors expires in 2019, and the term of our Class III directors expires in 2020.

The business address of each officer and director is the address of our principal executive offices, which are located at Pendelis 16, 175 64 Palaio Faliro, Athens, Greece.

5.2 Senior Management

Overview
The Senior Management of the Company consists of five individuals. The names of the members of the Senior Management as at the date of this Prospectus, and their respective positions, are presented in the table below:

Name of officer	Position
Simeon Palios	Chief Executive officer
Anastasios Margaronis	President
Ioannis Zafirakis	Chief Strategy Officer and Secretary
Semiramis Paliou	Chief Operating Officer
Andreas Michalopoulos	Chief Financial Officer and Treasurer

All members of the Senior Management are employed by Diana Shipping Services S.A.

The Company's principal executive office, Pendelis 16, 175 64 Palaio Faliro, Athens, Greece, serves as the business address for the members of Senior Management in relation to their positions in the Company.

Biographies of the members of the Senior Management:

Set out below are brief biographies of the members of the Senior Management, including their relevant management expertise and experience, an indication of any significant principal activities performed by them outside the Company and names of companies and partnerships of which a member of the Senior Management is or has been a member of the administrative, management or supervisory bodies or partner the previous five years (not including directorships and management positions in subsidiaries of the Company).

Simeon P. Palios - Director, Chief Executive Officer and Chairman of the Board

Simeon P. Palios has served as the Chief Executive Officer and Chairman of Diana Shipping Inc. since February 21, 2005 and as a Director since March 9, 1999 and has served as the Chief Executive Officer and Chairman of Diana Containerships Inc. since January 13, 2010. Mr. Palios also serves currently as the President of Diana Shipping Services S.A., our management company. Prior to November 12, 2004, Mr. Palios was the Managing Director of Diana Shipping Agencies S.A. Since 1972, when he formed Diana Shipping Agencies S.A., Mr. Palios has had overall responsibility for its activities. Mr. Palios has experience in the shipping industry since 1969 and expertise in technical and operational issues. He has served as an ensign in the Greek Navy for the inspection of passenger boats on behalf of Ministry of Merchant Marine and is qualified as a naval architect and marine engineer. Mr. Palios is a member of various leading classification societies worldwide and he is a member of the board of directors of the United Kingdom Freight Demurrage and Defense Association Limited. Mr. Palios has also served as President of the Association "Friends of Biomedical Research Foundation, Academy of Athens" since 2015. He holds a bachelor's degree in Marine Engineering from Durham University.

Anastasios C. Margaronis - Director and President

Anastasios C. Margaronis has served as our President and as a Director since February 21, 2005 and has served as the Director and President of Diana Containerships Inc. since January 13, 2010. Mr. Margaronis is a Deputy President of Diana Shipping Services S.A., where he also serves as a Director and Secretary. Prior to February 21, 2005, Mr. Margaronis was employed by Diana Shipping Agencies S.A. and performed on our behalf the services he now performs as President. He joined Diana Shipping Agencies S.A. in 1979 and has been responsible for overseeing our vessels' insurance matters, including hull and machinery, protection and indemnity and war risks insurances. Mr. Margaronis has experience in the shipping industry, including in ship finance and insurance, since 1980. He is a member of the Greek National Committee of the American Bureau of Shipping and a member of the board of directors of the United Kingdom Mutual Steam Ship Assurance Association (Europe) Limited. He holds a bachelor's degree in Economics from the University of Warwick and a master's of science degree in Maritime Law from the Wales Institute of Science and Technology.

Andreas Michalopoulos - Director, Chief Financial Officer and Treasurer

Andreas Michalopoulos has served as the Company’s Chief Financial Officer and Treasurer since March 8, 2006 and also has served in these positions with Diana Containerships Inc. since January 13, 2010. Mr. Michalopoulos 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. Mr. 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. Mr. Andreas Michalopoulos is married to the youngest daughter of Mr. Simeon Palios, the Company’s Chief Executive Officer and Chairman.

Ioannis G. Zafirakis - Director, Chief Strategy Officer and Secretary

Ioannis G. Zafirakis has served as our Director, Chief Strategy Officer and Secretary since August 2018. Under his capacity as Chief Strategy Officer, Mr. Zafirakis is responsible for establishing and reviewing key strategic priorities and translating them into a comprehensive strategic plan, monitoring the execution of the plan, facilitating and driving key strategic initiatives through inception phase. He is also responsible for communicating the Company's strategy and overall goals internally and externally. In addition, Mr. Zafirakis is the Chief Strategy Officer of Diana Shipping Services S.A., where he also serves as Director and Treasurer. Since February 2005, Mr. Zafirakis served for the same companies in various positions such as Chief Operating Officer, Executive Vice-President and Vice-President. From June 1997 to February 2005, Mr. Zafirakis was employed by Diana Shipping Agencies S.A. where he held a number of positions in its finance and accounting department. He currently also serves as Director, Chief Strategy Officer and Secretary of Diana Containerships Inc. Mr. Zafirakis is a member of the Business Advisory Committee of the Shipping Programs of ALBA Graduate Business School at The American College of Greece. He holds a bachelor's degree in Business Studies from City University Business School in London and a master's degree in International Transport from the University of Wales in Cardiff.

Semiramis Paliou - Director and Chief Operating Officer

Semiramis Paliou has served as a Director of Diana Shipping Inc. since March 2015. Mrs. Paliou has almost 20 years of experience in shipping operations, technical management and crewing. Mrs. Paliou began her career at Lloyd’s Register of Shipping from 1996 to 1998 as a trainee ship surveyor. She was then employed by Diana Shipping Agencies S.A. From 2007 to 2010 she was employed as a Director and President of Alpha Sigma Shipping Corp. From February 2010 to November 2015 she was the Head of the Operations, Technical and Crew department of Diana Shipping Services S.A. From November 2015 to October 2016 she served as Vice President of the same company. From November 2016 to the end of July 2018, she served as Managing Director and Head of the Technical, Operations, Crew and Supply department of Unitized Ocean Transport Limited. As of August 2018, she is the Chief Operating Officer of Diana Shipping Inc. and Diana Shipping Services S.A. As of November 2018, she is the Chief Operating Officer of Diana Containerships Inc. Mrs. Paliou obtained her BSc in Mechanical Engineering from Imperial College, London and her MSc in Naval Architecture from University College, London. She is the

daughter of Simeon Palios, our Chief Executive Officer and Chairman, and is a member of the Greek committee of Det Norske Veritas - Germanischer Lloyd, a member of the Greek committee of Nippon Kaiji Kyokai and a member of the Greek committee of Bureau Veritas.

5.3 Conflicts of interest

Certain of our officers and directors are officers and directors of Diana Containerships Inc. and have fiduciary duties to manage our business in a manner beneficial to us and our shareholders, as well as a duty to the shareholders of Diana Containerships Inc. Consequently, these officers and directors may encounter situations in which their fiduciary obligations to Diana Containerships and to us are in conflict. The resolution of these conflicts may not always be in our best interest or that of our shareholders and could have a material adverse effect on our business, results of operations, cash flows and financial condition.

5.4 Corporate Governance

Pursuant to an exception for foreign private issuers, Diana, as a Marshall Islands company, is not required to comply with the corporate governance practices followed by U.S. companies under the NYSE listing standards. We believe that our established practices in the area of corporate governance are in line with the spirit of the NYSE standards and provide adequate protection to our shareholders. In fact, we have voluntarily adopted NYSE required practices, such as (a) having a majority of independent directors, (b) establishing audit, compensation and nominating committees and (c) adopting a Code of Ethics. The significant differences between our corporate governance practices and the NYSE standards are set forth below.

Executive Sessions

The NYSE requires that non-management directors meet regularly in executive sessions without management. The NYSE also requires that all independent directors meet in an executive session at least once a year. As permitted under Marshall Islands law and our bylaws, our non-management directors do not regularly hold executive sessions without management and we do not expect them to do so in the future.

Shareholder Approval of Equity Compensation Plans

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

Corporate Governance Guidelines

The NYSE requires companies to adopt and disclose corporate governance guidelines. The guidelines must address, among other things: director qualification standards, director responsibilities, director access to management and independent advisers, director compensation, director orientation and continuing education, management succession and an annual performance evaluation. We are not required to adopt such guidelines under Marshall Islands law and we have not adopted such guidelines.

5.5 Compensation and Equity incentive plan

Compensation

Aggregate executive compensation (including amounts paid to Steamship Shipbroking Enterprises Inc. (or “Steamship”, formerly Diana Enterprises Inc.) pursuant to Brokerage Services Agreements) for 2017 was $3.7 million. Since June 1, 2010, Steamship, a related party company, has provided to us brokerage services. Under the Brokerage Services Agreements in effect during 2017, fees for 2017 amounted to $1.8 million. We consider fees under these agreements to be part of our executive compensation due to the affiliation with Steamship. We expect such fees to remain the same in 2018.

Non-employee directors receive annual compensation in the amount of $52,000 plus reimbursement of out-of-pocket expenses. In addition, each non-executive serving as chairman or member of a committee receives additional annual compensation of $26,000 or $13,000, respectively, plus reimbursement of out-of-pocket expenses. Since August 2018, the annual compensation of the chairman of the audit and compensation committee increased to $40,000 and the annual compensation of the member of the audit committee increased to $26,000. For 2017, 2016 and 2015, fees and expenses of our non-executive directors amounted to $0.4 million, $0.4 million and $0.4 million, respectively.

Since 2008 and until the date of this prospectus, our board of directors has awarded an aggregate amount of 11,675,241 shares of restricted common stock, of which 9,654,657 shares were awarded to senior management and 2,020,584 shares were awarded to non-employee directors. All restricted shares vest ratably over three years, except for 600,000 shares awarded in 2008 which vested ratably over a period of six years until 2014 and 1,314,000 shares awarded in 2014 which will

vest ratably over a period of six years until 2022. The restricted shares are subject to forfeiture until they become vested. Unless they forfeit their shares, grantees have the right to vote, to receive and retain all dividends paid and to exercise all other rights, powers and privileges of a holder of shares

In 2017, compensation costs relating to the aggregate amount of restricted stock awards amounted to $8.2 million. We do not have a retirement plan for our officers or directors.

Equity incentive plan

In November 2014, our board of directors approved, and the Company adopted the 2014 Equity Incentive Plan, or the 2014 Plan, for 5,000,000 common shares, of which, currently, 1,124,759 shares remain reserved for issuance.

Under the 2014 Plan, the Company's employees, officers and directors are entitled to receive options to acquire the Company's common stock. The 2014 Plan is administered by the Compensation Committee of the Company's Board of Directors or such other committee of the Board as may be designated by the Board. Under the terms of the 2014 Plan, the Company's Board of Directors is able to grant a) incentive stock options, b) non -qualified stock options, c) stock appreciation rights, d) dividend equivalent rights, e) restricted stock, f) unrestricted stock, g) restricted stock units, and h) performance shares. No options, stock appreciation rights or restricted stock units can be exercisable prior to the first anniversary or subsequent to the tenth anniversary of the date on which such award was granted. Under the 2014 Plan, the Administrator may waive or modify the application of forfeiture of awards of restricted stock and performance shares in connection with cessation of service with the Company.

5.6 Compensation committee

We have established a Compensation Committee comprised of two members, which, as directed by its written charter, is responsible for setting the compensation of executive officers of the Company, reviewing the Company's incentive and equity-based compensation plans, and reviewing and approving employment and severance agreements. The members of the Compensation Committee are Mr. Apostolos Kontoyannis (Chairman) and Mr. Konstantinos Psaltis (member).

5.7 Nominating committee

We have established a Nominating Committee comprised of two members, which, as directed by its written charter, is responsible for identifying, evaluating and making recommendations to the board of directors concerning individuals for selections as director nominees for the next annual meeting of stockholders or to otherwise fill board of director vacancies. The members of the Nominating Committee are Mr. Konstantinos Psaltis (Chairman) and Mr. Kyriacos Riris (member).

5.8 Audit committee

We have established an Audit Committee, comprised of two board members, which 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 the rules of the NYSE and the rules and regulations of the SEC. As directed by its written charter, the Audit Committee is responsible for appointing, and overseeing the work of the independent auditors, including reviewing and approving their engagement letter and all fees paid to our auditors, reviewing the adequacy and effectiveness of the Company's accounting and internal control procedures and reading and discussing with management and the independent auditors the annual audited financial statements. The members of the Audit Committee are Mr. William Lawes (Chairman and financial expert) and Mr. Apostolos Kontoyannis (member and financial expert).

5.9 Executive committee

We have established an Executive Committee comprised of the five executive directors, Mr. Simeon Palios (Chairman), Mr. Anastasios Margaronis (member), Mr. Ioannis Zafirakis (member), Mr. Andreas Michalopoulos (Member) and Mrs. Semiramis Paliou (Member). The Executive Committee has, to the extent permitted by law, the powers of the Board of Directors in the management of the business and affairs of the Company.
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. Our executive directors have employment agreements, which, if terminated without cause, entitle them to continue receiving their basic salary through the date of the agreement's expiration.

5.10 Employees

We crew our vessels primarily with Greek officers and Filipino officers and seamen and may also employ seamen from Poland, Rumania and Ukraine. DSS and DWM are responsible for identifying the appropriate officers and seamen mainly through crewing agencies. The crewing agencies handle each seaman's training, travel and payroll. The management companies ensure that all our seamen have the qualifications and licenses required to comply with international regulations and shipping conventions. Additionally, our seafaring employees perform most commissioning work and supervise work at shipyards and drydock facilities. We typically man 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 DSS and the number of seafaring personnel employed by our vessel-owning subsidiaries as at December 31, 2017, 2016 and 2015.

	Year Ended December 31,		
	2017	2016	2015
Shoreside	93	95	101
Seafaring	1,006	923	993
Total	1,099	1,018	1,094

6 FINANCIAL INFORMATION

6.1 Introduction

The tables set out in this section present selected financial information derived from the Group's audited consolidated annual financial statements for the years ended 31 December 2017 and 2016 (both available on the Company's web page).

The consolidated financial statements of Diana Shipping Inc. appearing in Diana Shipping Inc.'s Annual Report for the year ended December 31, 2017 and the effectiveness of Diana Shipping Inc.'s internal control over financial reporting as of December 31, 2017 have been audited by Ernst & Young (Hellas) Certified Auditors-Accountants S.A., independent registered public accounting firm, as set forth in their reports thereon, included therein, and incorporated herein by reference. Such consolidated financial statements are incorporated herein by reference in reliance upon such reports given on the authority of such firm as experts in accounting and auditing. Ernst & Young (Hellas) Certified Auditors-Accountants S.A. is located at Chimarras 8B, 15125, Maroussi, Athens, Greece and is registered as a corporate body with the public register for company auditors-accountants kept with the Body of Certified-Auditors-Accountants ("SOEL"), Greece with registration number 107. No auditor have resigned, been removed or not been re-appointed during the period covered by the historical financial information.

6.2 Audit report of historical annual financial information

REPORT OF INDEPENDENT

REGISTERED PUBLIC ACCOUNTING FIRM

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

Opinion on Internal Control over Financial Reporting

We have audited Diana Shipping Inc.'s internal control over financial reporting as of December 31, 2017, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, Diana Shipping Inc. (the Company) maintained, in all material respects, effective internal control over financial reporting as of December 31, 2017, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of Diana Shipping Inc. as of December 31, 2017 and 2016, and the related consolidated statements of operations, comprehensive loss, stockholders' equity and cash flows for each of the three years in the period ended December 31, 2017, and the related notes and our report dated March 16, 2018, expressed an unqualified opinion thereon.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Annual Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations on Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of

the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

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

/s/ Ernst & Young (Hellas) Certified Auditors-Accountants S.A.
Athens, Greece
March 16, 2018

6.3 Financial Information

The following tables set forth our consolidated financial data as of and for the years ended December 31, 2017 and 2016, and the three months nine months ended September 30, 2018 and 2017. The consolidated financial data as of and for the years ended December 31, 2017 and 2016 are derived from our audited consolidated financial statements and notes thereto which have been prepared in accordance with U.S. generally accepted accounting principles, or U.S. GAAP. The following data should be read in conjunction with the consolidated financial statements, related notes and other financial information included in the 2017 annual report.

6.4 Consolidated statements of operations and comprehensive loss

The tables below set out our consolidated statements of operations and comprehensive loss for the years ended 2017, 2016 and 2015 and for the three months and nine months ended September 30, 2018 and 2017 (unaudited).

DIANA SHIPPING INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
For the years ended December 31, 2017, 2016 and 2015
(Expressed in thousands of U.S. Dollars – except for share and per share data)

	2017	2016	2015
REVENUES:			
Time charter revenues	$ 161,897	$ 114,259	$ 157,712
EXPENSES:			
Voyage expenses	8,617	13,826	15,528
Vessel operating expenses	90,358	85,955	88,272
Depreciation and amortization of deferred charges (Notes 2(l) and 2(m))	87,003	81,578	76,333
General and administrative expenses	26,332	25,510	25,335
Management fees to related party (Notes 3(b) and 4(d))	1,883	1,464	405
Impairment loss (Note 5)	442,274	-	-
Insurance recoveries, net of other loss (Note 5)	(10,879)	-	-
Gain on contract termination	-	(5,500)	-
Other loss/(income)	296	(253)	(984)
Operating loss	$ (483,987)	$ (88,321)	$ (47,177)
OTHER INCOME / (EXPENSES):			
Interest and finance costs (Note 10)	(26,628)	(21,949)	(15,555)
Interest and other income (Note 4(b))	4,508	2,410	3,152
Loss from equity method investments (Note 3)	(5,607)	(56,377)	(5,133)
Total other expenses, net	$ (27,727)	$ (75,916)	$ (17,536)
Net loss	$ (511,714)	$ (164,237)	$ (64,713)
Dividends on series B preferred shares (Notes 9(a) and 11)	(5,769)	(5,769)	(5,769)
Net loss attributed to common stockholders	$ (517,483)	$ (170,006)	$ (70,482)
Loss per common share, basic and diluted (Note 11)	$ (5.41)	$ (2.11)	$ (0.89)
Weighted average number of common shares, basic and diluted (Note 11)	95,731,093	80,441,517	79,518,009

DIANA SHIPPING INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
For the years ended December 31, 2017, 2016 and 2015
(Expressed in thousands of U.S. Dollars)

	2017	2016	2015
Net loss	$ (511,714)	$ (164,237)	$ (64,713)
Other comprehensive income/(loss) (Actuarial gain/(loss))	109	(84)	1,016
Comprehensive loss	$ (511,605)	$ (164,321)	$ (63,697)

Interim (unaudited)

	Three months ended September 30,		Nine months ended September 30,	
	2018	2017	2018	2017
REVENUES:				
Time charter revenues	$ 61,505	$ 43,920	$ 163,315	$ 112,960
EXPENSES:				
Voyage expenses	1,818	2,478	4,658	5,597
Vessel operating expenses	22,809	22,697	70,300	66,337
Depreciation and amortization of deferred charges	13,177	22,363	39,204	65,083
General and administrative expenses	6,805	5,737	20,522	18,175
Management fees to related party	600	480	1,800	1,341
Impairment loss	-	8,446	-	8,446
Other loss/(gain)	(118)	43	(296)	287
Operating income/(loss)	16,414	(18,324)	27,127	(52,306)
OTHER INCOME / (EXPENSES):				
Interest and finance costs	(7,175)	(6,799)	(21,468)	(19,874)
Interest and other income	5,508	1,460	7,982	3,028
Gain/(loss) from equity method investments	20	(830)	31	(5,630)
Total other expenses, net	(1,647)	(6,169)	(13,455)	(22,476)
Net income / (loss)	$ 14,767	$ (24,493)	$ 13,672	$ (74,782)
Dividends on series B preferred shares	(1,442)	(1,443)	(4,327)	(4,327)
Net income / (loss) attributed to common stockholders	13,325	(25,936)	9,345	(79,109)
Earnings / (loss) per common share, basic and diluted	$ 0.13	$ (0.25)	$ 0.09	$ (0.85)
Weighted average number of common shares, basic and diluted	103,959,717	102,280,234	103,684,250	93,485,656
Weighted average number of common shares, diluted	105,234,812	102,280,234	104,567,959	93,485,656

	Three months ended September 30,		Nine months ended September 30,	
	2018	2017	2018	2017
Net income/(loss)	$ 14,767	$ (24,493)	$ 13,672	$ (74,782)
Other comprehensive loss (Actuarial loss)	(8)	(7)	(24)	(21)
Comprehensive income/(loss)	$ 14,759	$ (24,500)	$ 13,648	$ (74,803)

6.5 Consolidated statements of financial position

The tables below set out our consolidated statements of financial position as of the years ended 2017 and 2016 and the condensed unaudited consolidated statement of financial position for the nine months ended September 30, 2018.

Annual

DIANA SHIPPING INC.
CONSOLIDATED BALANCE SHEETS
December 31, 2017 and 2016
(Expressed in thousands of U.S. Dollars – except for share and per share data)

	2017	2016
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents (Note 2(e))	$ 40,227	$ 98,142
Accounts receivable, trade (Note 2(f))	4,937	5,903
Due from related parties (Notes 2(g) and 4(b))	82,660	102
Inventories (Note 2(h))	5,770	5,860
Prepaid expenses and other assets	5,167	5,309
Total current assets	138,761	115,316
FIXED ASSETS:		
Advances for vessels under construction and acquisitions and other vessel costs	-	46,863
Vessels net book value (Note 5)	1,053,578	1,403,912
Property and equipment, net (Note 6)	22,650	23,114
Total fixed assets	1,076,228	1,473,889
OTHER NON-CURRENT ASSETS:		
Restricted cash (Notes 2(e) and 7)	25,582	23,000
Due from related parties, non-current (Notes 2(g) and 4(b))	-	45,417
Investments in related parties (Notes 2(v) and 3)	3,249	6,014
Deferred charges, net (Notes 2(m), 2(n) and 5)	2,902	5,027
Total assets	$ 1,246,722	$ 1,668,663
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Current portion of long-term debt, net of deferred financing costs, current (Note 7)	$ 60,763	$ 65,072
Accounts payable, trade and other	7,954	6,572
Due to related parties (Note 4(a) and 4(d))	271	25
Accrued liabilities	8,246	5,734
Deferred revenue	3,207	822
Total current liabilities	80,441	78,225
Long-term debt, net of current portion and deferred financing costs, non-current (Note 7)	540,621	533,109
Other non-current liabilities	902	740
Commitments and contingencies (Note 8)	-	-
STOCKHOLDERS' EQUITY:		
Preferred stock (Note 9(a))	26	26
Common stock, $0.01 par value; 200,000,000 shares authorized and 106,131,017 and 84,696,017 issued and outstanding at December 31, 2017 and 2016, respectively (Note 9(b) and (c))	1,061	847
Additional paid-in capital	1,070,500	985,171
Accumulated other comprehensive income	294	185
Retained earnings/(Accumulated deficit)	(447,123)	70,360
Total stockholders' equity	624,758	1,056,589
Total liabilities and stockholders' equity	$ 1,246,722	$ 1,668,663

Interim (unaudited)

	September 30, 2018 (unaudited)
ASSETS	
Cash and cash equivalents	$ 176,524
Due from related parties	19
Other current assets	17,393
Vessels, net of depreciation	1,018,266
Other fixed assets, net	22,418
Restricted cash	25,582
Investments in related parties	3,279
Other non-current assets	3,379
Total assets	$ 1,266,860
LIABILITIES AND STOCKHOLDERS' EQUITY	
Long-term debt, net of deferred financing costs	$ 605,106
Other liabilities	22,205
Total stockholders' equity	639,549
Total liabilities and stockholders' equity	$ 1,266,860

6.6 Consolidated statements of cash flow

The tables below set out our audited consolidated statements of cash flows for the years ended December 31, 2017, 2016 and 2015 and our interim unaudited cash flow data for the three months and nine months ended September 30, 2018 and 2017.

Annual

DIANA SHIPPING INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended December 31, 2017 , 2016 and 2015

(Expressed in thousands of U.S. Dollars)

	2017	2016	2015
Cash Flows from Operating Activities:			
Net loss	$(511,714)	$(164,237)	$ (64,713)
Adjustments to reconcile net loss to net cash from operating activities:			
Depreciation and amortization of deferred charges	87,003	81,578	76,333
Impairment loss (Note 5)	442,274	-	-
Amortization of financing costs (Note 10)	1,455	1,503	1,364
Amortization of free lubricants benefit	-	(15)	(85)
Compensation cost on restricted stock (Note 9(d))	8,232	8,313	8,279
Actuarial gain/(loss)	109	(84)	1,016
Gain from insurance recoveries, net of other loss (Note 5)	(10,879)	-	-
Gain on shipbuilding contract termination	-	(278)	-
Loss from equity method investments, net of dividends (Note 3)	5,607	56,377	5,133
(Increase) / Decrease in:			
Receivables	966	(1,391)	1,871
Due from related parties	(141)	3,334	2,070
Inventories	90	391	1,062
Prepaid expenses and other assets	142	620	(349)
Increase / (Decrease) in:			
Accounts payable	1,382	(2,391)	(739)
Due to related parties	246	(39)	(217)
Accrued liabilities, net of accrued preferred dividends	2,512	(715)	437
Deferred revenue	2,385	(1,592)	(865)
Other liabilities	162	117	(643)
Drydock costs	(6,418)	(2,489)	(6,009)
Net cash provided by / (used in) Operating Activities	$ 23,413	$ (20,998)	$ 23,945
Cash Flows from Investing Activities:			
Payments for vessel acquisitions, improvements and construction (Note 5)	(125,781)	(50,911)	(155,352)
Proceeds from vessel sale, net of expenses (Note 5)	2,032	-	-
Proceeds from insurance contract, net of expenses (Note 5)	11,362	-	-
Proceeds from sale of investment (Note 3)	158	-	-

DIANA SHIPPING INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended December 31, 2017 , 2016 and 2015

(Expressed in thousands of U.S. Dollars)

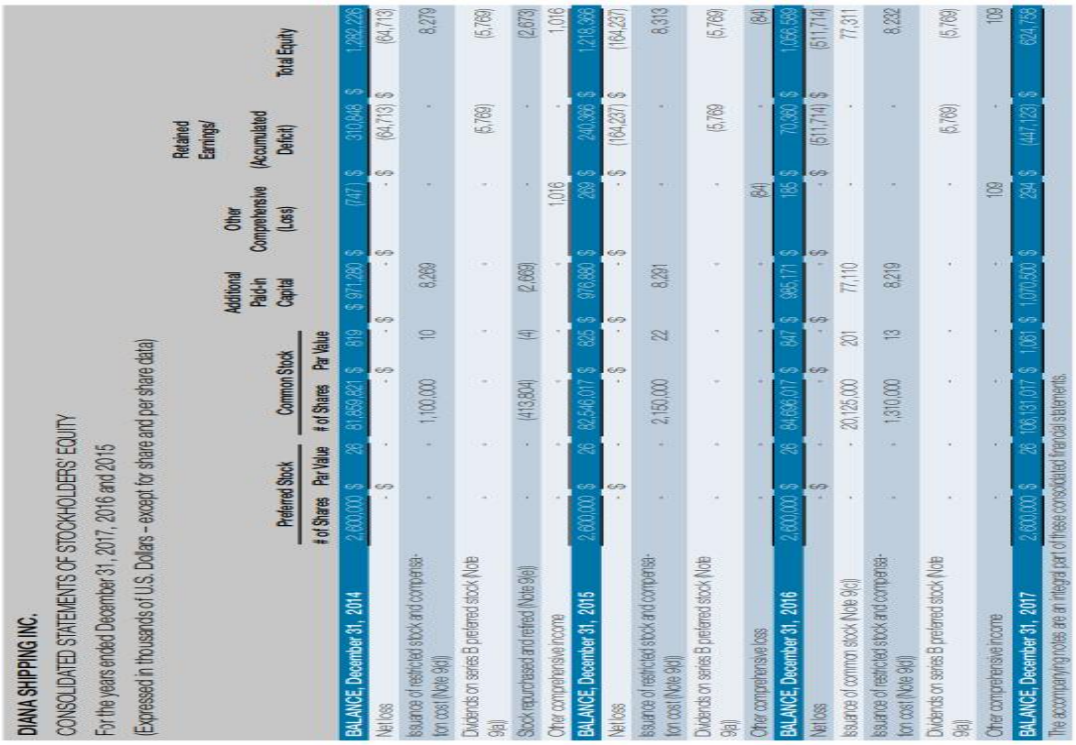
	2017	2016	2015
Proceeds from shipbuilding contract termination (Notes 5)	-	9,413	-
Cash dividends from investment in Diana Containerships Inc. (Note 3(a))	-	96	193
Loan to Diana Containerships Inc. (Note 4(b))	(40,000)	-	-
Joint venture investment (Note 3(b))	-	-	(267)
Payments for plant, property and equipment (Note 6)	(104)	(217)	(211)
Net cash used in Investing Activities	$(152,333)	$ (41,619)	$ (155,637)
Cash Flows from Financing Activities:			
Proceeds from long-term debt (Note 7)	57,240	39,265	441,173
Proceeds from issuance of common stock, net of expenses (Note 9(c))	77,311	-	-
Cash dividends on preferred stock	(5,769)	(5,769)	(5,769)
Payments for repurchase of common stock (Note 9(e))	-	-	(2,673)
Financing costs	(31)	(466)	(5,482)
Loan payments (Note 7)	(55,164)	(42,489)	(321,240)
Net cash provided by / (used in) Financing Activities	$ 73,587	$ (9,459)	$ 106,009
Net decrease in cash, cash equivalents and restricted cash	(55,333)	(72,076)	(25,683)
Cash, cash equivalents and restricted cash at beginning of the year	121,142	193,218	218,901
Cash, cash equivalents and restricted cash at end of the year	$ 65,809	$ 121,142	$ 193,218
RECONCILIATION OF CASH, CASH EQUIVALENTS AND RESTRICTED CASH			
Cash and cash equivalents	$ 40,227	$ 98,142	171,718
Restricted cash	25,582	23,000	21,500
Cash, cash equivalents and restricted cash	$ 65,809	$ 121,142	193,218
SUPPLEMENTAL CASH FLOW INFORMATION			
Related party loan reduction in exchange for preferred shares (Note 4(b))	$ 3,000	$ -	$ -
Interest, net of amounts capitalized	$ 24,503	$ 19,265	$ 13,048

Interim (unaudited)

	Three months ended September 30,		Nine months ended September 30,	
	2018	2017	2018	2017
Net Cash provided by operating activities	$ 24,180	$ 8,251	$ 51,971	$ 11,172
Net Cash provided by / (used in) investing activities	38,563	28	85,888	(165,684)
Net Cash provided by / (used in) financing activities	$ 31,436	$ (13,351)	$ (1,562)	$ 96,071

6.7 Consolidated statements of changes in equity

The table below sets out our selected data from the Group's audited consolidated statements of changes in equity for the years ended 2017, 2016 and 2015



DIANA SHIPPING INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
For the years ended December 31, 2017, 2016 and 2015
(Expressed in thousands of U.S. Dollars - except for share and per share data)

	Preferred Stock		Common Stock		Additional Paid-in Capital	Other Comprehensive (Loss)	Retained Earnings/ (Accumulated Deficit)	Total Equity
	# of Shares	Par Value	# of Shares	Par Value				
BALANCE, December 31, 2014	2,800,000	$ 28	81,859,821	$ 819	$ 971,280	$ (747)	$ 310,848	$ 1,282,228
Net loss	-	$ -	-	$ -	$ -	$ -	$ (64,713)	$ (64,713)
Issuance of restricted stock and compensation cost (Note 9(e))	-	-	1,100,000	10	8,269	-	-	8,279
Dividends on series B preferred stock (Note 9(a))	-	-	-	-	-	-	(5,769)	(5,769)
Stock repurchased and retired (Note 9(e))	-	-	(413,804)	(4)	(2,669)	-	-	(2,673)
Other comprehensive income	-	-	-	-	-	1,016	-	1,016
BALANCE, December 31, 2015	2,800,000	$ 28	82,546,017	$ 825	$ 976,880	$ 269	$ 240,366	$ 1,218,368
Net loss	-	$ -	-	$ -	$ -	$ -	$ (164,237)	$ (164,237)
Issuance of restricted stock and compensation cost (Note 9(e))	-	-	2,150,000	22	8,291	-	-	8,313
Dividends on series B preferred stock (Note 9(a))	-	-	-	-	-	-	(5,769)	(5,769)
Other comprehensive loss	-	-	-	-	-	(84)	-	(84)
BALANCE, December 31, 2016	2,800,000	$ 28	84,696,017	$ 847	$ 985,171	$ 185	$ 70,360	$ 1,056,660
Net loss	-	$ -	-	$ -	$ -	$ -	$ (511,714)	$ (511,714)
Issuance of common stock (Note 9(c))	-	-	20,125,000	201	77,110	-	-	77,311
Issuance of restricted stock and compensation cost (Note 9(e))	-	-	1,310,000	13	8,219	-	-	8,232
Dividends on series B preferred stock (Note 9(a))	-	-	-	-	-	-	(5,769)	(5,769)
Other comprehensive income	-	-	-	-	-	109	-	109
BALANCE, December 31, 2017	2,800,000	$ 28	106,131,017	$ 1,061	$ 1,070,500	$ 294	$ (447,123)	$ 624,758

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

6.8 Holders and share capital

The following table shows the 20 largest public shareholders as per 2 October 2018. Countries of incorporation among the shareholders include among other United States, United Kingdom and Greece.

Investor	Position	% of total	Investor type	Country
Franklin Resources Inc	12,833,190	11.89%	Investment Advisor	United States
Palios Symeon P	10,627,567	9.85%	Unclassified	n/a
IRONWOOD TRADING CORP	9,524,360	8.82%	Corporation	Greece
Kopernik Global Investors LLC	6,191,345	5.74%	Investment Advisor	United States
12 West Capital Management LP	4,929,989	4.57%	Hedge Fund Manager	United States
Hosking Partners LLP	4,877,235	4.52%	Investment Advisor	United Kingdom
Corozal Cia Naviera SA	4,762,180	4.41%	Corporation	Greece
Frank Russell Co	1,781,372	1.65%	Investment Advisor	United States
Royce & Associates LP	1,425,733	1.32%	Investment Advisor	United States
Stifel Financial Corp	1,264,479	1.17%	Holding Company	United States
Heptagon Capital LLP	1,183,125	1.10%	Investment Advisor	United Kingdom
Barclays PLC	1,078,237	1.00%	Investment Advisor	United Kingdom
Millennium Management LLC/NY	886,458	0.82%	Hedge Fund Manager	United States
Renaissance Technologies LLC	880,000	0.82%	Hedge Fund Manager	United States
TIFF Advisory Services Inc	540,822	0.50%	Investment Advisor	United States
Legg Mason Inc	478,253	0.44%	Investment Advisor	United States
Morgan Stanley	449,117	0.42%	Investment Advisor	United States
Ruffer LLP	443,887	0.41%	Investment Advisor	United Kingdom
Oceanic Investment Management Ltd	441,883	0.41%	Investment Advisor	Isle of Man
683 Capital Management LLC	438,364	0.41%	Hedge Fund Manager	United States
Total owned by top 20	**65,037,596**	**60.27%**		

Source: Bloomberg

Major shareholders

The following table sets forth information regarding ownership of our common stock of which we are aware as of November 20, 2018, for (i) beneficial owners of five percent or more of our common stock 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 share of common stock held.

Title of Class	Identity of Person or Group	Number of Shares Owned	Percent of Class*
Common Stock, par value $0.01	Simeon Palios (1)	24,964,707	23.1
	Franklin Resources Inc. (2)	12,833,190	11.9
	Kopernik Global Investors, LLC (3)	5,573,381	5.2
	All officers and directors as a group (4)	29,658,208	27.5

* Based on 107,931,017 common shares outstanding as of November 20, 2018.

(1) Mr. Simeon Palios indirectly may be deemed to beneficially own 9,524,360 shares beneficially owned by Ironwood Trading Corp. and 15,440,347 shares beneficially owned by Steamship Shipbroking Enterprises Inc. (formerly Diana Enterprises Inc.), including 4,762,180 shares beneficially owned through Corozal Compania Naviera S.A., as the result of his ability to control the vote and disposition of such entities, for an aggregate of 24,964,707 shares. As of December 31, 2015, 2016 and 2017, Mr. Simeon Palios owned indirectly 20.6%, 22.2% and 22.5%, respectively, of our outstanding common stock.

(2) This information is derived from a Schedule 13G/A filed with the SEC on February 6, 2018.

(3) This information is derived from a Schedule 13G/A filed with the SEC on February 9, 2018.

(4) Mr. Simeon Palios is our only director or officer that beneficially owns 5% or more of our outstanding common stock. Mr. Anastasios Margaronis, our President and a member of our board of directors is indirect shareholder through ownership of stock held among others in Corozal Compania Naviera S.A., and Ironwood Trading Corp. Mr. Margaronis does not have dispositive or voting power with regard to shares held by Corozal Compania Naviera S.A. and Ironwood Trading Corp. and, accordingly, is not considered to be beneficial owner of our common shares held through Corozal Compania Naviera S.A. and Ironwood Trading Corp. Mr. Anastasios Margaronis also owns indirectly 3.2% of our outstanding common stock. All other officers and directors each owns less than 1% of our outstanding common stock. In addition, Steamship Shipbroking Enterprises Inc. (formerly Diana Enterprises Inc.) owns indirectly 100,390, or 3.9% of the outstanding Series B Preferred Shares and Mr. Anastasios Margaronis owns indirectly 28,025, or 1.1% of the outstanding Series B Preferred Shares. All officers and directors as a group own 133,575, or 5.1% of our outstanding Series B Preferred Shares.

Share capital

Under our amended and restated articles of incorporation, as of the date of this prospectus, our authorized capital stock consists of 200,000,000 shares of common stock, par value $0.01 per share, of which 107,931,017 shares are issued and outstanding, and 25,000,000 shares of preferred stock, par value $0.01 per share, of which (i) 1,000,000 shares are designated Series A Participating Preferred Stock, none of which is issued and outstanding, and (ii) 5,000,000 shares are designated Series B Preferred Stock, 2,600,000 shares of which are issued and outstanding. All of our shares of stock are in registered form.

Common Stock

Each outstanding share of common stock entitles the holder to one vote on all matters submitted to a vote of stockholders. Subject to preferences that may be applicable to any outstanding shares of preferred stock, holders of shares of common stock 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 preferred stock having liquidation preferences, if any, the holders of our common stock will be entitled to receive pro rata our remaining assets available for distribution. Holders of common stock do not have conversion, redemption or preemptive rights to subscribe to any of our securities. The rights, preferences and privileges of holders of common stock are subject to the rights of the holders of our preferred stock.

Preferred Stock

Our board of directors is authorized to provide for the issuance of preferred stock in one or more series with designations as may be stated in the resolution or resolutions providing for the issue of such preferred stock. At the time that any series of our preferred stock is authorized, our board of directors will fix the dividend rights, any conversion rights, any voting rights, redemption provisions, liquidation preferences and any other rights, preferences, privileges and restrictions of that series, as well as the number of shares constituting that series and their designation. Our board of directors could, without shareholder approval, cause us to issue preferred stock which has voting, conversion and other rights and preferences that could adversely affect the voting power and other rights of holders of our common stock, Series A Participating Preferred Stock and Series B Preferred Stock, or make it more difficult to effect a change in control. In addition, preferred stock could be used to dilute the share ownership of persons seeking to obtain control of us and thereby hinder a possible takeover attempt which, if our shareholders were offered a premium over the market value of their shares, might be viewed as being beneficial to our

shareholders. The material terms of any series of preferred stock that we offer through a prospectus supplement will be described in that prospectus supplement.

Series B Cumulative Redeemable Perpetual Preferred Stock

Our Series B Preferred Stock is senior in rank to our Series A Participating Preferred Stock. Holders of our Series B Preferred Stock have no voting rights other than the ability, subject to certain exceptions, to elect one director if dividends for six quarterly dividend periods (whether or not consecutive) are in arrears and certain other limited protective voting rights. Holders of our Series B Preferred Stock rank prior to the holders of our common stock with respect to dividends, distributions and payments upon liquidation. Dividends on our Series B Preferred Stock are cumulative from the date of original issue and are payable on the 15th day of January, April, July and October of each year at the dividend rate of 8.875% per annum, or $2.21875 per annum per share. At any time on or after February 14, 2019, we may redeem, in whole or in part, the Series B Preferred Stock at a redemption price of $25.00 per share plus an amount equal to all accumulated and unpaid dividends thereon to the date of redemption, whether or not declared.

6.9 Capital expenditures

We make capital expenditures from time to time in connection with vessel acquisitions and constructions, which we finance among others with cash from operations, debt under loan facilities at terms acceptable to us, with funds from equity issuances and senior unsecured notes. Our main uses of funds have been capital expenditures for the acquisition and construction of new vessels, expenditures incurred in connection with ensuring that our vessels comply with international and regulatory standards, repayments of bank loans and payment of our preferred dividends. Since the date of the last published financial statements of December 31, 2017, we do not have capital expenditures for vessel acquisitions or constructions, but we incur capital expenditures when our vessels undergo surveys and to comply with new regulatory standards. This process of recertification or vessel improvements may require us to reposition these vessels from a discharging 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 result in increased cash flow needs. We expect to cover such capital expenditures and cash flow needs with cash from operations and cash on hand. Since the date of the last published financial statements of December 31, 2017 and as of the date of this prospectus, the Company has not made any principal investments or any firm commitments on future investments.

6.10 Significant changes, trends and other factors affecting results

Since the date of the Company's last published audited financial statements of December 31, 2017, the following material events have taken place:

(i) The Company has received the outstanding balance of a loan receivable from a related party amounting to $82.7 million as of December 31, 2017, and as such the loan receivable has been reduced to zero.

(ii) On July 13, 2018, the Company entered into a term loan facility with BNP Paribas for an amount of up to $75.0 million to refinance an existing loan facility with the bank having an outstanding balance of $130.0 million at the date of refinancing. The loan of $130.0 million was repaid in full on July 16, 2018 by using the $75.0 million loan proceeds and cash on hand.

(iii) On October 29, 2018, the Company redeemed in full its senior notes amounting to $63.25 million, which until the date of redemption were trading on the NYSE under the symbol "DSXN".

(iv) On November 5, 2018, the Company through a wholly owned subsidiary entered into a Memorandum of Agreement to sell the vessel "Triton" to an unaffiliated third party, for a sale price of $7.35 million before commissions.

(v) On November 9, 2018 the Company through a wholly owned subsidiary entered into a Memorandum of Agreement to sell the vessel "Alcyon" to an unaffiliated third party, for a sale price of $7.45 million before commissions.

(vi) On November 21, 2018 the Company announced the commencement of a tender offer to purchase up to 4,166,666 shares, or about 3.86%, of its outstanding common stock using funds available from cash and cash equivalents at a price of US$3.60 per share. The tender offer will expire at the end of the day, 5:00 P.M., Eastern Time, on December 20, 2018, unless extended or withdrawn.

Since the date of the Company's last published audited financial statements of December 31, 2017, and as of the date of this prospectus there has been no material adverse change in the prospects of the issuer and there has been no significant change in the financial or trading position of the Group other than as disclosed in this prospectus that would have a material extent relevant to the evaluation of the issuer's solvency.

6.11 Legal and arbitration proceedings

The Company is not aware of any ongoing, pending or threatened governmental, legal or arbitration proceedings during the previous 12 months that may have or have had in the recent past a significant effect on the Company and/or the Group's financial position or profitability.

6.12 Material contracts

There are no material contracts that are entered into outside the ordinary course of the Issuer's business, which could result in any group member being under an obligation or entitlement that is material to the Issuer's ability to meet its obligation to security holders in respect of the securities being issued.

6.13 Documents on display

The following documents (or copies thereof) may be inspected for twelve months from the date of this Registration Document at the Company's corporate office16 Pendelis Str., 175 64 Palaio Faliro, Athens, Greece, during normal business hours from Monday through Friday each week (except public holidays):

a) the Articles of Incorporation and Bylaws of the Company;
b) all reports, letters, and other documents, historical financial information, valuations and statements prepared by any expert at the Company's request any part of which is included or referred to in the Registration Document;
c) the historical financial information of the Company and its subsidiary undertakings for each of the two financial years preceding the publication of the Registration Document.

7 LEAD MANAGERS' DISCLAIMER

Fearnley Securities AS and Nordea Bank Abp, filial i Norge (the Lead Managers) has assisted the Company in preparing this Registration Document. The Lead Managers has not verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and the Lead Manager expressively disclaim any legal or financial liability as to the accuracy or completeness of the information contained in this Registration Document or any other information supplied in connection with bonds issued by Diana Shipping Inc. or their distribution. The statements made in this paragraph are without prejudice to the responsibility of the Company. Each person receiving this Registration Document acknowledges that such person has not relied on the Lead Managers nor any person affiliated with it in connection with its investigation of the accuracy of such information or its investment decision.

Confidentiality rules and internal rules restricting the exchange of information between different parts of the Lead Managers may prevent employees of the Lead Managers who are preparing this Registration Document from utilizing or being aware of information available to the Lead Managers and/ or any of their affiliated companies and which may be relevant to the recipient's decisions

3 December 2018 Oslo, Norway

Fearnley Securities AS and Nordea Bank Abp, filial i Norge

8 DEFINITIONS AND GLOSSARY

Bulk Carriers - Vessels which are specially designed and built to carry large volumes of cargo in bulk cargo form.

Bunkers - Heavy fuel oil used to power a vessel's engines.

Capesize - A dry bulk carrier having a carrying capacity of 110,000 dwt to 199,999 dwt.

Charter - The hire of a vessel for a specified period of time to carry a cargo for a fixed fee from a loading port to a discharging port. The contract for a charter is called a charterparty.

Charterer - The individual or company hiring a vessel.

Charter Hire Rate - A sum of money paid to the vessel owner by a charterer under a time charterparty for the use of a vessel.

Classification Society - An independent organization which certifies that a vessel has been built and maintained in accordance with the rules of such organization and complies with the applicable rules and regulations of the country of such vessel and the international conventions of which that country is a member.

Deadweight Ton-"dwt" - A unit of a vessel's capacity for cargo, fuel oil, stores and crew, measured in metric tons of 1,000 kilograms. A vessel's DWT or total deadweight is the total weight the vessel can carry when loaded to a particular load line.

Draft - Vertical distance between the waterline and the bottom of the vessel's keel.

Dry Bulk - Non-liquid cargoes of commodities shipped in an unpackaged state.

Drydocking - The removal of a vessel from the water for inspection and/or repair of submerged parts.

Hull - The shell or body of a vessel.

International Maritime Organization-"IMO" - A United Nations agency that issues international trade standards for shipping.

Metric Ton - A metric ton of 1,000 kilograms.

Newbuilding - A newly constructed vessel.

Panamax - A dry bulk carrier of approximately 60,000 to 79,999 dwt of maximum length, depth and draft capable of passing fully loaded through the Panama Canal.

Post-Panamax - A dry bulk carrier having a carrying capacity of 80,000 dwt to 109,999 dwt.

Protection and Indemnity Insurance - Insurance obtained through a mutual association formed by shipowners to provide liability insurance protection from large financial loss to one member through contributions towards that loss by all members.

Short-Term Time Charter - A time charter which lasts less than approximately 12 months.

Sister Ships - Vessels of the same class and specification which were built by the same shipyard.

Time Charter - Contract for hire of a ship. A charter under which the ship-owner is paid charter hire rate on a per day basis for a certain period of time, the shipowner being responsible for providing the crew and paying operating costs while the charterer is responsible for paying the voyage costs. Any delays at port or during the voyages are the responsibility of the charterer, save for certain specific exceptions such as loss of time arising from vessel breakdown and routine maintenance.

Ton - A metric ton of 1,000 kilograms.

APPENDIX A – ARTICLES OF INCORPORATION

AMENDED AND RESTATED
ARTICLES OF INCORPORATION

OF

DIANA SHIPPING INC.

REPUBLIC OF THE MARSHALL ISLANDS

REGISTRAR OF CORPORATIONS

DUPLICATE COPY

The original of this Document was filed in
accordance with Section 5 of the
Business Corporations Act on

May 14, 2008

Deputy Registrar

NON RESIDENT

13671

RESTATED AND AMENDED ARTICLES OF INCORPORATION OF DIANA SHIPPING INC. (the "Corporation") UNDER SECTIONS 88 AND 93 OF THE BUSINESS CORPORATIONS ACT

I, IOANNIS ZAFIRAKIS, a Director, Executive Vice President and Secretary of Diana Shipping Inc., for the purpose of restating and amending the Articles of Incorporation of said Corporation pursuant to sections 88 and 93 of the Business Corporations Act, 1990 as amended, hereby certify:

1. The name of the Corporation is: Diana Shipping Inc.

2. The Articles of Incorporation were filed in the Republic of Liberia on the 8th day of March 1999 and the Corporation was redomiciled into the Republic of the Marshall Islands by filing Articles of Domestication on the 15th day of February, 2005.

3. The Articles of Incorporation are amended and restated in their entirety and are replaced by the Amended and Restated Articles of Incorporation attached hereto.

4. This Restatement and Amendment of the Articles of Incorporation was authorized by actions of the Board of Directors and Shareholders of the Corporation.

IN WITNESS WHEREOF, I have executed these Restated and Amended Articles of Incorporation on this 14 Day of May, 2008.

Authorized Person
Name: Ioannis Zafirakis
Title: Director, Executive Vice President and Secretary

SK 23150 0002 883448

AMENDED AND RESTATED ARTICLES OF INCORPORATION

OF

DIANA SHIPPING INC.

PURSUANT TO
THE MARSHALL ISLANDS BUSINESS CORPORATIONS ACT

A. The name of the Corporation shall be:

DIANA SHIPPING INC.

B. The purpose of the Corporation is to engage in any lawful act or activity for which corporations may now or hereafter be organized under the Marshall Islands Business Corporations Act (the "BCA").

C. The registered address of the Corporation in the Marshall Islands is Trust Company Complex, Ajeltake Island, P.O. Box 1405, Majuro, Marshall Islands MH96960. The name of the Corporation's registered agent at such address is The Trust Company of the Marshall Islands, Inc.

D. (a) The aggregate number of shares of common stock that the Corporation is authorized to issue is 200 million registered shares with a par value of one cent (US$.01).

(b) The Corporation is authorized to issue 25 million registered preferred shares with a par value of one cent (US$.01). The Board of Directors shall have the authority to establish such series of preferred shares and with such designations, preferences and relative, participating, optional or special rights and qualifications, limitations or restrictions as shall be stated in the resolutions providing for the issue of such preferred shares.

E. The Corporation shall have every power which a corporation now or hereafter organized under the Marshall Islands Business Corporation Act may have.

F. No holder of shares of the Corporation of any class, now or hereafter authorized, shall have any preferential or preemptive rights to subscribe for, purchase or receive any shares of the Corporation of any class, now or hereafter authorized or any options or warrants for such shares, or any rights to subscribe to or purchase such shares, or any securities convertible into or exchangeable for such shares, which may at any time be issued, sold or offered for sale by the Corporation.

G. The Shareholders and Board of Directors shall have the authority to adopt, amend or repeal the bylaws of the Corporation.

H. Corporate existence commenced on March 8, 1999 and shall continue upon filing the Articles of Domestication and these Amended and Restated Articles of Incorporation with the Registrar of Corporations.

I. (a) The Board of Directors shall be divided into three classes, as nearly equal in number as the then total number of directors constituting the entire Board of Directors permits, with the term of office of one or another of the three classes expiring each year. As soon as practicable after the filing of these Amended and Restated Articles of Incorporation with the Registrar of Corporations responsible for non-resident corporations, the shareholders of the Corporation shall hold an organization meeting to divide the Board of Directors into three classes, with the term of office of the first class to expire at the 2006 Annual Meeting of Shareholders, the term of office of the second class to expire at the 2007 Annual Meeting of Shareholders and the term of office of the third class to expire at the 2008 Annual Meeting of Shareholders. Commencing with the 2005 Annual Meeting of Shareholders, the directors elected at an annual meeting of shareholders to succeed those whose terms then expire shall be identified as being directors of the same class as the directors whom they succeed, and each of them shall hold office until the third succeeding annual meeting of shareholders and until such director's successor is elected and has qualified. Any vacancies in the Board of Directors for any reason, and any created directorships resulting from any increase in the number of directors, may be filled by the vote of not less than a majority of the members of the Board of Directors then in office, although less than a quorum, and any directors so chosen shall hold office until the next election of the class for which such directors shall have been chosen and until their successors shall be elected and qualified. No decrease in the number of directors shall shorten the term of any incumbent director. Notwithstanding the foregoing, and except as otherwise required by law, whenever the holders of any one or more series of preferred stock shall have the right, voting separately as a class, to elect one or more directors of the Corporation, the then authorized number of directors shall be increased by the number of directors so to be elected, and the terms of the director or directors elected by such holders shall expire at the next succeeding annual meeting of shareholders.

(b) Notwithstanding any other provisions of these Amended and Restated Articles of Incorporation or the bylaws of the Corporation (and notwithstanding the fact that some lesser percentage may be specified by law, these Amended and Restated Articles of Incorporation or the bylaws of the Corporation), any director or the entire Board of Directors of the Corporation may be removed at any time, but only for cause and only by the affirmative vote of the holders of a majority of the outstanding shares of common stock of the Corporation entitled to vote generally in the election of directors (considered for this purpose as one class) cast at a meeting of the shareholders called for that purpose. Notwithstanding the foregoing, and except as otherwise required by law, whenever the holders of any one or more series of preferred stock shall have the right, voting separately as a class, to elect one or more directors of the Corporation, the provisions of this Section (b) of this Article I shall not apply with respect to the director or directors elected by such holders of preferred stock.

(c) Directors shall be elected by a majority of the votes cast at a meeting of shareholders by the holders of shares entitled to vote in the election. Cumulative voting, as defined in Division 7, Section 71(2) of the BCA, shall not be used to elect directors.

(d) Notwithstanding any other provisions of these Amended and Restated Articles of Incorporation or the bylaws of the Corporation (and notwithstanding the fact that some

lesser percentage may be specified by law, these Amended and Restated Articles of Incorporation or the bylaws of the Corporation), the affirmative vote of the holders of a majority of the outstanding shares of common stock of the Corporation entitled to vote generally in the election of directors (considered for this purpose as one class) shall be required to amend, alter, change or repeal this Article I.

J. The Shareholders and the Board of Directors of the Corporation are expressly authorized to make, alter or repeal bylaws of the Corporation by a vote of not less than a majority of the entire Board of Directors. Notwithstanding any other provisions of these Amended and Restated Articles of Incorporation or the bylaws of the Corporation (and notwithstanding the fact that some lesser percentage may be specified by law, these Amended and Restated Articles of Incorporation or the bylaws of the Corporation), the affirmative vote of a majority of the outstanding shares of common stock of the Corporation entitled to vote generally in the election of directors (considered for this purpose as one class) shall be required to amend, alter, change or repeal this Article J.

K. (a) Except as provided in this Article K, special meetings of the shareholders may be called by the Board of Directors or holders of not less that one-fifth of all outstanding shares of common stock, who shall state the purpose or purposes of the proposed special meeting. If there is a failure to hold the annual meeting within a period of ninety (90) days after the date designated therefor, or if no date has been designated for a period of thirteen (13) months after the organization of the Corporation or after its last annual meeting, holders of not less than one-fifth of the shares entitled to vote in an election of directors may, in writing, demand the call of a special meeting in lieu of the annual meeting specifying the time thereof, which shall not be less than two (2) nor more than three (3) months from the date of such call. The Chairman, Chief Executive Officer or Secretary of the Corporation upon receiving the written demand shall promptly give notice of such meeting, or if the Chairman, Chief Executive Officer or Secretary fails to do so within five (5) business days thereafter, any shareholder signing such demand may give such notice. Such notice shall state the purpose or purposes of the proposed special meeting. The business transacted at any special meeting shall be limited to the purposes stated in the notice of such meeting.

(b) Notwithstanding any other provisions of these Amended and Restated Articles of Incorporation or the bylaws of the Corporation (and notwithstanding the fact that some lesser percentage may be specified by law, these Amended and Restated Articles of Incorporation or the bylaws of the Corporation), the affirmative vote of the holders of a majority of the outstanding shares of common stock of the Corporation entitled to vote generally in the election of directors (considered for this purpose as one class) shall be required to amend, alter, change or repeal this Article K.

L. (a) The Corporation may not engage in any Business Combination with any Interested Shareholder for a period of three years following the time of the transaction in which the person became an Interested Shareholder, unless:

1. prior to such time, the Board of Directors of the Corporation approved either the Business Combination or the transaction which resulted in the shareholder becoming an Interested Shareholder;

2. upon consummation of the transaction which resulted in the shareholder becoming an Interested Shareholder, the Interested Shareholder owned at least 85% of the voting stock of the Corporation outstanding at the time the transaction commenced, excluding for purposes of determining the number of shares outstanding those shares owned (i) by persons who are directors and also officers and (ii)

employee stock plans in which employee participants do not have the right to determine confidentially whether shares held subject to the plan will be tendered in a tender or exchange offer; or

3. at or subsequent to such time, the Business Combination is approved by the Board of Directors and authorized at an annual or special meeting of shareholders, and not by written consent, by the affirmative vote of at least a majority of the outstanding voting stock that is not owned by the interested shareholder; or

4. the shareholder became an Interested Shareholder prior to the consummation of the initial public offering of the Corporation's common stock under the United States Securities Act of 1933.

(b) The restrictions contained in this section shall not apply if:

1. A shareholder becomes an Interested Shareholder inadvertently and (i) as soon as practicable divests itself of ownership of sufficient shares so that the shareholder ceases to be an Interested Shareholder; and (ii) would not, at any time within the three-year period immediately prior to a Business Combination between the Corporation and such shareholder, have been an Interested Shareholder but for the inadvertent acquisition of ownership; or

2. The Business Combination is proposed prior to the consummation or abandonment of and subsequent to the earlier of the public announcement or the notice required hereunder of a proposed transaction which (i) constitutes one of the transactions described in the following sentence; (ii) is with or by a person who either was not an Interested Shareholder during the previous three years or who became an Interested Shareholder with the approval of the Board; and (iii) is approved or not opposed by a majority of the members of the Board then in office (but not less than one) who were Directors prior to any person becoming an Interested Shareholder during the previous three years or were recommended for election or elected to succeed such Directors by a majority of such Directors. The proposed transactions referred to in the preceding sentence are limited to:

(i) a merger or consolidation of the Corporation (except for a merger in respect of which, pursuant to the BCA, no vote of the shareholders of the Corporation is required);

(ii) a sale, lease, exchange, mortgage, pledge, transfer or other disposition (in one transaction or a series of transactions), whether as part of a dissolution or otherwise, of assets of the Corporation or of any direct or indirect majority-owned subsidiary of the Corporation (other than to any direct or indirect wholly-owned subsidiary or to the Corporation) having an aggregate market value equal to 50% or more of either that aggregate market value of all of the assets of the Corporation determined on a consolidated basis or the aggregate market value of all the outstanding shares; or

(iii) a proposed tender or exchange offer for 50% or more of the outstanding voting shares of the Corporation.

The Corporation shall give not less than 20 days notice to all Interested Shareholders prior to the consummation of any of the transactions described in clause (i) or (ii) of the second sentence of this paragraph.

(c) For the purpose of this Article L only, the term:

1. "Affiliate" means a person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, another person.

2. "Associate," when used to indicate a relationship with any person, means: (i) Any corporation, partnership, unincorporated association or other entity of which such person is a director, officer or partner or is, directly or indirectly, the owner of 20% or more of any class of voting shares; (ii) any trust or other estate in which such person has at least a 20% beneficial interest or as to which such person serves as trustee or in a similar fiduciary capacity; and (iii) any relative or spouse of such person, or any relative of such spouse, who has the same residence as such person.

3. "Business Combination," when used in reference to the Corporation and any Interested Shareholder of the Corporation, means:

(i) Any merger or consolidation of the Corporation or any direct or indirect majority-owned subsidiary of the Corporation with (A) the Interested Shareholder or any of its affiliates, or (B) with any other corporation, partnership, unincorporated association or other entity if the merger or consolidation is caused by the Interested Shareholder.

(ii) Any sale, lease, exchange, mortgage, pledge, transfer or other disposition (in one transaction or a series of transactions), except proportionately as a shareholder of the Corporation, to or with the Interested Shareholder, whether as part of a dissolution or otherwise, of assets of the Corporation or of any direct or indirect majority-owned subsidiary of the Corporation which assets have an aggregate market value equal to 10% or more of either the aggregate market value of all the assets of the Corporation determined on a consolidated basis or the aggregate market value of all the outstanding shares;

(iii) Any transaction which results in the issuance or transfer by the Corporation or by any direct or indirect majority-owned subsidiary of the Corporation of any shares, or any share of such subsidiary, to the Interested Shareholder, except: (A) pursuant to the exercise, exchange or conversion of securities exercisable for, exchangeable for or convertible into shares, or shares of any such subsidiary, which securities were outstanding prior to the time that the Interested Shareholder became such; (B) pursuant to a merger with a direct or indirect wholly-owned subsidiary of the Corporation solely for purposes of forming a holding company; (C) pursuant to a dividend or distribution paid or made, or the exercise, exchange or conversion of securities exercisable for, exchangeable for or convertible into shares, or shares of any such subsidiary, which security is distributed, pro rata to all holders of a class or series of shares subsequent to the time the Interested Shareholder became such; (D) pursuant to an exchange offer by the Corporation to purchase shares made on the same terms to all holders of said shares; or (E) any issuance or transfer of shares by the Corporation; provided however, that in no case under items (C)-(E) of this subparagraph shall there be an increase in the Interested Shareholder's proportionate share of the any class or series of shares;

(iv) Any transaction involving the Corporation or any direct or indirect majority-owned subsidiary of the Corporation which has the effect, directly or indirectly, of increasing the proportionate share of any class or series of shares, or securities convertible into any class or series of shares, or shares of any such subsidiary, or securities convertible into such shares, which is owned by the Interested Shareholder, except as a result of immaterial changes due to fractional share adjustments or as a result of any purchase or redemption of any shares not caused, directly or indirectly, by the Interested Shareholder; or

(v) Any receipt by the Interested Shareholder of the benefit, directly or indirectly (except proportionately as a shareholder of the Corporation), of any loans, advances, guarantees, pledges or other financial benefits (other than those expressly permitted in subparagraphs (i)-(iv) of this paragraph) provided by or through the Corporation or any direct or indirect majority-owned subsidiary.

4. "Control," including the terms "controlling," "controlled by" and "under common

control with," means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a person, whether through the ownership of voting shares, by contract or otherwise. A person who is the owner of 20 percent or more of the outstanding voting shares of any corporation, partnership, unincorporated association or other entity shall be presumed to have control of such entity, in the absence of proof by a preponderance of the evidence to the contrary. Notwithstanding the foregoing, a presumption of control shall not apply where such person holds voting shares, in good faith and not for the purpose of circumventing this provision, as an agent, bank, broker, nominee, custodian or trustee for one or more owners who do not individually or as a group have control of such entity.

5. "Interested Shareholder" means any person (other than the Corporation and any direct or indirect majority-owned subsidiary of the Corporation) that (i) is the owner of 15% or more of the outstanding voting shares of the Corporation, or (ii) is an affiliate or associate of the Corporation and was the owner of 15% or more of the outstanding voting shares of the Corporation at any time within the three-year period immediately prior to the date on which it is sought to be determined whether such person is an Interested Shareholder; and the affiliates and associates of such person; provided, however, that the term "Interested Shareholder" shall not include any person whose ownership of shares in excess of the 15% limitation set forth herein is the result of action taken solely by the Corporation; provided that such person shall be an Interested Shareholder if thereafter such person acquires additional shares of voting shares of the Corporation, except as a result of further Company action not caused, directly or indirectly, by such person. For the purpose of determining whether a person is an Interested Shareholder, the voting shares of the Corporation deemed to be outstanding shall include voting shares deemed to be owned by the person through application of paragraph (8) below, but shall not include any other unissued shares which may be issuable pursuant to any agreement, arrangement or understanding, or upon exercise of conversion rights, warrants or options, or otherwise.

6. "Person" means any individual, corporation, partnership, unincorporated association or other entity.

7. "Voting stock" means, with respect to any corporation, shares of any class or series entitled to vote generally in the election of directors and, with respect to any entity that is not a corporation, any equity interest entitled to vote generally in the election of the governing body of such entity.

8. "Owner," including the terms "own" and "owned," when used with respect to any shares, means a person that individually or with or through any of its affiliates or associates:

(i) Beneficially owns such shares, directly or indirectly; or

(ii) Has (A) the right to acquire such shares (whether such right is exercisable immediately or only after the passage of time) pursuant to any agreement, arrangement or understanding, or upon the exercise of conversion rights, exchange rights, warrants or options, or otherwise; provided, however, that a person shall not be deemed the owner of shares tendered pursuant to a tender or exchange offer made by such person or any of such person's affiliates or associates until such tendered shares is accepted for purchase or exchange; or (B) the right to vote such shares pursuant to any agreement, arrangement or understanding; provided, however, that a person shall not be deemed the owner of any shares because of such person's right to vote such shares if the agreement, arrangement or understanding to vote such shares arises solely from a revocable proxy or consent given in response to a proxy or consent solicitation made to 10 or more persons; or

(iii) Has any agreement, arrangement or understanding for the purpose of acquiring,

holding, voting (except voting pursuant to a revocable proxy or consent as described in item (B) of subparagraph (ii) of this paragraph), or disposing of such shares with any other person that beneficially owns, or whose affiliates or associates beneficially own, directly or indirectly, such shares.

(d) Any amendment of this Article L shall not be effective until 12 months after the approval of such amendment at a meeting of the shareholders of the Corporation and shall not apply to any Business Combination between the Corporation and any person who became an Interested Shareholder of the Corporation at or prior to the time of such approval.

(e) Notwithstanding any other provisions of these Amended and Restated Articles of Incorporation or the bylaws of the Corporation (and notwithstanding the fact that some lesser percentage may be specified by law, these Amended and Restated Articles of Incorporation or the bylaws of the Corporation), the affirmative vote of the holders of a majority of the outstanding shares of common stock of the Corporation entitled to vote generally in the election of directors (considered for this purpose as one class) shall be required to amend, alter, change or repeal this Article L.

M. Under Article D, the Corporation has the authority to issue two hundred million (200,000,000) shares of common stock with a par value of one cent (U.S. $0.01). Prior to the amendment of these articles of incorporation dated March 10, 2005, the Corporation was authorized to issue one hundred and fifty thousand (150,000) shares of common stock of par value of ten ($10.00) United States dollars per share. Pursuant to these Amended and Restated Articles of Incorporation, the Corporation at such time as the amendment dated March 10, 2005, reduced its stated capital from one million five hundred thousand ($1,500,000) United States dollars to one thousand five hundred ($1,500) United States dollars by transferring one million four hundred ninety-eight thousand five hundred ($1,498,500) United States dollars from stated capital to surplus.

N. At all meetings of Shareholders of the Corporation, except as otherwise expressly provided by law, there must be present either in person or by proxy Shareholders of record holding at least 33⅓ % of the shares issued and outstanding and entitled to vote at such meetings 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.

APPENDIX B – FINANCIAL STATEMENTS

The full 2017 annual report is set out on the following pages while the Company's previous annual and quarterly report can be found on: http://www.dianashippinginc.com/investors/annual-and-quarterly-reports/

2017 Annual report direct link:
http://www.dianashippinginc.com/userfiles/bc94f6aa-05ac-4df6-ae9a-a307010b2cf7/DSI_Annual_Report_2017.pdf
2016 Annual report direct link:
http://www.dianashippinginc.com/userfiles/bc94f6aa-05ac-4df6-ae9a-a307010b2cf7/DSI_Annual_Report_2016.pdf
2015 Annual report direct link:
http://www.dianashippinginc.com/userfiles/bc94f6aa-05ac-4df6-ae9a-a307010b2cf7/DSI_Annual_Report_2015.pdf

2018 3rd quarter report:
http://www.dianashippinginc.com/userfiles/Reports/quarterly/DSX_earnings_release_300918.pdf
2018 2nd quarter report:
http://www.dianashippinginc.com/userfiles/Reports/quarterly/DSX_Earnings_Release_300618.pdf
2018 1st quarter report:
http://www.dianashippinginc.com/userfiles/Reports/quarterly/DSI_Earnings_Release_310318.pdf

DIANA SHIPPING INC.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

Report of Independent Registered Public Accounting Firm

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

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Diana Shipping Inc. (the Company) as of December 31, 2017 and 2016, the related consolidated statements of operations, comprehensive loss, stockholders' equity and cash flows for each of the three years in the period ended December 31, 2017, 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, 2017 and 2016, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2017, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2017, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated March 16, 2018, expressed an unqualified opinion thereon.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

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

We have served as the Company's auditor since 2004.

Athens, Greece
March 16, 2018

Report of Independent Registered Public Accounting Firm

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

Opinion on Internal Control over Financial Reporting

We have audited Diana Shipping Inc.'s internal control over financial reporting as of December 31, 2017, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, Diana Shipping Inc. (the Company) maintained, in all material respects, effective internal control over financial reporting as of December 31, 2017, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of Diana Shipping Inc. as of December 31, 2017 and 2016, and the related consolidated statements of operations, comprehensive loss, stockholders' equity and cash flows for each of the three years in the period ended December 31, 2017, and the related notes and our report dated March 16, 2018, expressed an unqualified opinion thereon.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Annual Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations on Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

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

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

Athens, Greece
March 16, 2018

DIANA SHIPPING INC.
CONSOLIDATED BALANCE SHEETS
December 31, 2017 and 2016
(Expressed in thousands of U.S. Dollars – except for share and per share data)

	2017	2016
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents (Note 2(e))	$ 40,227	$ 98,142
Accounts receivable, trade (Note 2(f))	4,937	5,903
Due from related parties (Notes 2(g) and 4(b))	82,660	102
Inventories (Note 2(h))	5,770	5,860
Prepaid expenses and other assets	5,167	5,309
Total current assets	138,761	115,316
FIXED ASSETS:		
Advances for vessels under construction and acquisitions and other vessel costs	-	46,863
Vessels net book value (Note 5)	1,053,578	1,403,912
Property and equipment, net (Note 6)	22,650	23,114
Total fixed assets	1,076,228	1,473,889
OTHER NON-CURRENT ASSETS:		
Restricted cash (Notes 2(e) and 7)	25,582	23,000
Due from related parties, non-current (Notes 2(g) and 4(b))	-	45,417
Investments in related parties (Notes 2(v) and 3)	3,249	6,014
Deferred charges, net (Notes 2(m), 2(n) and 5)	2,902	5,027
Total assets	$ 1,246,722	$ 1,668,663
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Current portion of long-term debt, net of deferred financing costs, current (Note 7)	$ 60,763	$ 65,072
Accounts payable, trade and other	7,954	6,572
Due to related parties (Note 4(a) and 4(d))	271	25
Accrued liabilities	8,246	5,734
Deferred revenue	3,207	822
Total current liabilities	80,441	78,225
Long-term debt, net of current portion and deferred financing costs, non-current (Note 7)	540,621	533,109
Other non-current liabilities	902	740
Commitments and contingencies (Note 8)	-	-
STOCKHOLDERS' EQUITY:		
Preferred stock (Note 9(a))	26	26
Common stock, $0.01 par value; 200,000,000 shares authorized and 106,131,017 and 84,696,017 issued and outstanding at December 31, 2017 and 2016, respectively (Note 9(b) and (c))	1,061	847
Additional paid-in capital	1,070,500	985,171
Accumulated other comprehensive income	294	185
Retained earnings/(Accumulated deficit)	(447,123)	70,360
Total stockholders' equity	624,758	1,056,589
Total liabilities and stockholders' equity	$ 1,246,722	$ 1,668,663

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

DIANA SHIPPING INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
For the years ended December 31, 2017, 2016 and 2015
(Expressed in thousands of U.S. Dollars – except for share and per share data)

	2017	2016	2015
REVENUES:			
Time charter revenues	$ 161,897	$ 114,259	$ 157,712
EXPENSES:			
Voyage expenses	8,617	13,826	15,528
Vessel operating expenses	90,358	85,955	88,272
Depreciation and amortization of deferred charges (Notes 2(l) and 2(m))	87,003	81,578	76,333
General and administrative expenses	26,332	25,510	25,335
Management fees to related party (Notes 3(b) and 4(d))	1,883	1,464	405
Impairment loss (Note 5)	442,274	-	-
Insurance recoveries, net of other loss (Note 5)	(10,879)	-	-
Gain on contract termination	-	(5,500)	-
Other loss/(income)	296	(253)	(984)
Operating loss	$ (483,987)	$ (88,321)	$ (47,177)
OTHER INCOME / (EXPENSES):			
Interest and finance costs (Note 10)	(26,628)	(21,949)	(15,555)
Interest and other income (Note 4(b))	4,508	2,410	3,152
Loss from equity method investments (Note 3)	(5,607)	(56,377)	(5,133)
Total other expenses, net	$ (27,727)	$ (75,916)	$ (17,536)
Net loss	$ (511,714)	$ (164,237)	$ (64,713)
Dividends on series B preferred shares (Notes 9(a) and 11)	(5,769)	(5,769)	(5,769)
Net loss attributed to common stockholders	$ (517,483)	$ (170,006)	$ (70,482)
Loss per common share, basic and diluted (Note 11)	$ (5.41)	$ (2.11)	$ (0.89)
Weighted average number of common shares, basic and diluted (Note 11)	95,731,093	80,441,517	79,518,009

DIANA SHIPPING INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
For the years ended December 31, 2017, 2016 and 2015
(Expressed in thousands of U.S. Dollars)

	2017	2016	2015
Net loss	$ (511,714)	$ (164,237)	$ (64,713)
Other comprehensive income/(loss) (Actuarial gain/(loss))	109	(84)	1,016
Comprehensive loss	$ (511,605)	$ (164,321)	$ (63,697)

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

DIANA SHIPPING INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
For the years ended December 31, 2017, 2016 and 2015
(Expressed in thousands of U.S. Dollars – except for share and per share data)

	Preferred Stock		Common Stock		Additional Paid-in Capital	Other Comprehensive Income / (Loss)	Retained Earnings/ (Accumulated Deficit)	Total Equity
	# of Shares	Par Value	# of Shares	Par Value				
BALANCE, December 31, 2014	2,600,000	$ 26	81,859,821	$ 819	$ 971,280	$ (747)	$ 310,848	$ 1,282,226
Net loss	-	$ -	-	$ -	$ -	$ -	$ (64,713)	$ (64,713)
Issuance of restricted stock and compensation cost (Note 9(d))	-	-	1,100,000	10	8,269	-	-	8,279
Dividends on series B preferred stock (Note 9(a))	-	-	-	-	-	-	(5,769)	(5,769)
Stock repurchased and retired (Note 9(e))	-	-	(413,804)	(4)	(2,669)	-	-	(2,673)
Other comprehensive income	-	-	-	-	-	1,016	-	1,016
BALANCE, December 31, 2015	2,600,000	$ 26	82,546,017	$ 825	$ 976,880	$ 269	$ 240,366	$ 1,218,366
Net loss	-	$ -	-	$ -	$ -	$ -	$ (164,237)	$ (164,237)
Issuance of restricted stock and compensation cost (Note 9(d))	-	-	2,150,000	22	8,291	-	-	8,313
Dividends on series B preferred stock (Note 9(a))	-	-	-	-	-	-	(5,769)	(5,769)
Other comprehensive loss	-	-	-	-	-	(84)	-	(84)
BALANCE, December 31, 2016	2,600,000	$ 26	84,696,017	$ 847	$ 985,171	$ 185	$ 70,360	$ 1,056,589
Net loss	-	$ -	-	$ -	$ -	$ -	$ (511,714)	$ (511,714)
Issuance of common stock (Note 9(c))	-	-	20,125,000	201	77,110	-	-	77,311
Issuance of restricted stock and compensation cost (Note 9(d))	-	-	1,310,000	13	8,219	-	-	8,232
Dividends on series B preferred stock (Note 9(a))	-	-	-	-	-	-	(5,769)	(5,769)
Other comprehensive income	-	-	-	-	-	109	-	109
BALANCE, December 31, 2017	2,600,000	$ 26	106,131,017	$ 1,061	$ 1,070,500	$ 294	$ (447,123)	$ 624,758

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

DIANA SHIPPING INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the years ended December 31, 2017 , 2016 and 2015
(Expressed in thousands of U.S. Dollars)

	2017	2016	2015
Cash Flows from Operating Activities:			
Net loss	$ (511,714)	$ (164,237)	$ (64,713)
Adjustments to reconcile net loss to net cash from operating activities:			
Depreciation and amortization of deferred charges	87,003	81,578	76,333
Impairment loss (Note 5)	442,274	-	-
Amortization of financing costs (Note 10)	1,455	1,503	1,364
Amortization of free lubricants benefit	-	(15)	(85)
Compensation cost on restricted stock (Note 9(d))	8,232	8,313	8,279
Actuarial gain/(loss)	109	(84)	1,016
Gain from insurance recoveries, net of other loss (Note 5)	(10,879)	-	-
Gain on shipbuilding contract termination	-	(278)	-
Loss from equity method investments, net of dividends (Note 3)	5,607	56,377	5,133
(Increase) / Decrease in:			
Receivables	966	(1,391)	1,871
Due from related parties	(141)	3,334	2,070
Inventories	90	391	1,062
Prepaid expenses and other assets	142	620	(349)
Increase / (Decrease) in:			
Accounts payable	1,382	(2,391)	(739)
Due to related parties	246	(39)	(217)
Accrued liabilities, net of accrued preferred dividends	2,512	(715)	437
Deferred revenue	2,385	(1,592)	(865)
Other liabilities	162	117	(643)
Drydock costs	(6,418)	(2,489)	(6,009)
Net cash provided by / (used in) Operating Activities	$ 23,413	$ (20,998)	$ 23,945
Cash Flows from Investing Activities:			
Payments for vessel acquisitions, improvements and construction (Note 5)	(125,781)	(50,911)	(155,352)
Proceeds from vessel sale, net of expenses (Note 5)	2,032	-	-
Proceeds from insurance contract, net of expenses (Note 5)	11,362	-	-
Proceeds from sale of investment (Note 3)	158	-	-
Proceeds from shipbuilding contract termination (Notes 5)	-	9,413	-
Cash dividends from investment in Diana Containerships Inc. (Note 3(a))	-	96	193
Loan to Diana Containerships Inc. (Note 4(b))	(40,000)	-	-
Joint venture investment (Note 3(b))	-	-	(267)
Payments for plant, property and equipment (Note 6)	(104)	(217)	(211)
Net cash used in Investing Activities	$ (152,333)	$ (41,619)	$ (155,637)
Cash Flows from Financing Activities:			
Proceeds from long-term debt (Note 7)	57,240	39,265	441,173
Proceeds from issuance of common stock, net of expenses (Note 9(c))	77,311	-	-
Cash dividends on preferred stock	(5,769)	(5,769)	(5,769)
Payments for repurchase of common stock (Note 9(e))	-	-	(2,673)
Financing costs	(31)	(466)	(5,482)
Loan payments (Note 7)	(55,164)	(42,489)	(321,240)
Net cash provided by / (used in) Financing Activities	$ 73,587	$ (9,459)	$ 106,009
Net decrease in cash, cash equivalents and restricted cash	(55,333)	(72,076)	(25,683)
Cash, cash equivalents and restricted cash at beginning of the year	121,142	193,218	218,901
Cash, cash equivalents and restricted cash at end of the year	$ 65,809	$ 121,142	$ 193,218
RECONCILIATION OF CASH, CASH EQUIVALENTS AND RESTRICTED CASH			
Cash and cash equivalents	$ 40,227	$ 98,142	171,718
Restricted cash	25,582	23,000	21,500
Cash, cash equivalents and restricted cash	$ 65,809	$ 121,142	193,218
SUPPLEMENTAL CASH FLOW INFORMATION			
Related party loan reduction in exchange for preferred shares (Note 4(b))	$ 3,000	$ -	$ -
Interest, net of amounts capitalized	$ 24,503	$ 19,265	$ 13,048

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

(Expressed in thousands of U.S. Dollars – except share, per share data, unless otherwise stated)

1. Basis of Presentation and General Information

The accompanying consolidated financial statements include the accounts of Diana Shipping Inc., or DSI, and its wholly-owned and beneficially-owned subsidiaries (collectively, the "Company"). DSI was formed on March 8, 1999 as Diana Shipping Investment Corp. under the laws of the Republic of Liberia. In February 2005, the Company's articles of incorporation were amended. Under the amended articles of incorporation, the Company was renamed Diana Shipping Inc. and was re-domiciled from the Republic of Liberia to the Republic of the Marshall Islands.

The consolidated statements of cash flows for the years ended December 31, 2016 and 2015 have been derived from the audited consolidated financial statements for those years, as adjusted to conform to current period presentation for restricted cash following the adoption of ASU No. 2016-18.

The Company is engaged in the ocean transportation of dry bulk cargoes worldwide mainly through the ownership of dry bulk carrier vessels. The Company also operates the majority of its own fleet through Diana Shipping Services S.A., or DSS, a wholly-owned subsidiary and a limited number of vessels through a 50% owned joint venture (Notes 3 and 4).

Diana Shipping Services S.A., or DSS, provides the Company and its vessels with management services since November 12, 2004, pursuant to management agreements and since October 1, 2013 administrative services with regards to services related to DSI's operations and its subsidiaries. Such costs are eliminated in consolidation. As at December 31, 2017, DSS does not provide management services to ten vessels in the Company's fleet whose management has been transferred progressively since August 2015 to Diana Wilhelmsen Management Limited, or DWM, (Notes 3(b) and 4(d)).

During 2017, 2016, and 2015 charterers that individually accounted for 10% or more of the Company's time charter revenues were as follows:

Charterer	2017	2016	2015
A	17%		
B	14%	15%	
C	12%	10%	
D		19%	24%
E		10%	20%
F			12%
G			10%

2. 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 Diana Shipping Inc. and its wholly-owned subsidiaries. All 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. For entities in which the Company has a variable interest, the Company determines if the entity is a VIE by considering whether the entity's equity investment at risk is sufficient to finance its activities without additional subordinated financial support and whether the entity's at-risk equity holders have the characteristics of a controlling financial interest. In performing the analysis of whether the Company is the primary beneficiary of a VIE, the Company considers whether it individually has the power to direct the activities of the VIE that most significantly affect the entity's performance and also has the obligation to absorb losses or the right to receive benefits of the VIE that could potentially be significant to the VIE. The Company reconsiders the initial determination of whether an entity is a VIE if certain types of events ("reconsideration events") occur. If the Company holds a variable interest in an entity that previously was not a VIE, it reconsiders whether the entity has become a VIE. The Company has identified that it has variable interests in Diana Containerships Inc. and Diana Wilhelmsen Management Limited. The Company assessed reconsideration events and concluded that Diana Containerships Inc. is a VIE, however the Company is not the primary beneficiary (Notes 3(a) and 4(b)).

(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 separately presents certain transactions, which are recorded directly as components of stockholders' equity. Other Comprehensive Income / (Loss) is presented in a separate statement.

(d) Foreign Currency Translation: The functional currency of the Company is the U.S. dollar because the Company's vessels operate in international shipping markets, and therefore primarily transact business in U.S. dollars. The Company's accounting records are maintained in U.S. dollars. Transactions involving other currencies during the year 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 year-end exchange rates. Resulting gains or losses are reflected separately in the accompanying consolidated statements of operations.

(e) Cash and Cash Equivalents and Restricted Cash: 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. Restricted cash consists mainly of cash deposits required to be maintained at all times under the Company's loan facilities (Note 7). As of December 31, 2017, restricted cash also included $582 of cash guarantee which was restricted to withdrawal or usage.

(f) ***Accounts Receivable, Trade:*** The amount shown as accounts receivable, trade, at each balance sheet date, includes receivables from charterers for hire, ballast bonus billings, if any, hold cleanings and extra voyage insurance, net of any provision for doubtful accounts. At each balance sheet date, all potentially uncollectible accounts are assessed individually for purposes of determining the appropriate provision for doubtful accounts. No provision for doubtful accounts was established as of December 31, 2017 and 2016.

(g) ***Loan Receivable from Related Party***: The amounts shown as Due from related parties, current and non-current, in the consolidated balance sheet as at December 31, 2017 and 2016, represent amounts receivable from Diana Containerships Inc., or Diana Containerships, with respect to a loan agreement, net of any provision for credit losses and does not include the $5,000 discount premium due on the termination date of the loan (Note 4(b)). Interest income and fees, deriving from the agreement are recorded in the accounts as incurred. At each balance sheet date, amounts due under the aforementioned loan agreement are assessed for purposes of determining the appropriate provision for credit losses. As at December 31, 2017 and 2016, the Company assessed the ability of Diana Containerships to meet its obligations under the loan agreement by taking into consideration existing economic conditions, the current financial condition of Diana Containerships, equity offerings, sale plans, historical losses, and other risks/factors that may affect Diana Containerships' future financial condition and its ability to meet its obligations. As a result of this assessment, the Company did not record any provision for credit losses, as it determined that Diana Containerships will be able to meet its obligations under the loan in the near future.

(h) ***Inventories:*** Inventories consist of lubricants and victualling which are stated at the lower of cost or net realizable value. Net realizable value is the estimated selling prices in the ordinary course of business, less reasonably predictable costs of completion, disposal, and transportation. When evidence exists that the net realizable value of inventory is lower than its cost, the difference is recognized as a loss in earnings in the period in which it occurs. Cost is determined by the first in, first out method. Inventories may also consist of bunkers when on the balance sheet date a vessel remains idle. Bunkers, if any, are also stated at the lower of cost or net realizable value and cost is determined by the first in, first out method.

(i) ***Vessel Cost:*** Vessels are stated at cost which consists of the contract price and any material expenses incurred upon acquisition or during construction. Expenditures for conversions and major improvements are also capitalized when they appreciably extend the life, increase the earning capacity or improve the efficiency or safety of the vessels; otherwise these amounts are charged to expense as incurred. Interest cost incurred during the assets' construction periods that theoretically could have been avoided if expenditure for the assets had not been made is also capitalized. The capitalization rate, applied on accumulated expenditures for the vessel, is based on interest rates applicable to outstanding borrowings of the period.

(j) ***Property and equipment:*** The Company owns the land and building where its offices are located. Land is presented in its fair value on the date of acquisition and it is not subject to depreciation. The building has an estimated useful life of 55 years with no residual value. Depreciation is calculated on a straight-line basis. Equipment consists of office furniture and equipment, computer software and hardware and vehicles which consist of motor scooters and a car. The useful life of the car is 10 years, of the office furniture, equipment and the scooters is 5 years; and of the computer software and hardware is 3 years. Depreciation is calculated on a straight-line basis.

(k) ***Impairment of Long-Lived Assets:*** Long-lived assets (vessels, land, and building) and certain identifiable intangibles held and used by an entity are reviewed 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 the assets may not be recoverable. When the estimate of undiscounted projected net operating cash flows, excluding interest charges, expected to be generated by the use of the asset over its remaining useful life and its eventual disposition is less than its carrying amount, the Company should evaluate the asset for an impairment loss. Measurement of the impairment loss is based on the fair value of the asset. The Company determines the fair value of its assets based on management estimates and assumptions and by making use of available market data and taking into consideration third party valuations.

With respect to the vessels, the Company determines undiscounted projected net operating cash flows for each vessel by considering the historical and estimated vessels' performance and utilization, assuming (i) future revenues calculated for the fixed days, using the fixed charter rate of each vessel from existing time charters and for the unfixed days, the most recent 10 year average of historical 1 year time charter rates available for each type of vessel over the remaining estimated life of each vessel, net of commissions. Historical ten-year blended average one-year time charter rates are in line with the Company's overall chartering strategy, they reflect the full operating history of vessels of the same type and particulars with the Company's operating fleet and they cover at least a full business cycle; (ii) expected outflows for scheduled vessels' maintenance; (iii) vessel operating expenses; and (iv) fleet utilization; assumptions in line with the Company's historical performance and its expectations for future fleet utilization under its current fleet deployment strategy.

During the last quarter of 2017, the Company's management considered various factors, including the recovery of the market, the worldwide demand for dry-bulk products, supply of tonnage and order book and concluded that the charter rates for the years 2008-2010 are exceptional. In this respect the Company's management decided to exclude from the 10-year average of 1 year time charters these three years for which the rates were well above the average and which were not considered sustainable for the foreseeable future. The Company performed the exercise discussed above which resulted to recording an impairment on certain vessels' carrying value (Note 5). No impairment loss has been identified or recorded for 2016 and 2015.

With respect to the land and building, the Company determines undiscounted projected net operating cash flows by considering an estimated monthly rent the Company would have to pay in order to lease a similar property, during the useful life of the building. As at December 31, 2017, 2016 and 2015, no impairment loss was identified or recorded and the Company has not identified any other facts or circumstances that would require the write down of the value of its land or building in the near future.

(l) ***Vessel Depreciation***: Depreciation is computed using the straight-line method over the estimated useful life of the vessels, after considering the estimated salvage (scrap) value. Each vessel's salvage value is equal to the product of its lightweight tonnage and estimated scrap rate. Management estimates the useful life of the Company's vessels to be 25 years 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 over the ability of a vessel to trade on a worldwide basis, its remaining useful life is adjusted at the date such regulations are adopted.

(m) ***Accounting for Dry-Docking Costs***: The Company follows the deferral method of accounting for dry-docking costs whereby actual costs incurred are deferred and are amortized on a straight-line basis over the period through the date the next dry-docking is scheduled to become due. Unamortized dry-docking costs of vessels that are sold or impaired are written off and included in the calculation of the resulting gain or loss in the year of the vessel's sale or impairment.

(n) ***Financing Costs***: Fees paid to lenders for obtaining new loans or refinancing existing ones 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 relating to drawn loan facilities are amortized to interest and finance costs over the life of the related debt using the effective interest method and fees incurred for loan facilities not used at the balance sheet date are amortized using the straight line method according to their availability terms. Unamortized fees relating to loans repaid or refinanced as debt extinguishment are expensed as interest and finance costs in the period the repayment or extinguishment is made. Loan commitment fees are charged to expense in the period incurred, unless they relate to loans obtained to finance vessels under construction, in which case they are capitalized to the vessels' cost.

(o) ***Concentration of Credit Risk:*** Financial instruments, which potentially subject the Company to significant concentrations of credit risk, consist principally of cash, trade accounts receivable and the loan receivable from a related party. 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. The Company limits its credit risk with the loan receivable by performing ongoing credit evaluations of Diana Containerships' financial condition. The loan agreement is guaranteed by second preferred mortgages over the vessels of Diana Containerships' fleet (Note 4(b)). The Company has not entered into any agreement to mitigate credit risk.

(p) ***Accounting for Revenues and Expenses:*** Revenues are generated from time charter agreements and are usually paid fifteen days in advance. Time charter agreements with the same charterer are accounted for as separate agreements according to the terms and conditions of each agreement. Time charter revenues are recorded over the term of the charter as service is provided. Income representing ballast bonus payments by the charterer to the vessel owner, if any, is recognized in the period earned. Revenues from time charter agreements providing for varying annual rates over their term are accounted for on a straight line basis. Compensation due to earlier redelivery than the minimum period agreed in the charter party is recognized in the period earned. Deferred revenue includes cash received prior to the balance sheet date for which all criteria to recognize as revenue have not been met. Deferred revenue may also include deferred revenue resulting from charter agreements providing for varying annual rates, which are accounted for on a straight line basis, or the unamortized balance of the liability associated with the acquisition of second-hand vessels with time charters attached which were acquired at values below fair market value at the date the acquisition agreement is consummated. Voyage expenses, primarily consisting of commissions, port, canal and bunker expenses that are unique to a particular charter, are paid for by the charterer under time charter arrangements, except for commissions, which are always paid for by the Company, regardless of charter type and gain or loss from the sale of bunkers on delivery to the time charterers. All voyage and vessel operating expenses are expensed as incurred, except for commissions. Commissions are deferred over the related voyage charter period to the extent revenue has been deferred since commissions are due as the Company's revenues are earned.

(q) Repairs and Maintenance: All repair and maintenance expenses including underwater inspection expenses are expensed in the year incurred. Such costs are included in vessel operating expenses in the accompanying consolidated statements of operations.

(r) Earnings / (loss) per Common Share: Basic earnings / (loss) per common share are computed by dividing net income / (loss) available to common stockholders by the weighted average number of common shares outstanding during the year. Diluted earnings per common share, reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised.

(s) Segmental Reporting: The Company has determined that it operates under one reportable segment, relating to its operations of the dry-bulk vessels. The Company reports financial information and evaluates the operations of the segment by charter revenues and not by the length of ship employment for its customers, i.e. spot or time charters. The Company does not use discrete financial information to evaluate the operating results for each such type of charter. Although revenue can be identified for these types of charters, management cannot and does not identify expenses, profitability or other financial information for these charters. As a result, management, including the chief operating decision maker, reviews operating results solely by revenue per day and operating results of the fleet. Furthermore, when the Company charters a vessel to a charterer, the charterer is free to trade the vessel worldwide and, as a result, the disclosure of geographic information is impracticable.

(t) 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.

(u) Share Based Payments: 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 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). No compensation cost is recognized for equity instruments for which employees do not render the requisite service. 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.

(v) Equity method investments: Investments in common stock in entities over which the Company exercises significant influence, but does not exercise control are accounted for by the equity method of accounting. Under this method, the Company records such an investment at cost and adjusts the carrying amount for its share of the earnings or losses of the entity subsequent to the date of investment and reports the recognized earnings or losses in income. Dividends received, if any, reduce the carrying amount of the investment. When the Company's share of losses in an entity accounted for by the equity method equals or exceeds its interest in the entity, the Company does not recognize further losses, unless the Company has made advances, incurred obligations and made payments on behalf of the entity. The Company also evaluates whether a loss in value of an investment that is other than a temporary decline should be recognized. Evidence of a loss in value might include absence of an ability to recover the carrying amount of the investment or inability of the investee to sustain an earnings capacity that would justify the carrying amount of the investment. The Company assessed the financial condition of Diana Containerships (Note 3(a)), the market conditions that could affect its operations in the near future and historical losses of its investment and as a result the Company recorded impairment in 2017 and 2016, which is included in Loss from equity method investments in the accompanying statements of operations.

(w) Going concern: The Company's policy is in accordance with ASU No. 2014-15, "Presentation of Financial Statements - Going Concern", issued in August 2014 by the FASB. ASU 2014-15 provides U.S. GAAP guidance on management's responsibility in evaluating whether there is substantial doubt about a company's ability to continue as a going concern and on related required footnote disclosures. For each reporting period, management 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 financial statements are issued.

Recent Accounting Pronouncements adopted

As of January 1, 2017, the Company adopted ASU No. 2016-15- Statement of Cash Flows Classification of Certain Cash Receipts and Cash Payments and ASU No. 2016-18—Statement of Cash Flows – Restricted Cash.

The adoption of ASU No. 2016-15- Statement of Cash Flows Classification of Certain Cash Receipts and Cash Payments did not result in any changes in the classification of cash receipts and cash payments. The adoption of ASU No. 2016-18—Statement of Cash Flows – Restricted Cash, changed the presentation of restricted cash in cash flow, where amounts generally described as restricted cash and restricted cash equivalents are included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows.

Recent Accounting Pronouncements not yet adopted

In May 2014, FASB issued Accounting Standards Update ("ASU") No. 2014-09, "Revenue from Contracts with Customers", clarifying the method used to determine the timing and requirements for revenue recognition on the statements of income. Under the new standard, an entity must identify the performance obligations in a contract, the transaction price and allocate the price to specific performance obligations to recognize the revenue when the obligation is completed. The amendments in this update also require disclosure of sufficient information to allow users to understand the nature, amount, timing and uncertainty of revenue and cash flow arising from contracts. In August 2015, FASB issued ASU No. 2015-14 "Revenue from Contracts with Customers (Topic 606): Deferral of the Effective Date," which deferred the effective date of ASU 2014-09 for all entities by one year. The standard will be effective for public entities for annual reporting periods beginning after December 15, 2017 and interim periods therein. In May and April 2016, the FASB issued two Updates with respect to Topic 606: ASU 2016-10, "Revenue from Contracts with Customers (Topic 606): Identifying Performance Obligations and Licensing" and ASU 2016-12, "Revenue from Contracts with Customers (Topic 606): Narrow-Scope Improvements and Practical Expedients." The Company has evaluated the impact of the standard after reviewing historical contracts and has determined that all of the Company's agreements are considered leases. Certain non-lease components which are required to be assessed according to this standard, may only affect presentation and disclosures and not the way revenue is recognized.

In February 2016, the FASB issued ASU No. 2016-02, Leases (ASC 842), which requires lessees to recognize most leases on the balance sheet. This is expected to increase both reported assets and liabilities. The new lease standard does not substantially change lessor accounting. For public companies, the standard will be effective for the first interim reporting period within annual periods beginning after December 15, 2018, although early adoption is permitted. Lessees and lessors will be required to apply the new standard at the beginning of the earliest period presented in the financial statements in which they first apply the new guidance, using a modified retrospective transition method. The requirements of this standard include a significant increase in required disclosures. The Company is analyzing the impact of the adoption of this guidance on the Company's consolidated financial statements, including assessing changes that might be necessary to information technology systems, processes and internal controls to capture new data and address changes in financial reporting.

In May 2017, the FASB issued ASU 2017-09, "Compensation — Stock Compensation (Topic 718), Scope of Modification Accounting" ("ASU 2017-09"), which clarifies and reduces both (1) diversity in practice and (2) cost and complexity when applying the guidance in Topic 718, Compensation—Stock Compensation, to a change to the terms or conditions of a share-based payment award. ASU 2017-09 is effective for annual periods, including interim periods within those annual periods, beginning after December 15, 2017, however early adoption is permitted. The Company does not expect that the adoption of ASU 2017-09 will have a material effect in the Company's financial statements.

In June 2016, the FASB issued ASU No. 2016-13– Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments. ASU 2016-13 amends guidance on reporting credit losses for assets held at amortized cost basis and available for sale debt securities. For public entities, the amendments of this Update are effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. Early application is permitted. The Company does not expect that the adoption of ASU 2016-13 will have a material effect in the Company's financial statements.

3. Investments in related parties

a) ***Diana Containerships Inc., or Diana Containerships:*** As at December 31, 2016, DSI owned 25.73% of the common stock of Diana Containerships amounting to $5,815 and included in "Investments in related parties" in the accompanying consolidated balance sheets. As at December 31, 2017, the investment was reduced to zero following the gradual sales during the year of all Diana Containerships' common stock previously owned by the Company.

For 2017, 2016, and 2015, the investment in Diana Containerships resulted in loss of $5,656, $56,465, and $4,977, respectively, of which $3,124, $17,568 and $0, respectively was impairment, which was recorded based on Diana Containerships' market value on Nasdaq at the date of each impairment charge recognition. The loss and impairment are included in "Loss from equity method investments" in the accompanying consolidated statements of operations. Additionally, for 2017, Loss from equity method investments also includes $757 loss from the sale of the shares discussed above. For 2017, 2016, and 2015, DSI received dividends from Diana Containerships amounting to $0, $96 and $193, respectively.

On May 30, 2017, the company acquired 100 shares of newly-designated Series C Preferred Stock, par value $0.01 per share, of Diana Containerships for $3,000 in exchange for a reduction of an equal amount in the principal amount of the Company's outstanding loan to Diana Containerships (Note 4(b)). The Series C Preferred Stock has no dividend or liquidation rights. The Series C Preferred Stock votes with the common shares of Diana Containerships, if any, and each share of the Series C Preferred Stock entitles the holder thereof to up to 250,000 votes, subject to a cap such that the aggregate voting power of any holder of Series C Preferred Stock together with its affiliates does not exceed 49.0%, on all matters submitted to a vote of the stockholders of Diana Containerships. The acquisition of shares of Series C Preferred Stock was approved by an independent committee of the Board of Directors of the Company. As at December 31, 2017, the $3,000 is also included in "Investments in related parties" in the accompanying 2017 consolidated balance sheet accounted for at cost less impairment, if any.

b) ***Diana Wilhelmsen Management Limited, or DWM:*** DWM is a joint venture which was established on May 7, 2015 by Diana Ship Management Inc., a wholly owned subsidiary of DSI, and Wilhelmsen Ship Management Holding Limited, an unaffiliated third party, each holding 50% of DWM. As at December 31, 2017, DWM provided management services to ten vessels of the Company's fleet (Note 4(d)). The DWM office is located in Limassol, Cyprus. As at December 31, 2017 and 2016, the investment in DWM amounted to $249 and $199, respectively, and is included in "Investments in related parties" in the accompanying consolidated balance sheets. For 2017, 2016, and 2015, the investment in DWM resulted in gain of $49, $88, and loss of $156, respectively, included in "Loss from equity method investments" in the accompanying consolidated statements of operations.

4. Transactions with Related Parties

(a) ***Altair Travel Agency S.A. ("Altair"):*** The Company uses the services of an affiliated travel agent, Altair, which is controlled by the Company's CEO and Chairman of the Board. Travel expenses for 2017, 2016 and 2015 amounted to $2,096, $2,320, and $2,685, respectively, and are mainly included in "Vessels, net book value", "Advances for vessels under construction and acquisitions and other vessel costs", "Vessel operating expenses" and "General and administrative expenses" in the accompanying consolidated financial statements. At December 31, 2017 and 2016, an amount of $162 and $23, respectively, was payable to Altair and is included in "Due to related parties" in the accompanying consolidated balance sheets.

(b) ***Diana Containerships Inc.:*** On May 20, 2013, the Company entered into a five year unsecured loan of $50,000 with a subsidiary of Diana Containerships, drawn on August 20, 2013, for general corporate purposes and working capital. The loan, initially bore interest at LIBOR plus a margin of 5% and a back-end fee equal to 1.25% per annum on the outstanding amount of the loan payable by the borrower on the repayment date of the loan. Following an amendment on September 9, 2015, the interest was reduced to LIBOR plus a margin of 3% per annum, the back-end fee which was paid on the date of the amendment was eliminated, and a fixed fee of $200 was to be payable on the maturity date. In addition, the borrower agreed to repay the principal amount of the loan on the last day of each interest period in amounts totalling $5,000 per annum, but not to exceed $32,500 in the aggregate. Following another amendment on August 24, 2016, the repayment of all outstanding principal amounts was deferred until a later date, the borrower was changed to another wholly-owned subsidiary of Diana Containerships and the interest rate of the deferral period increased to 3.35% per annum over LIBOR. On May 30, 2017, as discussed in Note 3(a), the loan was decreased by $3,000, in order to acquire the Series C Preferred Stock issued by Diana Containerships.

On June 30, 2017, DSI entered into an agreement with Diana Containerships to refinance the above loan, amounting to $42,417 at that date, with a loan facility of $82,617, which reflects an additional loan amount to Diana Containerships of $40,000 and the $200 fixed fee of the previous loan which became payable on the termination date of the previous agreement and has been included in "Interest and other income" in the accompanying statements of operations. The loan also provides for an additional $5,000 interest-bearing discount premium payable on the termination date, unless the lender demands earlier prepayment on or after the first anniversary of the drawdown of the loan, in which case the discount premium is waived. The loan matures in eighteen months from its date of signing, or December 31, 2018, and bears interest at the rate of 6% per annum for the first twelve months, scaled to 9% for the next three months, and further scaled to 12% for the remaining three months of the loan. The loan facility is secured by second preferred mortgages on Diana Containerships' vessels and includes financial and other covenants. Additionally, Diana Containerships is required to prepay the loan with any proceeds received from equity offerings, loan refinancings and vessel sales, according to the terms of the loan agreement. The loan is subordinated to the loan of Diana Containerships with another lender.

As at December 31, 2017 the outstanding balance of the loan and interest due from Diana Containerships amounted to $82,660 and is separately presented in "Due from related parties, current" in the related accompanying consolidated balance sheet (Note 14(c)). This amount does not include the additional $5,000 interest-bearing discount premium, which is payable on the termination date (Note 8(b)). As at December 31, 2016, there was an amount of $102 and $45,417 presented in Due from related parties, current and non- current, respectively.

For 2017, 2016 and 2015, interest and other income amounted to $3,855, $1,692, and $2,745, respectively, and is included in "Interest and other income" in the accompanying consolidated statements of operations.

(c) ***Diana Enterprises Inc. renamed to Steamship Shipbroking Enterprises Inc., or Steamship:*** Steamship is a company controlled by the Company's CEO and Chairman of the Board which provides brokerage services to DSI pursuant to a Brokerage Services Agreement for a fixed fee amended annually on each anniversary of the agreement. For 2017, 2016 and 2015, brokerage fees amounted to $1,800, $1,680, and $1,302, respectively, and are included in "General and administrative expenses" in the accompanying consolidated statements of operations. As of December 31, 2017 and 2016, there was no amount due to Steamship included in the accompanying consolidated balance sheets.

(d) ***Diana Wilhelmsen Management Limited:*** As of December 31, 2017, DWM provided management services to ten vessels of the Company's fleet for a fixed monthly fee and commercial services charged as a percentage of the vessels' gross revenues. Management fees for 2017, 2016 and 2015 amounted to $1,883, $1,464, and $405, respectively, and are separately presented as "Management fees to related party" in the accompanying consolidated statements of operations, whereas commercial fees amounted to $260, $124, and $43, respectively, and are included in "Voyage expenses" in the accompanying consolidated statements of operations. As at December 31, 2017 and 2016 there was an amount of $109 and $2, respectively, due to DWM, included in "Due to related parties" in the accompanying consolidated balance sheets.

(e) ***Vessel Acquisitions:*** On February 4, 2016, the Company, through three separate wholly-owned subsidiaries, entered into three Memoranda of Agreement to acquire from a related party three Panamax vessels for an aggregate purchase price of $39,265. The Company had agreed to acquire the vessels from entities affiliated with Mrs. Semiramis Paliou and Mrs. Aliki Paliou, each of whom is a family member of the Company's Chief Executive Officer and Chairman of the Board. Mrs. Semiramis Paliou is also a director of the Company. The transaction was approved unanimously by a committee of the Board of Directors established for the purpose of considering the transaction and consisting of the Company's independent directors and each of its executive directors other than Mrs. Semiramis Paliou and Mr. Simeon Palios. The agreed upon purchase price of the vessels was based, among other factors, on independent third party broker valuations obtained by the Company. Two of the vessels were delivered in March 2016 and the third was delivered in May 2016 (Note 5).

(Expressed in thousands of U.S. Dollars – except share, per share data, unless otherwise stated)

5. Vessels, net book value

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

	Vessel Cost	Accumulated Depreciation	Net Book Value
Balance, December 31, 2015	$ 1,947,992	$ (507,189)	$ 1,440,803
- Acquisitions, improvements and other vessel costs	39,427	-	39,427
- Depreciation for the year	-	(76,318)	(76,318)
Balance, December 31, 2016	$ 1,987,419	$ (583,507)	$ 1,403,912
- Transfer from advances for vessels under construction and acquisition and other vessel costs	104,858	-	104,858
- Acquisitions, improvements and other vessel costs	67,787	-	67,787
- Vessel disposal	(15,349)	12,834	(2,515)
- Impairment charges	(877,484)	438,573	(438,911)
- Depreciation for the year	-	(81,553)	(81,553)
Balance, December 31, 2017	$ 1,267,231	$ (213,653)	$ 1,053,578

On February 4, 2016, the Company acquired the vessels *Ismene*, *Selina* and *Maera* for an aggregate purchase price of $39,265. *Ismene* and *Selina* were delivered in March 2016 and the *Maera* was delivered in May 2016.

On October 31, 2016, Houk Shipping Company Inc. provided a notice of cancellation of the shipbuilding contract pursuant to its right under the contract to cancel the contract due to a delay in delivery and to claim a refund of the pre-delivery installments and interest, amounting to $9,413, which the Company received in December 2016.

On January 4, 2017, the Company took delivery of Hull H2548 named *San Francisco*, and Hull H2549 named *Newport News*, which were under construction until then for an aggregate contract price of $95,400. As at December 31, 2016, advances for the construction and other vessel costs amounted to $46,863 and are separately presented in the related consolidated balance sheet.

In April 2017, the Company acquired the vessels *Astarte*, *Electra* and *Phaidra* from unaffiliated third party sellers for an aggregate purchase price of $67,250. All three vessels were delivered in May 2017.

On July 25, 2017, the *Melite* run aground at Pulau Laut, Indonesia. Following this incident, on September 21, 2017, the owners served a notice of frustration of the voyage to the time-charterers and a notice of abandonment to the H&M and IV insurers as it was considered that the extent of damages and the estimated cost of repairs were such that the vessel constituted a constructive total loss. As of September 30, 2017, the vessel's net book value was reduced to its scrap value of $2,515 resulting in an impairment of $19,807 which is included in "Impairment loss", in the 2017 accompanying consolidated statement of operations. The vessel, which was insured for a value of $14,000 to H&M insurers, was sold to an unrelated third party at the recorded price in October 2017, and in November 2017, the Company received the balance of the insured value of the vessel amounting to $11,528, which is included in "Insurance recoveries, net of other loss" in the accompanying statement of operations.

(Expressed in thousands of U.S. Dollars – except share, per share data, unless otherwise stated)

As at December 31, 2017, the Company's estimated undiscounted projected net operating cash flows, excluding interest charges, expected to be generated by the use of certain vessels over their remaining useful lives and their eventual disposition was less than their carrying amount. During the last quarter of 2017, the Company's management considered various factors, including the recovery of the market, the worldwide demand for dry-bulk products, supply of tonnage and order book and concluded that the charter rates for the years 2008-2010 are extraordinary. In this respect the Company's management decided to exclude from the 10-year average of 1 year time charters these three years for which the rates were well above the average and which were not considered sustainable for the foreseeable future. The Company performed the exercise discussed above which resulted to recording an impairment on certain vessels' carrying value (Note 2). Accordingly, the Company recognized an aggregate impairment loss of $422,466, which is included in "Impairment loss" in the 2017 accompanying consolidated statement of operations of which $3,362 was recognized in "Deferred charges, net". The change in the assumption resulted to an increased impairment loss, net loss and net loss attributed to common stockholders of $287,074, or $3.0 loss per share. The fair value of the vessels was determined through Level 2 inputs of the fair value hierarchy by taking into consideration third party valuations which were based on last done deals of sale of vessels with similar characteristics, such as type, size and age.

6. Property and equipment, net

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

	Property and Equipment	Accumulated Depreciation	Net Book Value
Balance, December 31, 2015	$ 26,365	$ (2,876)	$ 23,489
- Additions in property and equipment	217	-	217
- Depreciation for the year	-	(592)	(592)
Balance, December 31, 2016	$ 26,582	$ (3,468)	$ 23,114
- Additions in property and equipment	104	-	104
- Depreciation for the year	-	(568)	(568)
- Disposal of assets	(3)	3	-
Balance, December 31, 2017	$ 26,683	$ (4,033)	$ 22,650

7. Long-term debt, current and non-current

The amount of long-term debt shown in the accompanying consolidated balance sheets is analyzed as follows:

	2017	2016
8.5% Senior Unsecured Notes	63,250	63,250
Secured Term Loans	541,543	539,467
Total debt outstanding	$ 604,793	$ 602,717
Less related deferred financing costs	(3,409)	(4,536)
Total debt, net of deferred financing costs	$ 601,384	$ 598,181
Less: Current portion of long term debt, net of deferred financing costs current	(60,763)	(65,072)
Long-term debt, net of current portion and deferred financing costs, non-current	$ 540,621	$ 533,109

8.5% Unsecured Senior Notes: On May 20, 2015, the Company offered $63,250 aggregate principal amount of 8.5% Senior Notes due 2020 (the "Notes"), including an overallotment, at the price of $25.0 per Note, pursuant to an approval obtained by a special committee of the Board of Directors. As part of the offering, the underwriters sold $12,750 aggregate principal amount of the Notes to, or to entities affiliated with, the Company's chief executive officer, Mr. Simeon Palios, and other executive officers and certain directors of the Company at the public offering price. The proceeds, net of underwriting discount and offering expenses, amounting to $61,180, are included in "Long-term debt, net of deferred financing costs, non-current" in the accompanying consolidated balance sheets. As of May 29, 2015, the Notes are trading on the NYSE under the ticker symbol "DSXN".

The Notes bear interest from May 28, 2015 at a rate of 8.5% per year and will mature on May 15, 2020. Interest is payable quarterly in arrears on the 15th day of February, May, August and November of each year, commencing on August 15, 2015. Since May 15, 2017, the Company may redeem the Notes at its option, in whole or in part, at any time, at a redemption price equal to 100% of the principal amount to be redeemed, plus accrued and unpaid interest to, but excluding, the redemption date. The Notes include financial and other covenants, including maximum net borrowings and minimum tangible net worth.

Secured Term Loans: The Company, through its subsidiaries, has entered into various long term loan agreements with bank institutions to partly finance or, as the case may be, refinance part of the acquisition cost of certain of its fleet vessels. The loan agreements are repayable in quarterly or semi-annual installments plus one balloon installment per loan agreement to be paid together with the last installment and bear interest at LIBOR plus margin ranging from 1% to 3%. Their maturities range from January 2019 to March 2032. For 2017 and 2016, the weighted average interest rates of the secured term loans were 3.38% and 2.79%, respectively.

As at December 31, 2017, the Company had the following agreements with banks:

On October 22, 2009, the Company, through a wholly-owned subsidiary, entered into a $40,000 loan agreement with Bremer Landesbank ("Bremer") to partly finance the acquisition cost of the *Houston*. The loan is repayable in 40 quarterly installments of $900 each plus one balloon installment of $4,000 to be paid together with the last installment on November 12, 2019. The loan bears interest at LIBOR plus a margin of 2.15% per annum.

On October 2, 2010, the Company, through two wholly-owned subsidiaries, entered into a loan agreement with Export-Import Bank of China ("CEXIM Bank") and DnB NOR Bank ASA ("DnB") to finance part of the construction cost of the *Los Angeles* and the *Philadelphia*, for an amount of up to $82,600, of which $72,100 was drawn on delivery. The Lae advance is repayable in 40 quarterly installments of approximately $628 each and a balloon of $12,332 payable together with the last installment on February 15, 2022. The Namu advance is repayable in 40 quarterly installments of approximately $581 each and a balloon of $11,410 payable together with the last installment on May 18, 2022. Pursuant to an amendment of the loan agreement dated May 18, 2017, each of the individual banks are allowed to demand repayment in full of such bank's contribution in any or all advances on August 16, 2019. If one or more banks (acting through the agent) exercise such right in respect of an advance, the borrowers shall be obliged to repay each such bank's contribution in that advance in full on such date. The loan bears interest at LIBOR plus a margin of 2.50% per annum.

On September 13, 2011, the Company through one wholly-owned subsidiary entered into a loan agreement with Emporiki Bank of Greece S.A. ("Emporiki") for a loan of up to $15,000 to refinance part of the acquisition cost of the Arethusa. On December 13, 2012, Bikar, the Company, DSS and Credit Agricole Corporate and Investment Bank ("Credit Agricole") entered into a supplemental loan agreement to transfer the outstanding loan balance, the ISDA master swap agreement and the existing security documents from Emporiki to Credit Agricole. The loan is repayable in 20 equal semiannual installments of $500 each and a balloon payment of $5,000 to be paid together with the last installment on September 15, 2021. The loan bears interest at LIBOR plus a margin of 2.5% per annum, or 1% for such loan amount that is equivalently secured by cash pledge in favor of the bank.

On May 24, 2013, the Company through two wholly-owned subsidiaries entered into a loan agreement with CEXIM Bank and DnB to finance part of the construction cost of *Crystalia* and *Atalandi* for an amount of up to $15,000 for each vessel, drawn on May 22, 2014. Each advance is repayable in 19 quarterly installments of $250 each and a balloon of $10,250 payable together with the last installment on February 22, 2019. The loan bears interest at LIBOR plus a margin of 3.0% per annum.

On January 9, 2014, the Company through two wholly-owned subsidiaries entered into a loan agreement with Commonwealth Bank of Australia, London Branch, for a loan facility of up to $18,000 to finance part of the acquisition cost of the *Melite* and *Artemis*. The loan bears interest at LIBOR plus a margin of 2.25%. The loan was drawn in two tranches, one of $8,500 assigned to *Melite* and one of $9,500 assigned to *Artemis*. Tranche A was repayable in 24 equal consecutive quarterly installments of $196 each; and a balloon of $3,800 payable on January 13, 2020. As a result of the grounding incident of the *Melite* mentioned in Note 5 and the subsequent sale of the vessel, the respective loan balance was repaid in full in October 2017. Tranche B is repayable in 32 equal consecutive quarterly installments of $156 each and a balloon of $4,500 payable on January 13, 2022.

On December 18, 2014, the Company through two wholly-owned subsidiaries entered into a loan agreement with BNP Paribas ("BNP"), for a loan facility of up to $55,000 to finance part of the acquisition cost of the *G. P. Zafirakis* and the *P. S. Palios*, of which $53,500 was drawn. The loan bears interest at LIBOR plus a margin of 2%, and is repayable in 14 equal semi-annual installments of approximately $1,574 and a balloon of $31,466 payable on November 30, 2021.

On March 17, 2015, the Company, through eight separate wholly-owned subsidiaries, entered into a loan agreement with Nordea Bank AB, London Branch, for a secured term loan facility of up to $110,000, to refinance the existing indebtedness with the bank and for general corporate and working capital purposes. On March 19, 2015, the Company drew down $93,080 and repaid the then existing indebtedness with the bank amounting to $38,345. The loan is repayable in 24 equal consecutive quarterly installments of about $1,862 each and a balloon of about $48,402 payable together with the last installment on March 19, 2021. The loan bears interest at LIBOR plus a margin of 2.1%.

On March 26, 2015, the Company, through three wholly-owned subsidiaries, entered into a loan agreement with ABN AMRO Bank N.V. for a secured term loan facility of up to $53,000, to refinance part of the acquisition cost of the vessels *New York, Myrto* and *Maia*. On March 30, 2015, the Company drew down the amount of $50,160 under the loan facility, which is repayable in 24 equal consecutive quarterly installments of about $994 each and a balloon of $26,310 payable together with the last installment on March 30, 2021. The loan bears interest at LIBOR plus a margin of 2.0%.

On April 29, 2015, the Company, through one wholly-owned subsidiary, entered into a term loan agreement with Danish Ship Finance A/S for a loan facility of $30,000, drawn on April 30, 2015 to partly finance the acquisition cost of the *Santa Barbara*, which was delivered in January 2015. The loan is repayable in 28 equal consecutive quarterly installments of $500 each and a balloon of $16,000 payable together with the last installment on April 30, 2022. The loan bears interest at LIBOR plus a margin of 2.15%.

On July 22, 2015, the Company entered into a term loan agreement with BNP Paribas for a loan of $165,000 drawn on July 24, 2015. The loan is repayable in 20 consecutive quarterly installments, the first eight installments in an amount of $2,500 each, followed by four installments in an amount of $5,000 each; eight installments in an amount of $7,000 each; and a balloon installment of $69,000 payable together with the last installment on July 24, 2020.The loan bears interest at LIBOR plus a margin of 2.35% per annum for the first two years; 2.3% per annum for the third year and 2.25% per annum until the final maturity of the loan.

On September 30, 2015, the Company, through two wholly-owned subsidiaries, entered into a term loan agreement with ING Bank N.V. for a loan of up to $39,683, available in two advances to finance part of the acquisition cost of the *New Orleans* and the *Medusa*. Advance A of $27,950 was drawn on November 19, 2015 and is repayable in 28 consecutive quarterly installments of about $466 each and a balloon installment of about $14,907 payable together with the last installment on November 19, 2022. Advance B of $11,733 was drawn on October 6, 2015 and is repayable in 28 consecutive quarterly installments of about $293 each and a balloon installment of about $3,520 payable together with the last installment on October 6, 2022. The loan bears interest at LIBOR plus a margin of 1.65%.

On January 7, 2016, the Company, through three wholly-owned subsidiaries, entered into a secured loan agreement with the Export-Import Bank of China for a loan of up to $75,735 in order to finance part of the construction cost of *Newport News, San Francisco* (Note 5) and Hull DY6006. The tranche for Hull DY6006, whose shipbuilding contract was cancelled on October 31, 2016, was cancelled and on February 6, 2017, pursuant to a Deed of Release with the bank the owner of *Hull DY6006* was released of all of its obligations under the loan agreement as borrower. On January 4, 2017, the Company drew down $57,240. The loan is repayable in 60 equal quarterly instalments of $954 each by March 12, 2032 and bears interest at LIBOR plus a margin of 2.3%.

On March 29, 2016, the Company, through two wholly-owned subsidiaries, entered into a term loan agreement with ABN AMRO Bank N.V. for a loan of $25,755, drawn on March 30, 2016, to finance the acquisition cost of the *Selina* and the *Ismene*. The loan is payable in eight consecutive quarterly installments of $855 each and a balloon installment of $18,915 payable together with the last installment by June 30, 2019. The first repayment installment was repaid on September 30, 2017. The loan bears interest at LIBOR plus a margin of 3%.

On May 10, 2016, the Company, through one wholly-owned subsidiary, entered into a term loan agreement with DNB Bank ASA and the Export-Import Bank of China for a loan of $13,510, drawn on the same date, being the purchase price of the *Maera*. The loan is payable in seven equal consecutive quarterly installments of about $20 each, four equal consecutive quarterly installments of about $283 and a balloon of about $12,242 payable together with the last installment on January 4, 2019. The loan bears interest at LIBOR plus a margin of 3% per annum. According to the terms of the loan agreement, the Company will prepay an additional amount of $289 in the first quarter of 2018, which will be deducted from the balloon, and which is included in "Current portion of long term debt, net of deferred financing costs, current".

Under the secured term loans outstanding as of December 31, 2017, 46 vessels of the Company's fleet are mortgaged with first preferred or priority ship mortgages, having an aggregate carrying value of $968,083. Additional securities required by the banks include first priority assignment of all earnings, insurances, first assignment of time charter contracts that exceed a certain period, pledge over the shares of the borrowers, manager's undertaking and subordination and requisition compensation and either a corporate guarantee by DSI (the "Guarantor") or a guarantee by the ship owning companies (where applicable), financial covenants, as well as operating account assignments. The lenders may also require additional security in the future in the event the borrowers breach certain covenants under the loan agreements. The secured term loans generally include restrictions as to changes in management and ownership of the vessels, additional indebtedness, as well as minimum requirements regarding hull cover ratio and minimum liquidity per vessel owned by the borrowers, or the guarantor, maintained in the bank accounts of the borrowers, or the guarantor. As at December 31, 2017 and 2016, the restricted cash, which relates to minimum cash deposits required to be maintained at all times under the Company's loan facilities, amounted to $25,000 and $23,000, respectively and is included in "Restricted cash" in the accompanying consolidated balance sheets. Furthermore, the secured term loans contain cross default provisions and additionally the Company is not permitted to pay any dividends following the occurrence of an event of default.

(Expressed in thousands of U.S. Dollars – except share, per share data, unless otherwise stated)

As at December 31, 2017, the Company was in compliance with all of its loan covenants.

As at December 31, 2016, the Company was not in compliance with the minimum security cover requirement of its loan agreement with BNP Paribas dated July 22, 2015. The shortfall was estimated by the Company to be $25,650 and an amount of $19,731, representing the amount which would have to be paid to the bank, was reclassified from non-current debt to the "Current portion of long-term debt, net of deferred financing costs, current" in the 2016 accompanying consolidated balance sheet.

The maturities of the Company's debt facilities described above, as at December 31, 2017, and throughout their term, are shown in the table below. The table does not include the right of each of the lenders of a secured term loan to demand prepayment of their advance in August 2019 of the then outstanding balance of such advance, subject to a written notification:

Period	Principal Repayment
January 1, 2018 to December 31, 2018	$ 62,059
January 1, 2019 to December 31, 2019	119,342
January 1, 2020 to December 31, 2020	183,132
January 1, 2021 to December 31, 2021	132,494
January 1, 2022 to December 31, 2022	72,468
January 1, 2023 and thereafter	35,298
Total	$ 604,793

8. 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. The Company accrues for the cost of environmental and other liabilities when management becomes aware that a liability is probable and is able to reasonably estimate the probable exposure.

The Company's vessels are covered for pollution in the amount of $1 billion per vessel per incident, by the 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. During 2016, the Company was notified by one of its P&I Clubs of supplemental calls with respect to the 2015 policy year which however were immaterial and were expensed in the 2016 consolidated statement of operations.

b) Pursuant to the loan agreement with Diana Containerships Inc. dated June 30, 2017 (Note 4(b)), Diana Containerships is required to pay, on the termination date of the loan, an additional $5,000 interest-bearing discount premium, which is not included in Due from related parties in the accompanying 2017 balance sheet.

c) As at December 31, 2017, all of the Company's vessels were fixed under time charter agreements. The minimum contractual gross charter revenue expected to be generated from fixed and non-cancelable time charter contracts existing as at December 31, 2017 and until their expiration was as follows:

Period	Amount
Year 1	$ 95,851
Year 2	10,129
Total	**$ 105,980**

9. Capital Stock and Changes in Capital Accounts

(a) ***Preferred stock****:* As at December 31, 2017 and 2016, the Company's authorized preferred stock consists of 25,000,000 shares (all in registered form) of preferred stock, par value $0.01 per share, of which 1,000,000 are designated as Series A Participating Preferred Shares and 5,000,000 are designated as Series B Preferred Shares.

As at December 31, 2017 and 2016, the Company had 2,600,000 Series B Preferred Shares issued and outstanding with par value $0.01 per share, at $25.00 per share and with liquidation preference at $25.00 per share and zero Series A Participating Preferred Shares issued and outstanding. Holders of series B preferred shares have no voting rights other than the ability, subject to certain exceptions, to elect one director if dividends for six quarterly dividend periods (whether or not consecutive) are in arrears and certain other limited protective voting rights. Also, holders of series B preferred shares, rank prior to the holders of common shares with respect to dividends, distributions and payments upon liquidation.

Dividends on the Series B preferred shares are cumulative from the date of original issue and are payable on the 15th day of January, April, July and October of each year at the dividend rate of 8.875% per annum, or $2.21875 per share per annum. For 2017, 2016, and 2015, dividends on Series B preferred shares amounted to $5,769. At any time on or after February 14, 2019, the Company may redeem, in whole or in part, the series B preferred shares at a redemption price of $25.00 per share plus an amount equal to all accumulated and unpaid dividends thereon to the date of redemption, whether or not declared.

(b) ***Common Stock:*** The Company's authorized capital stock consists of 200,000,000 shares (all in registered form) of common stock, par value $0.01 per share. The holders of the common shares are entitled to one vote on all matters submitted to a vote of stockholders and to receive all dividends, if any.

(c) ***Offering of common shares:*** On April 26, 2017, the Company issued a total 20,125,000 common shares, at a price of $4.00 per share, in a public offering. As part of the offering, entities affiliated with Simeon Palios, the Company's Chief Executive Officer and Chairman, executive officers and certain directors, purchased an aggregate of 5,500,000 common shares at the public offering price. The net proceeds from the offering after underwriting discounts and other offering expenses were $77,311.

(d) ***Incentive plan***: In November 2014, the Company's board of directors approved to adopt the 2014 Equity Incentive Plan, for 5,000,000 shares, of which as at December 31, 2017, 2,924,759 remained reserved for issuance.

(Expressed in thousands of U.S. Dollars – except share, per share data, unless otherwise stated)

Restricted stock during 2017, 2016 and 2015 is analysed as follows:

	Number of Shares	Weighted Average Grant Date Price
Outstanding at December 31, 2014	2,491,834	$ 9.30
Granted	1,100,000	6.91
Vested	(827,522)	9.57
Outstanding at December 31, 2015	2,764,312	$ 8.27
Granted	2,150,000	2.26
Vested	(971,646)	8.67
Outstanding at December 31, 2016	3,942,666	$ 4.89
Granted	1,310,000	3.95
Vested	(1,611,549)	5.46
Outstanding at December 31, 2017	3,641,117	$ 4.30

The fair value of the restricted shares has been determined with reference to the closing price of the Company's stock on the date the agreements were signed. The aggregate compensation cost is being recognized ratably in the consolidated statement of operations over the respective vesting periods. On May 11, 2017, after the resignation of one board member, the total amount of his unvested shares up to that date became vested at a compensation cost of $662. For 2017, 2016, and 2015, an amount of $8,232, $8,313, and $8,279, respectively, was recognized in "General and administrative expenses" presented in the accompanying consolidated statements of operations.

At December 31, 2017 and 2016, the total unrecognized cost relating to restricted share awards was $10,509 and $13,567, respectively. At December 31, 2017, the weighted-average period over which the total compensation cost related to non-vested awards not yet recognized is expected to be recognized is 0.97 years.

(e) Share Repurchase Agreement: On May 22, 2014, the Company's Board of Directors authorized a share repurchase plan for up to $100,000 worth of shares of the Company's common stock. During 2015, the Company repurchased and retired 413,804 shares at an aggregate cost of approximately $2,673 and none during 2016 and 2017.

10. Interest and Finance Costs

The amounts in the accompanying consolidated statements of operations are analyzed as follows:

	2017	2016	2015
Interest expense	$ 24,978	$ 19,523	$ 13,922
Amortization of financing costs	1,455	1,503	1,364
Commitment fees and other costs	195	923	269
Total	$ 26,628	$ 21,949	$ 15,555

Total interest on long-term debt for 2017, 2016 and 2015 amounted to $24,991, $21,009, and $14,622, respectively, of which $13, $1,486, and $700, respectively, were capitalized and included "Vessels, net book value", in the accompanying consolidated balance sheets.

(Expressed in thousands of U.S. Dollars – except share, per share data, unless otherwise stated)

11. Loss per Share

All common shares issued (including the restricted shares issued under the Company's incentive plans) are the Company's common stock and have equal rights to vote and participate in dividends upon their vesting. The calculation of basic earnings/(loss) per share does not treat the non-vested shares (not considered participating securities) as outstanding until the time/service-based vesting restriction has lapsed. For the purpose of calculating diluted earnings per share the weighted average number of diluted shares outstanding includes the incremental shares assumed issued determined in accordance with the treasury stock method. For the 2017, 2016 and 2015 and on the basis that the Company incurred losses, the effect of incremental shares would be anti-dilutive and therefore basic and diluted loss per share was the same.

Profit or loss attributable to common equity holders is adjusted by the amount of dividends on Series B Preferred Stock as follows:

	2017	2016	2015
Net loss	$ (511,714)	$ (164,237)	$ (64,713)
Less dividends on series B preferred shares	$ (5,769)	$ (5,769)	$ (5,769)
Net loss attributed to common stockholders	(517,483)	(170,006)	(70,482)
Weighted average number of common shares, basic and diluted	95,731,093	80,441,517	79,518,009
Loss per share, basic and diluted	$ (5.41)	$ (2.11)	$ (0.89)

12. 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.

Pursuant to the Internal Revenue Code of the United States (the "Code"), U.S. source income from the international operations of ships is generally exempt from U.S. tax if the company operating the ships meets both of the following requirements, (a) the Company is organized in a foreign country that grants an equivalent exception to corporations organized in the United States and (b) either (i) more than 50% of the value of the Company's stock is owned, directly or indirectly, by individuals who are "residents" of the Company's country of organization or of another foreign country that grants an "equivalent exemption" to corporations organized in the United States (50% Ownership Test) or (ii) the Company's stock is "primarily and regularly traded on an established securities market" in its country of organization, in another country that grants an "equivalent exemption" to United States corporations, or in the United States (Publicly - Traded Test).

Notwithstanding the foregoing, the regulations provide, in pertinent part, that each class of the Company's stock 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 stock attribution rules, on more than half the days during the taxable year by persons who each own 5% or more of the value of such class of the Company's outstanding stock, ("5 Percent Override Rule").

The Company and each of its subsidiaries expects to qualify for this statutory tax exemption for the 2017, 2016 and 2015 taxable years, and the Company takes this position for United States federal income tax return reporting purposes. However, there are factual circumstances beyond the Company's control that could cause it to lose the benefit of this tax exemption in future years and thereby become subject to United States federal income tax on its United States source income such as if, for a particular taxable year, other shareholders with a five percent or greater interest in the Company's stock were, in combination with the Company's existing 5% shareholders, to own 50% or more of the Company's outstanding shares of its stock on more than half the days during the taxable year.

The Company estimates that since no more than the 50% of its shipping income would be treated as being United States source income, the effective tax rate is expected to be 2% and accordingly it anticipates that the impact on its results of operations will not be material. The Company believes that it satisfies the Publicly-Traded Test and all of its United States source shipping income is exempt from U.S. federal income tax. Based on its U.S. source Shipping Income for 2017, 2016 and 2015, the Company would be subject to U.S. federal income tax of approximately $136, $80 and $166, respectively, in the absence of an exemption under Section 883.

13. 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 fair value of long-term loan receivable from Diana Containerships also approximates its recorded value, due to its variable interest rate. The fair value of the Senior Unsecured Notes (Note 7) having a fixed interest rate amounted to $64,970 as of December 31, 2017, and was determined through the Level 1 input of the fair value hierarchy as defined in FASB guidance for Fair Value Measurements based on the quoted price of the instrument on that date as stated under the ticker Symbol "DSXN" on the NYSE.

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.

14. Subsequent Events

a) ***Series B Preferred Stock Dividends:*** On January 16, 2018, the Company paid a dividend on its series B preferred stock, amounting to $0.5546875 per share, or $1,442, to its stockholders of record as of January 12, 2018.

b) ***Annual Incentive Bonus***: On February 21, 2018 the Company's Board of Directors approved the grant of 1,800,000 shares of restricted common stock awards to executive management and non-executive directors, pursuant to the Company's 2014 equity incentive plan. The fair value of the restricted shares based on the closing price on the date of the Board of Directors' approval was about $6,876 and will be recognized in income ratably over the restricted shares vesting period which will be 3 years.

c) ***Loan Prepayment***: On March 12, 2018 the Company received an amount of $8,379 as partial prepayment under the loan with Diana Containerships, decreasing the loan receivable to $74,238 (Note 4(b)).

Exhibit 4.37

$19,000,0000

Secured Loan Agreement

Dated March 2019

(1) Erikub Shipping Company Inc.
Wotho Shipping Company Inc.
(as Borrowers)

(2) Diana Shipping Inc.
(as Original Guarantor)

(3) The Financial Institutions
listed in Schedule 1
(as Original Lenders)

(4) DNB Bank ASA
(as Arranger)

(5) DNB Bank ASA
(as Agent)

(6) DNB Bank ASA
(as Swap Provider)

(7) DNB Bank ASA
(as Security Agent)

Contents

Loan Agreement

Dated March 2019

Between:

(1) **Erikub Shipping Company Inc.** ("**Erikub**"), 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; **Wotho Shipping Company Inc.** ("**Wotho**"), 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; (together the "Borrowers" and each a "**Borrower**") jointly and severally; and

(2) **Diana 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 (the "**Original Guarantor**"); and

(3) **The Financial Institutions** listed in Schedule 1 (*The Original Lenders*), each acting through its Facility Office (together the "Original Lenders" and each an "**Original Lender**"); and

(4) **DNB Bank ASA**, acting as mandated lead arranger and bookrunner through its office at 8th floor, The Walbrook Building, 25 Walbrook, London EC4N 8AF, England (in that capacity, the "**Arranger**"); and

(5) **DNB Bank ASA**, acting as agent through its office at The Walbrook Building, 25 Walbrook, London EC4N 8AF, England (in that capacity, the "**Agent**"); and

(6) **DNB Bank ASA**, acting as swap provider through its office at The Walbrook Building, 25 Walbrook, London EC4N 8AF, England (in that capacity, the "**Swap Provider**"); and

(7) **DNB Bank ASA**, acting as security agent through its office at The Walbrook Building, 25 Walbrook, London EC4N 8AF, England (in that capacity, the "**Security Agent**").

Preliminary

(A) Each Borrower is the registered owner of the relevant Vessel.

(B) Each Original Lender has agreed to advance to the Borrowers on a joint and several basis its Commitment (aggregating, with all the other Commitments, up to $19,000,000) to provide the Borrowers with working capital.

It is agreed as follows:

Section 1 **Interpretation**

1. **Definitions and Interpretation**

1.1 **Definitions** In this Agreement:

"**Accession Deed**" means a document substantially in the form set out in Schedule 6 (*Form of Accession Deed*).

"**Account Holder**" means DNB Bank ASA acting through its branch at The Walbrook Building, 25 Walbrook, London EC4N 8AF, England or any other bank or financial institution which at any time, with the Security Agent's prior written consent, holds the Earnings Accounts.

"**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.

"**Additional Guarantor**" means a company which becomes an Additional Guarantor in accordance with Clause 26 (*Changes to the Obligors*).

"**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 Shipbroker**" means any reputable, independent and first class firm of ship brokers approved by the Agent on the instructions of the Majority Lenders.

"**Assignments**" means first priority deeds of assignment of the Insurances, Earnings, Charters and Requisition Compensation of the Vessels from the Borrowers and (if the Charter is a bareboat charter) a Charterer, including (in the case of a Charterer) agreements whereby its interests under the Charters are subordinated to the interests of the Finance Parties under the Mortgages; and the first priority assignments of Insurances from the Managers contained in the Managers' Undertakings.

"**Assignment Agreement**" means an agreement substantially in the form set out in Schedule 5 (*Form of Assignment Agreement*) or any other form agreed between the relevant assignor and assignee.

"**Authorisation**" means an authorisation, consent, approval, resolution, licence, exemption, filing, notarisation or registration.

"**Availability Period**" means the period from and including the date of this Agreement to and including 20 March 2019 or such later date as may be agreed by the Lenders.

"**Break Costs**" means the amount (if any) by which:

(a) the interest which a Lender should have received for the period from the date of receipt of all or any part of its participation in the Loan or an Unpaid Sum to the last day of the current Interest Period in 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 that Lender would be able to obtain by placing an amount equal to the principal amount or Unpaid Sum received by it on deposit with a leading bank for a period starting on the Business Day following receipt or recovery and ending on the last day of the current Interest Period.

"**Business Day**" means a day (other than a Saturday or Sunday) on which banks are open for general business in London and Athens.

"**Charged Property**" means all of the assets of the Obligors which from time to time are, or are expressed to be, the subject of the Security Documents.

"**Charters**" means any time or bareboat charter or contract of employment in respect of a Vessel with a duration exceeding (or capable of exceeding) 12 months and "**Charter**" means any one of them.

"**Charterer**" means any entity which has entered into or will enter into a Charter with a Borrower in respect of Vessel.

"**Code**" means the US Internal Revenue Code of 1986.

"**Commitment**" means:

(a) in relation to an Original Lender, the amount set opposite its name under the heading "Commitment" in Schedule 1 (*The Original Lenders*) and the amount of any other Commitment transferred to it under this Agreement; and

(b) in relation to any other Lender, the amount of any Commitment transferred to it under this Agreement,

to the extent not cancelled, reduced or transferred by it under this Agreement.

"**Commitment Fee**" means the commitment fee to be paid by the Borrowers to the Agent under Clause 11.1 (*Commitment Fee*).

"**Compliance Certificate**" means a certificate substantially in the form set out in Schedule 7 (*Form of Compliance Certificate*) or in any other form and substance satisfactory to the Agent.

"**Confidential Information**" means all information relating to any Obligor, any other member of the Group, the Finance Documents or the Loan of which a Finance Party becomes aware in its capacity as, or for the purpose of becoming, a Finance Party or which is received by a Finance Party in relation to, or for the purpose of becoming a Finance Party under, the Finance Documents or the Loan from either:

(a) any Obligor , any other member of the Group or any of its advisers; or

(b) another Finance Party, if the information was obtained by that Finance Party directly or indirectly from any 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 that Finance Party of Clause 38 (*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 that Finance Party before the date the information is disclosed to it in accordance with (a) or (b) or is lawfully obtained by that Finance Party after that date, from a source which is, as far as that Finance Party is aware, unconnected with any Obligor or any other member of the Group and which, in either case, as far as that Finance Party is aware, has not been obtained in breach of, and is not otherwise subject to, any obligation of confidentiality.

"**Confidentiality Undertaking**" means a confidentiality undertaking substantially in a recommended form of the Loan Market Association at the relevant time.

"**Confirmation**" means a Confirmation exchanged or deemed to be exchanged between the Swap Provider and the Borrowers as contemplated by the Master Agreement.

"**Credit Support Document**" means any document described as such in the Master Agreement and any other document referred to in any such document which has the effect of creating security in favour of any of the Finance Parties.

"**Credit Support Provider**" means any person (other than a Borrower) described as such in the Master Agreement.

"**CTA**" means the Corporation Tax Act 2009.

"**Deeds of Covenants**" means deeds of covenants collateral to the Mortgages.

"**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.

"**Defaulting Lender**" means any Lender:

(a) which has failed to make its participation in a Vessel Loan available (or has notified the Agent or the Borrowers (which have notified the Agent) that it will not make its participation in a Vessel Loan available) by the Utilisation Date of that Vessel Loan in accordance with Clause 5.3 (*Lenders' participation*); or

(b) which has otherwise rescinded or repudiated a Finance Document; or

(c) with respect to which an Insolvency Event has occurred and is continuing,

unless, in the case of (a):

(i) its failure to pay is caused by:

(A) administrative or technical error; or

(B) a Disruption Event; and

payment is made within three Business Days of its due date; or

(ii) the Lender is disputing in good faith whether it is contractually obliged to make the payment in question.

"**Delegate**" means any delegate, agent, attorney or co-trustee appointed by the Security Agent.

"**Diana Shipping**" means Diana Shipping Services S.A., a company incorporated under the laws of Panama with its registered office at Edificio Universal, Piso 12, Avenida Federico Boyd, Panama, Republic of Panama, having its established office in Greece at Pendelis 16, 175 64 Palaio Faliro, Athens, Greece pursuant to the provisions of Greek Law 27/1975.

"**Diana Wilhelmsen**" means Diana Wilhelmsen Management Limited, a company incorporated and existing under the laws of the Republic of Cyprus having its registered office at 21 Vasili Michailidi Street, 3026 Limassol, Cyprus.

"**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 and/or a Charterer (if the Charter is a bareboat Charter) 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 the bank accounts to be opened in the names of the Borrowers with the Account Holder and designated "Erikub Shipping Company Inc. – Earnings Account" and "Wotho Shipping Company Inc. – Earnings Account".

"**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 Vessel; or

(b) any incident in which Environmentally Sensitive Material is released, emitted, spilled or discharged into or upon the air, sea, land or soils (including the seabed) or surface water from a vessel other than a Vessel and which involves a collision between a Vessel and such other vessel or some other incident of navigation or operation, in either case, in connection with which a Vessel is actually or potentially liable to be arrested, attached, detained or injuncted and a Vessel, any Obligor, any operator or manager of a 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 Vessel and in connection with which a Vessel is actually or potentially liable to be arrested and/or where any Obligor and/or any operator or manager of a Vessel is at

fault or allegedly at fault or otherwise liable to any legal or administrative action, other than in accordance with an Environmental Approval.

"**Environmental Law**" means any 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.

"**EU Ship Recycling Regulation**" means Regulation (EU) No 1257/2013 of the European Parliament and of the Council of 20 November 2013 on ship recycling and amending Regulation (EC) No 1013/2006 and Directive 2009/16/EC (Text with EEA relevance).

"**Event of Default**" means any event or circumstance specified as such in Clause 24 (*Events of Default*).

"**Facility Office**" means:

(a) in respect of a Lender, the office or offices notified by that Lender to the Agent in writing on or before the date it becomes a Lender (or, following that date, by not less than five Business Days' written notice) as the office or offices through which it will perform its obligations under this Agreement; or

(b) in respect of any other Finance Party, the office in the jurisdiction in which it is resident for tax purposes.

"**Facility Period**" means the period 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 Finance Parties 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 Application Date**" means:

(a) in relation to a "withholdable payment" described in section 1473(1)(A)(i) of the Code (which relates to payments of interest and certain other payments from sources within the US), 1 July 2014; or

(b) in relation to a "passthru payment" described in section 1471(d)(7) of the Code not falling within (a), the first date from which such payment may become subject to a deduction or withholding required by FATCA.

"**FATCA Deduction**" means a deduction or withholding from a payment under a Finance Document required by FATCA.

"**FATCA Exempt Party**" means a Party that is entitled to receive payments free from any FATCA Deduction.

"**Fee Letter**" means any letter or letters dated on or about the date of this Agreement between the Arranger and the Borrowers (or the Agent and the Borrowers or the Security Agent and the Borrowers) setting out any of the fees referred to in Clause 11 (*Fees*).

"**Finance Documents**" means this Agreement, the Master Agreement, the Security Documents, any Accession Deed, any Compliance Certificate, any Utilisation Request, the Fee Letter and any other document designated as such by the Agent and the Borrowers.

"**Finance Parties**" means the Arranger, the Agent, the Security Agent, the Swap Provider and the Lenders.

"**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 (i) 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 or (ii) any liabilities of any Obligor or any other member of the Group relating to any post-retirement benefit scheme;

(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).

"**GAAP**" means generally accepted accounting principles in the United States of America.

"**Group**" means the Original Guarantor and each of the Subsidiaries (including, but not limited to, the Borrowers) for the time being but, for the avoidance of doubt, excluding Performance Shipping and its own Subsidiaries from time to time during the Facility Period and "**member of the Group**" shall be construed accordingly.

"**Guarantee**" means a guarantee and indemnity from each Guarantor contained in Clause 19 (*Guarantee and Indemnity*).

"**Guarantor**" means an Original Guarantor or an Additional Guarantor, unless it has ceased to be a Guarantor in accordance with Clause 26 (*Changes to the Obligors*).

"**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.

"**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 any of the Finance Parties under all or any of the Finance Documents.

"**Insolvency Event**" in relation to an entity means that the entity:

(a) is dissolved (other than pursuant to a consolidation, amalgamation or merger);

(b) becomes insolvent or is unable to pay its debts or fails or admits in writing its inability generally to pay its debts as they become due;

(c) makes a general assignment, arrangement or composition with or for the benefit of its creditors;

(d) institutes or has instituted against it, by a regulator, supervisor or any similar official with primary insolvency, rehabilitative or regulatory jurisdiction over it in the jurisdiction of its incorporation or organisation or the jurisdiction of its head or home office, a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation by it or such regulator, supervisor or similar official;

(e) has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding -up or liquidation, and, in the case of any such proceeding or petition instituted or presented against it, such proceeding or petition is instituted or presented by a person or entity not described in (d) and:

(i) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation; or

(ii) is not dismissed, discharged, stayed or restrained in each case within 30 days of the institution or presentation thereof;

(f) has exercised in respect of it one or more of the stabilisation powers pursuant to Part 1 of the Banking Act 2009 and/or has instituted against it a bank insolvency proceeding pursuant to Part 2 of the Banking Act 2009 or a bank administration proceeding pursuant to Part 3 of the Banking Act 2009;

(g) has a resolution passed for its winding-up, official management or liquidation (other than pursuant to a consolidation, amalgamation or merger);

(h) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all its assets (other than, for so long as it is required by law or regulation not to be publicly disclosed, any such appointment which is to be made, or is made, by a person or entity described in (d));

(i) has a secured party take possession of all or substantially all its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all its assets and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case within 30 days thereafter;

(j) causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in (a) to (i); or

(k) takes any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the foregoing acts.

"**Insurances**" means 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 any Vessel 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 Vessel Loan; and

(b) the applicable Screen Rate for the shortest period (for which that Screen Rate is available) which exceeds the Interest Period of that Vessel Loan,

each as of 11.00 a.m. on the Quotation Day for dollars.

"**Inventory of Hazardous Material**" means, in respect of a Vessel, a statement of compliance issued by the relevant classification society which includes a list of any and all materials known to be potentially hazardous utilised in the construction of that Vessel also referred to as List of Hazardous Materials.

"**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 Agent 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 UK stamp duty may be void and defences of set-off or counterclaim;

(c) similar principles, rights and defences under the laws of any Relevant Jurisdiction; and

(d) any other matters which are set out as qualifications or reservations as to matters of law of general application in the Legal Opinions.

"**Lender**" means:

(a) any Original Lender; and

(b) any bank, financial institution, trust, fund or other entity which has become a Party as a Lender in accordance with Clause 25 (*Changes to the Lenders*),

which in each case has not ceased to be a Party as such in accordance with the terms of this Agreement.

"**LIBOR**" means, in relation to any Vessel Loan:

(a) the applicable Screen Rate; or

(b) (if no Screen Rate is available for the relevant Interest Period) the Interpolated Screen Rate for that Vessel Loan; or

(c) (if (i) no Screen Rate is available for the currency of that Vessel Loan or (ii) no Screen Rate is available for the relevant Interest Period and it is not possible to calculate the Interpolated Screen Rate for that Vessel Loan)) the Reference Bank Rate,

as of 11.00 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 Vessel Loans advanced or to be advanced by the Lenders to the Borrowers under Clause 2 (*The Loan*) or, where the context permits, the principal amount of the Vessel Loans advanced and for the time being outstanding.

"**Majority Lenders**" means a Lender or Lenders whose Commitments aggregate more than 662/3% of the Total Commitments (or, if the Total Commitments have been reduced to zero, aggregated more than 662/3% of the Total Commitments immediately prior to the reduction).

"**Management Agreements**" means the agreements for the commercial and technical management of the Vessels dated 28 March 2012 between the Borrowers respectively and the Manager.

"**Managers**" means (a) Diana Shipping or (b) in relation to any Vessel in respect of which the Borrowers exercise their right set out in Clause 23.31, Diana Wilhelmsen or (c) any other company which the Agent (acting on the instructions of the Majority Lenders) may approve from time to time as the technical or commercial manager of a Vessel.

"**Managers' Undertakings**" means the written undertakings of the Managers whereby, throughout the Facility Period unless otherwise agreed by the Agent:

(a) they will remain the commercial or technical managers of the Vessels (as the case may be); and

(b) they will not, without the prior written consent of the Agent, subcontract or delegate the commercial or technical management of the Vessels (as the case may be) to any third party; and

(c) the interests of the Managers in the Insurances will be assigned to the Security Agent with first priority; and

(d) (following the occurrence of an Event of Default) all claims of the Managers against the Borrowers shall be subordinated to the claims of the Finance Parties under the Finance Documents.

"**Margin**" means 2.40 per cent per annum.

"**Market Value**" means the value of a Vessel or Fleet Vessel conclusively determined by Approved Shipbrokers appointed by the Agent 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 valuations of that Vessel or Fleet Vessel addressed to the Agent certifying a value for that Vessel.

"**Master Agreement**" means any ISDA Master Agreement (or any other form of master agreement relating to interest or currency exchange transactions) entered into between the Swap Provider and the Borrowers during the Facility Period, including each Schedule to any Master Agreement and each Confirmation exchanged under any Master Agreement.

"**Master Agreement Proceeds**" means any and all sums due and payable to the Borrowers or any of them under the Master Agreement following an Early Termination Date (subject always to all rights of netting and set-off contained in the Master Agreement) and all rights to require and enforce the payment of those sums.

"**Master Agreement Proceeds Charge**" means a first priority deed of charge over the Master Agreement Proceeds.

"**Material Adverse Effect**" means in the reasonable opinion of the Majority Lenders a material adverse effect on:

(a) the business, operations, property, condition (financial or otherwise) or prospects of any Obligor 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 any Finance Party under any of the Finance Documents.

"**Maximum Loan Amount**" means $19,000,000.

"**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.

"**Mortgages**" means first preferred or priority statutory mortgages over the Vessels together with the Deeds of Covenants (if applicable).

"**New Lender**" has the meaning given to that term in Clause 25.1 (*Assignments and transfers by the Lenders*).

"**Non-Consenting Lender**" has the meaning given to that term in Clause 37.4.4 (*Replacement of Lender*).

"**Obligor**" means each Borrower, each Guarantor, the Pledgor, the Managers, any other Credit Support Provider, 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 Original Guarantor for the financial year ended 31 December 2017.

"**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 Agent, the Borrower and the Original Guarantor identifying the members of the Family and the Relevant Executives.

"**Party**" means a party to this Agreement.

"**Performance Shipping**" means Performance Shipping Inc. a company incorporated under the laws of the Republic of the Marshall Islands.

"**Permitted Disposal**" means any sale, lease, licence, transfer or other disposal which, except in the case of (b), is on arm's length terms:

(a) of trading stock or cash made by any Obligor in the ordinary course of trading of the disposing entity;

(b) of any asset by any Obligor or any other member of the Group (the "**Disposing Company**") to any other Obligor or any other member of the Group (the "**Acquiring Company**"), but if:

(i) the Disposing Company is an Obligor, the Acquiring Company must also be an Obligor;

(ii) the Disposing Company had given any Encumbrance over the asset, the Acquiring Company must give an equivalent Encumbrance over that asset; and

(iii) the Disposing Company is a Guarantor, the Acquiring Company must guarantee at all times an amount no less than that guaranteed by the Disposing Company;

(c) 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);

(d) of obsolete or redundant vehicles, plant and equipment for cash; and

(e) arising as a result of any Permitted Encumbrance.

"**Permitted Encumbrance**" means:

(a) any Encumbrance which has been disclosed to the Agent prior to the date of this Agreement and which has the prior written approval of the Agent;

(b) any Encumbrance in favour of a Finance Party created pursuant to the Finance Documents

(c) any Encumbrance arising by operation of law and in the ordinary course of trading and not as a result of any default or omission by an Obligor or any other member of the Group which has not been discharged within 30 days of its creation;

(d) any Quasi-Security arising as a result of a disposal which is a Permitted Disposal.

"**Pledgor**" means the Original Guarantor in its capacity as shareholder of the Borrowers.

"**Quasi-Security**" has the meaning given to that term in Clause 23.9 (*Negative pledge*).

"**Quotation Day**" means, in relation to any period for which an interest rate is to be determined 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 Agent 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 Charged Property.

"**Reference Bank Rate**" means the arithmetic mean of the rates (rounded upwards to four decimal places) as supplied to the Agent at its request by the Reference Banks:

(a) in relation to LIBOR as either:

(iv) 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

(v) 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 DNB Bank ASA or such other banks as may be appointed by the Agent in consultation with the Borrowers).

"**Related Fund**" in relation to a fund (the "**first fund**"), means a fund which is managed or advised by the same investment manager or investment adviser as the first fund or, if it is managed by a different investment manager or investment adviser, a fund whose investment manager or investment adviser is an Affiliate of the investment manager or investment adviser of the first fund.

"**Relevant Documents**" means the Finance Documents, the Charters and the Management Agreements.

"**Relevant Executives**" means the executives of the Original Guarantor identified in the Ownership Side Letter

"**Relevant Market**" means the London interbank market.

"**Relevant Person**" means:

(a) the Obligors and each of their Subsidiaries and each member of the Group; and

(b) each of their directors, officers, employees, agents and representatives.

"**Relevant Jurisdiction**" means, in relation to an Obligor:

(a) its Original Jurisdiction;

(b) any jurisdiction where any asset 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.

"**Repayment Date**" means each date for payment of a Repayment Instalment in accordance with Clause 6 (*Repayment*).

"**Repayment Instalment**" means any instalment of a Vessel Loan to be repaid by the Borrowers under Clause 6 (*Repayment*).

"**Repeating Representations**" means each of the representations set out in Clause 20.1.1 (*Status*) to Clause 20.1.6 (*Governing law and enforcement*) and Clause 20.1.10 (*No default*) to Clause 20.1.19 (*Pari passu ranking*).

"**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 and/or a Charterer (if the Charter is a bareboat Charter) 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).

"**Restricted Party**" means a person that is:

(a) listed on any Sanctions List or targeted by Sanctions (whether designated by name or by reason of being included in a class of person); or

(b) located in or incorporated under the laws of any country or territory that is the target of comprehensive, country- or territory-wide Sanctions; or

(c) directly or indirectly owned or controlled by, or acting on behalf, at the direction or for the benefit of, a person referred to in (a) and/or (to the extent relevant under Sanctions) (b) above.

"**Sanctions**" means any applicable (to any Relevant Person and/or Finance Party as the context provides) laws, regulations or orders concerning any trade, economic or financial sanctions or embargoes.

"**Sanctions Authority**" means the Norwegian State, the United Nations, the European Union, the Member States of the European Union, the United States of

America, , and any authority acting on behalf of any of them in connection with Sanctions.

"**Sanctions List**" means

(a) the lists of Sanctions designations and/or targets maintained by any Sanctions Authority and/or

(b) any other Sanctions designation or target listed and/or adopted by a Sanctions Authority,

in all cases, from time to time.

"**Screen Rate**" means the London interbank offered rate administered by ICE Benchmark Administration Limited (or any other person which takes over the administration of that rate) for the relevant currency and period displayed on pages LIBOR01 or LIBOR02 of the Thomson Reuters screen (or any replacement Thomson Reuters page which displays that rate) or on the appropriate page of such other information service which publishes that rate from time to time in place of Thomson Reuters. If such page or the service ceases to be available, the Agent may specify another page or service displaying the relevant rate after consultation with the Borrowers.

"**Secured Parties**" means each Finance Party from time to time party to this Agreement and any Receiver or Delegate.

"**Security Documents**" means the Mortgages, the Assignments, the Guarantee, the Account Security Deed, the Share Securities, the Managers' Undertakings, the Master Agreement Proceeds Charge and any other Credit Support Documents 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.

"**Share Securities**" means first priority charges of all the issued shares 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.

"**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).

"**Termination Date**" means the date falling on the earlier of (a) the fifth anniversary of the Utilisation Date and (b) 20 March 2024.

"**Total Commitments**" means the aggregate of the Commitments.

"**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 a Charterer (if the Charter is a bareboat Charter) within 30 days after the capture, seizure, arrest, detention, hijacking, theft, condemnation as prize, confiscation or forfeiture in question.

"**Transfer Certificate**" means a certificate substantially in the form set out in Schedule 4 (*Form of Transfer Certificate*) or any other form agreed between the Agent and the Borrowers.

"**Transfer Date**" means, in relation to an assignment or a transfer, the later of:

(a) the proposed Transfer Date specified in the relevant Assignment Agreement or Transfer Certificate; and

(b) the date on which the Agent executes the relevant Assignment Agreement or Transfer Certificate.

"**Treasury Transactions**" means any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price.

"**Trust Property**" means:

(a) all benefits derived by the Security Agent from Clause 17 (*Accounts and Application of Earnings*); and

(b) all benefits arising under (including, without limitation, all proceeds of the enforcement of) each of the Security Documents,

excluding any benefits arising solely for the benefit of the Security Agent.

"**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 relevant Vessel Loan is advanced under Clause 5 (*Advance*).

"**Utilisation Request**" means a notice substantially in the form set out in Schedule 3 (*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.

"**Vessel Loan**" means, for each Vessel, an amount up to the lesser of $9,500,000 and 65% of the Market Value of that Vessel advanced or to be advanced to the Borrowers by the Lenders in respect of that Vessel or, where the context permits, the aggregate principal amount so advanced and for the time being outstanding.

"**Vessel A**" means the dry bulk Panamax Ice Class 1B vessel of approximately 77,500 dwt currently named "Crystalia" with IMO no. 9658874 built in 2014 by Jiangnan Shanghai Changxing Heavy Ind currently registered under the flag of the Hellenic Republic in the ownership of Erikub and everything now or in the future belonging to her on board and ashore.

"**Vessel B**" means the dry bulk Panamax Ice Class 1B vessel of approximately 77,500 dwt currently named "Atalandi" with IMO no. 9658886 built in 2014 by Jiangnan Shanghai Changxing Heavy Ind currently registered under the flag of the Hellenic Republic in the ownership of Wotho and everything now or in the future belonging to her on board and ashore.

"**Vessels**" means Vessel A and Vessel B and "**Vessel**" means either one of them.

1.2 **Construction** Unless a contrary indication appears, any reference in this Agreement to:

1.2.1 any "**Lender**", any "**Borrower**", any "**Guarantor**", the "**Arranger**", the "**Agent**", the "**Swap Provider**", any "**Secured Party**", the "**Security Agent**", any "**Finance 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 a "**group of Lenders**" includes all the Lenders;

1.2.5 "**guarantee**" means (other than in Clause 19 (*Guarantee and Indemnity*)) 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 is a reference to London 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.

1.3 **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.

1.8 **Offer letter** This Agreement supersedes the terms and conditions contained in any correspondence relating to the subject matter of this Agreement exchanged between any Finance Party 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:

"**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.

"**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.

"**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.

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.

Section 2 **The Loan**

2. **The Loan**

2.1 **Amount** Subject to the terms of this Agreement, the Lenders agree to make available to the Borrowers on a joint and several basis a term loan comprising all the Vessel Loans and not exceeding in aggregate the Maximum Loan Amount.

2.2 Finance Parties' rights and obligations

2.2.1 The obligations of each Finance Party under the Finance Documents are several. Failure by a Finance Party to perform its obligations under the Finance Documents does not affect the obligations of any other Party under the Finance Documents. No Finance Party is responsible for the obligations of any other Finance Party under the Finance Documents.

2.2.2 The rights of each Finance Party under or in connection with the Finance Documents are separate and independent rights and any debt arising under the Finance Documents to a Finance Party from an Obligor is a separate and independent debt in respect of which a Finance Party shall be entitled to enforce its rights in accordance with Clause 2.2.3. The rights of each Finance Party include any debt owing to that Finance Party under the Finance Documents and, for the avoidance of doubt, any part of the Loan or any other amount owed by an Obligor which relates to a Finance Party's participation in the Loan or its role under a Finance Document (including any such amount payable to the Agent on its behalf) is a debt owing to that Finance Party by that Obligor.

2.2.3 A Finance Party may, except as specifically provided in the Finance Documents, separately enforce its rights under or in connection with the Finance Documents.

3. **Purpose**

3.1 **Purpose** The Borrowers shall apply the Loan for the purposes referred to in Preliminary (B).

3.2 **Monitoring** No Finance Party is bound to monitor or verify the application of any amount borrowed pursuant to this Agreement.

4. **Conditions of Utilisation**

4.1 Initial conditions precedent

4.1.1 The Lenders will only be obliged to comply with Clause 5.3 (*Lenders' participation*) in relation to the advance of a Vessel Loan if, on or before the relevant Utilisation Date, the Agent has received all of the documents and other evidence listed in Part I of Schedule 2 (*Conditions Precedent*) in form and substance satisfactory to the Agent, 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 specified in the relevant Utilisation Request or to any person or document relating to that Vessel

respectively. The Agent shall notify the Borrowers and the Lenders promptly upon being so satisfied.

4.1.2 Other than to the extent that the Majority Lenders notify the Agent in writing to the contrary before the Agent gives the notification described in Clause 4.1.1, the Lenders authorise (but do not require) the Agent to give that notification. The Agent shall not be liable for any damages, costs or losses whatsoever as a result of giving any such notification.

4.2 **Further conditions precedent**

4.2.1 The Lenders will only be obliged to advance a Vessel Loan if on the date of the relevant Utilisation Request and on the proposed Utilisation Date:

(a) no Default is continuing or would result from the advance of that Vessel Loan; and

(b) the representations made by each Borrower and each Guarantor under Clause 20 (*Representations*) are true; and

(c) no event or series of event has occurred which is likely to have a Material Adverse Effect

4.2.2 The Lenders will only be obliged to advance a Vessel Loan if that Vessel Loan will not amount to more than 65% of the Market Value of the relevant Vessel nor increase the Loan to a sum in excess of the Maximum Loan Amount nor result in more than 50% of the Maximum Loan Amount being advanced for any one Vessel.

4.3 **Conditions subsequent** The Borrowers undertake to deliver or to cause to be delivered to the Agent within 10 days after each Utilisation Date the additional documents and other evidence listed in Part II of Schedule 2 (*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 relevant Utilisation Request or to any person or document relating to that Vessel respectively.

4.4 **No waiver** If the Lenders agree to advance a Vessel Loan 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 Agent, the Borrowers undertake to deliver all outstanding documents and evidence to or to the order of the Agent no later than 30 days after the relevant Utilisation Date or such other date specified by the Agent (acting on the instructions of all the Lenders).

The advance of a Vessel Loan under this Clause 4.4 shall not be taken as a waiver of the Lenders' 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 Agent under this Clause shall:

4.5.1 be in form and substance acceptable to the Agent; and

4.5.2 if required by the Agent, be certified, notarised, legalised or attested in a manner acceptable to the Agent.

Section 3 **Utilisation**

5. **Advance**

5.1 **Delivery of a Utilisation Request** The Borrowers may request a Vessel Loan to be advanced by delivery to the Agent of a duly completed Utilisation Request not more than ten and not fewer than three Business Days before the proposed Utilisation Date.

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; and

5.2.3 the proposed Interest Period complies with Clause 9 (*Interest Periods*).

5.3 Lenders' participation

5.3.1 Subject to Clauses 2 (*The Loan*), 3 (*Purpose*) and 4 (*Conditions of Utilisation*), each Lender shall make its participation in any Vessel Loan available by the relevant Utilisation Date through its Facility Office.

5.3.2 The amount of each Lender's participation in any Vessel Loan will be equal to the proportion borne by its Commitment to the Total Commitments.

5.4 **Cancellation of Commitment** The Total Commitments shall be cancelled at the end of the Availability Period to the extent that they are unutilised at that time.

Section 4 **Repayment, Prepayment and Cancellation**

6. **Repayment**

6.1 **Repayment of each Vessel Loan** The Borrowers shall repay each Vessel Loan to the Agent for the account of the Lenders by 20 consecutive quarterly instalments the first 19 such instalments for each Vessel Loan shall each be in the sum of $238,640 and the final such instalments in the sum of $4,965,840 (comprising an instalment of $238,640 and a balloon amount of $4,727,200), the first instalment for each Vessel Loan falling due on the date which is three Months after the Utilisation Date in respect of that Vessel Loan and subsequent instalments falling due at consecutive intervals of three Months thereafter and with the final repayment instalment for each Vessel Loan falling due on the Termination Date.

6.2 **Reduction of Repayment Instalments** If the aggregate amount advanced to the Borrowers in respect of a Vessel Loan is less than $9,500,000, the amount of each Repayment Instalment in respect of that Vessel Loan shall be reduced pro rata to the amount actually advanced.

6.3 **Reborrowing** The Borrowers may not reborrow any part of a Vessel Loan which is repaid.

6.4 **Termination Date** On the Termination Date the Borrowers shall pay to the Finance Parties any and all outstanding sums of any nature (together with all accrued and unpaid interest on any of those sums) payable to any of the Finance Parties under all or any of the Finance Documents.

7. **Illegality, Prepayment and Cancellation**

7.1 **Illegality** If in any applicable jurisdiction it becomes unlawful (other than by reason of Sanctions) for a Lender to perform any of its obligations as contemplated by this Agreement or to fund or maintain its participation in the Loan or it becomes unlawful for any Affiliate of a Lender for that Lender to do so or any act or omission by an Obligor (or another Relevant Person) causes a breach of Sanctions by a Finance Party:

7.1.1 that Lender shall promptly notify the Agent upon becoming aware of that event;

7.1.2 upon the Agent notifying the Borrowers, the Commitment of that Lender will be immediately cancelled; and

7.1.3 to the extent that the Lender's participation has not been transferred pursuant to Clause 37.4 (Replacement of Lender), the Borrowers shall repay that Lender's participation in each Vessel Loan on the last day of its current Interest Period or, if earlier, the date specified by that Lender in the notice delivered to the Agent (being no earlier than the last day of any applicable grace period permitted by law).

7.2 **Voluntary cancellation** The Borrowers may, if they give the Agent not less than 5 Business Days' (or such shorter period as the Majority Lenders may agree) prior

notice, cancel the whole or any part (being a minimum amount of $238,640) of the undrawn amount of a Vessel Loan. Any cancellation under this Clause 7.2 shall reduce the Commitments of the Lenders rateably under that Vessel Loan.

7.3 **Voluntary prepayment of a Vessel Loan** The Borrowers may prepay the whole or any part of a Vessel Loan (but, if in part, being an amount that reduces that Vessel Loan by an amount which is an integral multiple of $238,640) subject as follows:

7.3.1 they give the Agent not less than 5 Business Days' (or such shorter period as the Majority Lenders may agree) prior notice;

7.3.2 a Vessel 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 in respect of that Vessel Loan on a pro rata basis.

7.4 Right of cancellation and prepayment in relation to a single Lender

7.4.1 If:

(a) any sum payable to any Lender by the Borrowers is required to be increased under Clause 12.2.2 (Tax gross-up); or

(b) any 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 Agent notice of cancellation of the Commitment(s) of that Lender and their intention to procure the repayment of that Lender's participation in the Loan.

7.4.2 On receipt of a notice referred to in Clause 7.4.1 in relation to a Lender, the Commitment(s) of that Lender shall immediately be reduced to zero.

7.4.3 On the last day of the Interest Period in respect of each Vessel Loan which ends after the Borrowers have given notice under Clause 7.4.1 in relation to a Lender (or, if earlier, the date specified by the Borrowers in that notice), the Borrowers shall repay that Lender's participation in that Vessel 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 If a Vessel is sold by a Borrower or becomes a Total Loss, the Borrowers shall, simultaneously with any such sale or on the earlier of the date falling 120 days after any such Total Loss and the date on which the proceeds of any such Total Loss are realised, prepay the Loan in an amount not less than the relevant Mandatory Prepayment Amount and any prepayment under this Clause 7.5 shall be applied (a) first in prepayment of the remaining Repayment Instalments (including the relevant Balloon) in respect of that Vessel Loan in inverse order of maturity and (b) second against the remaining Vessel Loan in prepayment of the remaining Repayment Instalments (including the relevant Balloon) in

respect of that Vessel Loan in inverse order of maturity.

7.5.2 For the purposes of Clause 7.5.1, the Market Value shall be determined by valuations not older than 30 days prior to the date of prepayment under Clause 7.5.1 (*Mandatory prepayment on sale or Total Loss*).

7.5.3 For the purpose of Clause 7.5, "**Mandatory Prepayment Amount**" means, in respect of a Vessel, an amount equal to the greater of:

(a) whole of the Vessel Loan in respect of that Vessel then outstanding; and

(b) an amount equal to the Market Value of the relevant Vessel divided by the aggregate Market Value of both Vessels and multiplied by the amount of the Loan outstanding at the time of such sale or Total Loss.

7.6 **Right of cancellation in relation to a Defaulting Lender** If any Lender becomes a Defaulting Lender, the Borrowers may, at any time while the Lender continues to be a Defaulting Lender, give the Agent 5 Business Days' notice of cancellation of the Commitment of that Lender. On that notice becoming effective, the Commitment of the Defaulting Lender shall immediately be reduced to zero. The Agent shall as soon as practicable after receipt of that notice notify all the Lenders.

7.7 **Restrictions** 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.

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.

The Borrowers shall not repay, prepay or cancel all or any part of a Vessel Loan except at the times and in the manner expressly provided for in this Agreement.

No amount of the Total Commitments cancelled under this Agreement may be subsequently reinstated.

The Borrowers may not reborrow any part of a Vessel Loan which is prepaid.

If the Agent receives a notice under this Clause 7 it shall promptly forward a copy of that notice to the Borrowers or the affected Lender, as appropriate.

Section 5 **Costs of Utilisation**

8. **Interest**

8.1 **Calculation of interest** The rate of interest on each Vessel 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 each Vessel 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**

8.3.1 If a Borrower or a Guarantor 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 higher than the rate which would have been payable if the overdue amount had, during the period of non-payment, constituted a Vessel Loan in the currency of the overdue amount for successive Interest Periods, each of a duration selected by the Agent (acting reasonably).

8.3.2 If an Event of Default occurs (other than under Clause 24.1.1 (*Non-payment*)) interest shall accrue on the Loan, for the period during which such Event of Default is continuing (before and after judgement) at a rate which is two percent per annum higher than the interest which is payable on the Loan for successive Interest Periods each of a duration selected by the Agent (acting reasonably).

8.3.3 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. Any interest accruing under this Clause 8.3 shall be immediately payable by the Borrower or the Guarantor on demand by the Agent.

8.4 **Notification of rates of interest** The Agent shall promptly notify the Borrowers of the determination of a rate of interest under this Agreement.

8.5 **Interest rate hedging** Subject to the Master Agreement having been entered into between the Borrowers and the Swap Provider, the Borrowers may enter into one or more interest rate swaps, as approved by the Swap Provider, in order to fix the interest rate of the Loan for a period longer than twelve (12) months, PROVIDED THAT interest shall accrue and be due and payable on a quarterly basis and FURTHER PROVIDED THAT payment of the accrued interest for the last Interest Period does not exceed the Termination Date.

9. Interest Periods

9.1 **Selection of Interest Periods** The Borrowers may select in a written notice to the Agent the duration of an Interest Period for each Vessel Loan subject as follows:

9.1.1 each notice is irrevocable and must be delivered to the Agent by the Borrowers not later than 11.00 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 9.2 (*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 three or six or twelve Months or any other period agreed between the Borrowers and the Agent (acting on the instructions of all the Lenders);

9.1.4 an Interest Period shall not extend beyond the Termination Date; and

9.1.5 each Interest Period shall start on the Utilisation Date of the Vessel Loan or (if the Vessel Loan is already advanced) on the last day of the preceding Interest Period and end on the date which numerically corresponds to the Utilisation Date of the Vessel Loan or the last day of the preceding Interest Period in the relevant Month.

9.2 **Interest Periods to meet Repayment Dates** If an Interest Period will expire after the next Repayment Date in respect of the relevant Vessel Loan, there shall be a separate Interest Period for a part of that Vessel 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 10.1.2, 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 Agent to determine LIBOR for dollars, Clause 10.3 (*Cost of funds*) shall apply to the relevant Vessel Loan 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 Agent receives notifications from a Lender or Lenders (whose participations in the relevant

Vessel Loan exceed 50 per cent of the relevant Vessel Loan) that the cost to it of funding its participation in the relevant Vessel 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 relevant Vessel 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 each Lender's share of the relevant Vessel 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 Agent by that 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 that Lender of funding its participation in the relevant Vessel Loan from whatever source it may reasonably select.

10.3.2 If this Clause 10.3 applies and the Agent or the Borrowers so require, the Agent and the Borrowers shall enter into negotiations (for a period of not more than thirty days) with a view to agreeing a substitute basis for determining the rate of interest.

10.3.3 Any alternative basis agreed pursuant to Clause 10.3.1 shall, with the prior consent of all the Lenders and the Borrowers, be binding on all Parties.

10.3.4 If an alternative basis is not agreed pursuant to Clause 10.3.1, the Borrowers will immediately prepay the relevant Commitment together with Break Costs and the remaining Repayment Instalments in respect of the relevant Vessel Loan shall be reduced pro rata.

10.4 **Break Costs** The Borrowers shall, within three Business Days of demand by a Finance Party, pay to that Finance Party its Break Costs attributable to all or any part of a Vessel Loan or Unpaid Sum being paid by the Borrowers on a day other than the last day of an Interest Period for that Vessel Loan or Unpaid Sum.

Each Lender shall, as soon as reasonably practicable after a demand by the Agent, provide a certificate confirming the amount of its Break Costs for any Interest Period in which they accrue.

11. Fees

11.1 **Commitment Fee** If the Lenders agree to extend the Availability Period to a date that falls after 20 March 2019 for reasons attributable to the Obligors, the Borrowers shall pay to the Agent (for the account of the Lenders in proportion to their Commitments) a fee computed at the rate of 0.2 per cent per annum on the undrawn amount of the Loan for the period commencing on 20 March 2019 and ending on the earlier of the Utilisation Date and the last day of the Availability Period (as extended by the Lenders).

The accrued commitment fee is payable on the last day of each successive period of three Months which ends during the Availability Period, on the last day of the Availability Period, on the Utilisation Date in respect of the final Vessel Loan to be advanced and (on the cancelled amount of the relevant Lender's Commitment) at the time the cancellation is effective.

11.2 **Arrangement fee** The Borrowers shall pay to the Arranger an arrangement fee in the amount and at the times agreed in the Fee Letter.

Section 6 **Additional Payment Obligations**

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, which:

(a) where it relates to a Treaty Lender that is an Original Lender, contains the scheme reference number and jurisdiction of tax residence stated opposite that Lender's name in Schedule 1 (*The Original Lenders*) and is filed with HM Revenue & Customs within 30 days of the date of this Agreement; or

(b) where it relates to a Treaty Lender that is not an Original Lender, contains the scheme reference number and jurisdiction of tax residence stated in respect of that Lender in the documentation which it executes on becoming a Party as a Lender and is filed with HM Revenue & Customs within 30 days of the relevant Transfer Date.

"**Protected Party**" means a Finance Party which is or will be subject to any liability or required to make any payment for or on account of Tax in relation to a sum received or receivable (or any sum deemed for the purposes of Tax to be received or receivable) under a Finance Document.

"**Qualifying Lender**" means a Lender which is beneficially entitled to interest payable to that Lender in respect of an advance under a Finance Document and:

(a) which 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) which 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) which is a Treaty Lender.

"**Tax Confirmation**" means a confirmation by a Lender that the person beneficially entitled to interest payable to that 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 a Finance Party under Clause 12.2 (*Tax gross-up*) or a payment under Clause 12.3 (*Tax indemnity*).

"**Treaty Lender**" means a Lender which:

(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 that Lender's participation in 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.

"**UK Non-Bank Lender**" means a Lender which is not an Original Lender and which gives a Tax Confirmation in the documentation which it executes on becoming a Party as a Lender.

Unless a contrary indication appears, in this Clause 12 a reference to "determines" or "determined" means a determination made in the absolute discretion of the person making the determination.

12.2 **Tax gross-up** Each 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, subject as follows:

12.2.1 a Borrower shall promptly upon becoming aware that it or any other Obligor must make a Tax Deduction (or that there is any change in the rate or the basis of a Tax Deduction) notify the Agent accordingly. Similarly, a Lender shall notify the Agent on becoming so aware in respect of a payment payable to that Lender. If the Agent receives such notification from a Lender it shall notify the Borrowers and any such other Obligor;

12.2.2 if a Tax Deduction is required by law to be made by a Borrower or any other Obligor, the amount of the payment due from that Borrower or that other Obligor shall be increased to an amount which (after making any Tax Deduction) leaves an amount equal to the payment which would have been due if no Tax Deduction had been required;

12.2.3 a payment shall not be increased under Clause 12.2.2 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 relevant Lender without a Tax Deduction if the Lender had been a Qualifying Lender, but on that date that 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 relevant 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 that Lender has received from the Borrower or from the other 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 relevant Lender is a Qualifying Lender solely by virtue of (b) of the definition of Qualifying Lender and:

(i) the relevant 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 relevant Lender is a Treaty Lender and the Borrower or the other Obligor making the payment is able to demonstrate that the payment could have been made to that Lender without the Tax Deduction had that Lender complied with its obligations under Clause 12.2.6 or Clause 12.2.7 (as applicable);

12.2.4 if a Borrower or any other Obligor is required to make a Tax Deduction, that Borrower shall (and 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;

12.2.5 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 shall procure that such other Obligor will) deliver to the Agent for the Finance Party entitled to the payment a statement under section 975 of the ITA or other evidence reasonably satisfactory to that Finance Party that the Tax Deduction has been made or (as applicable) any appropriate payment paid to the relevant taxing authority;

12.2.6 (a) Subject to (b), a Treaty Lender and each Borrower which makes a payment to which that Treaty Lender is entitled shall co-operate (and the Borrowers shall procure that each other Obligor which makes a payment to which that Treaty Lender is entitled will co-operate) in completing any procedural formalities necessary for that Borrower or that other Obligor to obtain authorisation to make that payment without a Tax Deduction.

(b) (i) A Treaty Lender which is an Original Lender and that holds a passport under the HMRC DT Treaty Passport scheme, and which wishes that scheme to apply to this Agreement, shall confirm its scheme reference number and its jurisdiction of tax residence opposite its name in Schedule 1 (The Original Lenders); and

(ii) a Treaty Lender which is not an Original Lender and that holds a passport under the HMRC DT Treaty Passport scheme, and which wishes that scheme to apply to this Agreement, shall confirm its scheme reference number and its jurisdiction of tax residence in the documentation which it executes on becoming a Party as a Lender,

and, having done so, that Lender shall be under no obligation pursuant to (a).

12.2.7 If a Lender has confirmed its scheme reference number and its jurisdiction of tax residence in accordance with Clause 12.2.6(b) and:

(a) a Borrower making a payment to that Lender has not made a Borrower DTTP Filing in respect of that Lender; or

(b) a Borrower making a payment to that Lender has made a Borrower DTTP Filing in respect of that Lender but:

(i) that Borrower DTTP Filing has been rejected by HM Revenue & Customs; or

(ii) HM Revenue & Customs has not given that Borrower authority to make payments to that Lender without a Tax Deduction within 60 days of the date of the Borrower DTTP Filing,

and in each case, that Borrower has notified that Lender in writing, that 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.

12.2.8 If a Lender has not confirmed its scheme reference number and jurisdiction of tax residence in accordance with Clause 12.2.6(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 that Lender's Commitment(s) or its participation in the Loan unless the Lender otherwise agrees.

12.2.9 A Borrower shall, promptly on making a Borrower DTTP Filing, deliver a copy of that Borrower DTTP Filing to the Agent for delivery to the relevant Lender.

12.2.10 A UK Non-Bank Lender shall promptly notify the Borrowers and the Agent if there is any change in the position from that set out in the Tax Confirmation.

12.3 **Tax indemnity**

12.3.1 Each Borrower shall (within three Business Days of demand by the Agent) pay to a Protected Party an amount equal to the loss, liability or cost which that Protected Party determines will be or has been (directly or indirectly) suffered for or on account of Tax by that Protected Party in respect of a Finance Document.

12.3.2 Clause 12.3.1 shall not apply:

(a) with respect to any Tax assessed on a Finance Party:

(i) under the law of the jurisdiction in which that Finance Party is incorporated or, if different, the jurisdiction (or jurisdictions) in which that Finance Party is treated as resident for tax purposes; or

(ii) under the law of the jurisdiction in which that Finance Party's Facility Office is located in respect of amounts received or receivable in that jurisdiction,

if that Tax is imposed on or calculated by reference to the net income received or receivable (but not any sum deemed to be received or receivable) by that Finance Party; or

(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 12.2.3 (*Tax gross-up*) applied; or

(iii) relates to a FATCA Deduction required to be made by a Party.

12.3.3 A Protected Party making, or intending to make a claim under Clause 12.3.1 shall promptly notify the Agent of the event which will give, or has given, rise to the claim, following which the Agent shall notify the Borrowers.

12.3.4 A Protected Party shall, on receiving a payment from a Borrower under this Clause 12.3, notify the Agent.

12.4 **Tax Credit** If a Borrower or any other Obligor makes a Tax Payment and the relevant Finance Party 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 that Finance Party has obtained and utilised that Tax Credit,

that Finance Party shall pay an amount to that Borrower or to that other Obligor which that Finance Party determines will leave it (after that payment) in the same after-Tax position as it would have been in had the Tax Payment not been made by that Borrower or that other Obligor.

12.5 **Lender status confirmation** Each Lender which is not an Original Lender shall indicate, in the documentation which it executes on becoming a Party as a Lender,

and for the benefit of the Agent and without liability to any Obligor, which of the following categories it falls in:

12.5.1 not a Qualifying Lender;

12.5.2 a Qualifying Lender (other than a Treaty Lender); or

12.5.3 a Treaty Lender.

If such a Lender fails to indicate its status in accordance with this Clause 12.5 then that Lender shall be treated for the purposes of this Agreement (including by each Obligor) as if it is not a Qualifying Lender until such time as it notifies the Agent which category applies (and the Agent, upon receipt of such notification, shall inform the Borrowers). For the avoidance of doubt, the documentation which a Lender executes on becoming a Party as a Lender shall not be invalidated by any failure of a Lender to comply with this Clause 12.5.

12.6 **Stamp taxes** The Borrowers shall pay and, within three Business Days of demand, indemnify each Finance Party against any cost, loss or liability that Finance Party incurs in relation to all stamp duty, registration and other similar Taxes payable in respect of any Finance Document.

12.7 **VAT**

12.7.1 All amounts expressed to be payable under a Finance Document by any Party or any Obligor to a Finance Party which (in whole or in part) constitute the consideration for any supply for VAT purposes are deemed to be exclusive of any VAT which is chargeable on that supply, and accordingly, subject to Clause 12.7.2, if VAT is or becomes chargeable on any supply made by any Finance Party to any Party or any Obligor under a Finance Document and such Finance Party is required to account to the relevant tax authority for the VAT, that Party or Obligor must pay to such Finance Party (in addition to and at the same time as paying any other consideration for such supply) an amount equal to the amount of the VAT (and such Finance Party must promptly provide an appropriate VAT invoice to the Borrowers).

12.7.2 If VAT is or becomes chargeable on any supply made by any Finance Party (the "**Supplier**") to any other Finance Party (the "**Recipient**") under a Finance Document, and any Party other than the Recipient (the "**Relevant Party**") is required by the terms of any Finance Document to pay an amount equal to the consideration for that supply to the Supplier (rather than being required to reimburse or indemnify the Recipient in respect of that consideration):

(a) (where the Supplier is the person required to account to the relevant tax authority for the VAT) the Relevant Party must also pay to the Supplier (at the same time as paying that amount) an additional amount equal to the amount of the VAT. The Recipient must (where this Clause 12.7.2(a) applies) promptly pay to the Relevant Party an amount equal to any credit or repayment the Recipient receives from the relevant tax authority which the

Recipient reasonably determines relates to the VAT chargeable on that supply; and

(b) (where the Recipient is the person required to account to the relevant tax authority for the VAT) the Relevant Party must promptly, following demand from the Recipient, pay to the Recipient an amount equal to the VAT chargeable on that supply but only to the extent that the Recipient reasonably determines that it is not entitled to credit or repayment from the relevant tax authority in respect of that VAT.

12.7.3 Where a Finance Document requires any Party to reimburse or indemnify a Finance Party for any cost or expense, that Party shall reimburse or indemnify (as the case may be) such Finance Party for the full amount of such cost or expense, including such part thereof as represents VAT, save to the extent that such Finance Party reasonably determines that it is entitled to credit or repayment in respect of such VAT from the relevant tax authority.

12.7.4 Any reference in this Clause 12.7 to any Party shall, at any time when such Party is treated as a member of a group for VAT purposes, include (where appropriate and unless the context otherwise requires) a reference to the representative member of such group at such time (the term "representative member" to have the same meaning as in the Value Added Tax Act 1994).

12.7.5 In relation to any supply made by a Finance Party to any Party under a Finance Document, if reasonably requested by such Finance Party, that Party must promptly provide such Finance Party with details of that Party's VAT registration and such other information as is reasonably requested in connection with such Finance Party's VAT reporting requirements in relation to such supply.

12.8 **FATCA information**

12.8.1 Subject to Clause 12.8.3, 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.

12.8.2 If a Party confirms to another Party pursuant to Clause 12.8.1(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.

12.8.3 Clause 12.8.1 shall not oblige any Finance Party to do anything, and Clause 12.8.1(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.

12.8.4 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 12.8.1(a) or 12.8.1(b) (including, for the avoidance of doubt, where Clause 12.8.3 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.

12.8.5 If a Borrower is a US Tax Obligor or the Agent reasonably believes that its obligations under FATCA or any other applicable law or regulation require it, each Lender shall, within ten Business Days of:

(a) where a Borrower is a US Tax Obligor and the relevant Lender is an Original Lender, the date of this Agreement;

(b) where a Borrower is a US Tax Obligor on a date on which any other Lender becomes a Party as a Lender, that date; or

(c) where a Borrower is not a US Tax Obligor, the date of a request from the Agent,

supply to the Agent:

(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 Agent may require to certify or establish the status of such Lender under FATCA or that other law or regulation.

12.8.6 The Agent shall provide any withholding certificate, withholding statement, document, authorisation or waiver it receives from a Lender pursuant to Clause 12.8.5 to the Borrowers.

12.8.7 If any withholding certificate, withholding statement, document, authorisation or waiver provided to the Agent by a Lender pursuant to Clause 12.8.5 is or becomes materially inaccurate or incomplete, that Lender shall promptly update it and provide such updated withholding

certificate, withholding statement, document, authorisation or waiver to the Agent unless it is unlawful for the Lender to do so (in which case the Lender shall promptly notify the Agent). The Agent shall provide any such updated withholding certificate, withholding statement, document, authorisation or waiver to the Borrowers.

12.8.8 The Agent may rely on any withholding certificate, withholding statement, document, authorisation or waiver it receives from a Lender pursuant to Clause 12.8.5 or 12.8.7 without further verification. The Agent shall not be liable for any action taken by it under or in connection with Clause 12.8.5, 12.8.6 or 12.8.7.

12.9 **FATCA Deduction**

12.9.1 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.

12.9.2 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 and, in addition, shall notify the Borrowers and the Agent and the Agent shall notify the other Finance Parties.

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 Agent, pay to the Agent for the account of a Finance Party the amount of any Increased Costs incurred by that Finance Party or any of its Affiliates as a result of (i) the introduction of or any change in (or in the interpretation, administration or application of) any law or regulation or (ii) compliance with any law or regulation made after the date of this Agreement 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, that Finance Party or any of that Finance Party'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 a Finance Party's (or its Affiliate's) overall capital;

(ii) an additional or increased cost; or

(iii) a reduction of any amount due and payable under any Finance Document,

which is incurred or suffered by a Finance Party or any of its Affiliates to the extent that it is attributable to that Finance Party having entered into any Finance Document or funding or performing its obligations under any Finance Document.

13.2 **Increased cost claims**

13.2.1 A Finance Party intending to make a claim pursuant to Clause 13.1 (*Increased costs*) shall notify the Agent of the event giving rise to the claim, following which the Agent shall promptly notify the Borrowers.

13.2.2 Each Finance Party shall, as soon as practicable after a demand by the Agent, provide a certificate confirming the amount of its Increased Costs.

13.3 **Exceptions** 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 or a Guarantor;

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 relevant Finance Party 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 or a Guarantor 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 that Guarantor (as the case may be); or

14.1.2 obtaining or enforcing an order, judgment or award in relation to any litigation or arbitration proceedings,

that Borrower or that Guarantor (as the case may be) as an independent obligation, within three Business Days of demand, indemnify each Secured Party to whom that Sum is due against any cost, loss or liability arising out of or as a result of the conversion including any discrepancy between (a) the rate of exchange used to convert that Sum from the First Currency into the Second Currency and (b) the rate or rates of exchange available to that Secured Party at the time of its receipt of that Sum.

Each Borrower and each Guarantor 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 each Secured Party against any cost, loss or liability incurred by that Secured Party 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, including without limitation, any cost, loss or liability arising as a result of Clause 30 (*Sharing among the Finance Parties*);

(c) funding, or making arrangements to fund, its participation in a Vessel Loan requested by the Borrowers in a Utilisation Request but not made by reason of the operation of any one or more of the

provisions of this Agreement (other than by reason of default or negligence by that Finance Party alone); or

(d) a Vessel Loan (or part of a Vessel Loan) not being prepaid in accordance with a notice of prepayment given by the Borrowers;

(e) any complaint, claim, proceeding, formal notice, investigation or other action by any regulatory authority or enforcement authority or third party concerning any actual or alleged breach of Sanctions by any Finance Party in connection with (directly or indirectly) the Loan.

14.2.2 The Borrowers shall promptly indemnify each Finance Party, each Affiliate of a Finance Party and each officer or employee of a Finance Party or its Affiliate (each such person for the purposes of this Clause 14.2 an "**Indemnified Person**") against any cost, loss or liability incurred by that Indemnified Person pursuant to or in connection with any litigation, arbitration or administrative proceedings or regulatory enquiry, in connection with or arising out of the entry into and the transactions contemplated by the Finance Documents, having the benefit of any 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 a Finance Party 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.

14.3 **Indemnity to the Agent** The Borrowers shall promptly indemnify the Agent against:

14.3.1 any cost, loss or liability incurred by the Agent (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; and

14.3.2 any cost, loss or liability (including, without limitation, for negligence or any other category of liability whatsoever) incurred by the Agent (otherwise than by reason of the Agent's gross negligence or wilful misconduct) (or, in the case of any cost, loss or liability pursuant to Clause 31.11 (*Disruption to payment systems etc*.) notwithstanding the Agent's negligence, gross negligence or any other category of liability whatsoever but not including any claim based on the fraud of the Agent) in acting as Agent under the Finance Documents.

14.4 **Indemnity to the Security Agent** Each Borrower and each Guarantor jointly and severally shall promptly indemnify the Security Agent and every Receiver and Delegate against any cost, loss or liability incurred by any of them as a result of:

14.4.1 any failure by the Borrowers to comply with their obligations under Clause 16 (*Costs and Expenses*);

14.4.2 acting or relying on any notice, request or instruction which it reasonably believes to be genuine, correct and appropriately authorised;

14.4.3 the taking, holding, protection or enforcement of the Security Documents;

14.4.4 the exercise of any of the rights, powers, discretions, authorities and remedies vested in the Security Agent and each Receiver and Delegate by the Finance Documents or by law;

14.4.5 any default by any Obligor in the performance of any of the obligations expressed to be assumed by it in the Finance Documents; or

14.4.6 acting as Security Agent, Receiver or Delegate under the Finance Documents or which otherwise relates to any of the Charged Property (otherwise, in each case, than by reason of the relevant Security Agent's, Receiver's or Delegate's gross negligence or wilful misconduct).

14.5 **Indemnity survival** The indemnities contained in this Agreement shall survive repayment of the Loan.

15. Mitigation by the Lenders

15.1 **Mitigation** Each Finance Party shall, in consultation with the Borrowers, take all reasonable steps to mitigate any circumstances which arise and which would result in any Vessel Loan 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 each Finance Party for all costs and expenses reasonably incurred by that Finance Party as a result of steps taken by it under Clause 15.1 (*Mitigation*). A Finance Party 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 Agent, the Security Agent and the Arranger the amount of all costs and expenses (including legal fees and costs related to operating a secure website for communicating with the Lenders) reasonably incurred by any of them (and, in the case of the Security Agent, by any Receiver or Delegate) in connection with:

16.1.1 the negotiation, preparation, printing, execution, syndication and perfection of this Agreement, any other documents referred to in this Agreement and any amendments to any Finance Documents;

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 a Finance Party to give effect to any Finance Document or which a Finance Party is entitled to call for or obtain under any Finance Document; 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 31.10 (*Change of currency*), the Borrowers shall, within three Business Days of demand, reimburse each of the Agent and the Security Agent for the amount of all costs and expenses (including legal fees) reasonably incurred by the Agent and the Security Agent (and, in the case of the Security Agent, by any Receiver or Delegate) in responding to, evaluating, negotiating or complying with that request or requirement.

16.3 **Agent and Security Agent's management time and additional remuneration** Any amount payable to the Agent under Clause 14.3 (*Indemnity to the Agent*) or to the Security Agent under Clause 14.4 (*Indemnity to the Security Agent*) or to either of them under this Clause 16 or Clause 27.11 (*Lenders' indemnity to the Agent*) in connection with any amendment to the Finance Documents or after the occurrence of a Default, shall include the cost of utilising the management time or other resources of the Agent or the Security Agent (as the case may be) and will be calculated on the basis of such reasonable daily or hourly rates as the Agent or the Security Agent may notify to the Borrowers and the Lenders, and is in addition to any other fee paid or payable to the Agent or the Security Agent.

16.4 **Enforcement and preservation costs** The Borrowers shall, promptly on demand, pay to each Finance Party and each other Secured Party the amount of all costs and expenses (including legal fees) incurred by that Finance Party in connection with the enforcement of, or the preservation of any rights under, any Finance Document and any proceedings instituted by or against the Security Agent as a consequence of taking or holding the Security Documents or enforcing those rights including (without limitation) any losses, costs and expenses which that Finance Party or other Secured Party may from time to time sustain, incur or become liable for by reason of that Finance Party or other Secured Party being mortgagee of a Vessel and/or a lender to a Borrower, or by reason of that Finance Party or other 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.

16.5 **Other costs** The Borrowers shall, promptly on demand, pay to each Finance Party and each other Secured Party the amount of all sums which that Finance Party or other Secured Party may pay or become actually 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 Finance Party or other Secured Party may pay or guarantees which it may give in respect of the Insurances, any expenses incurred by that Finance Party or other Secured Party in connection with the maintenance or repair of a Vessel or in discharging any lien, bond or other claim relating in any way to a Vessel, and any sums which that Finance Party or other Secured Party may pay or guarantees which it may give to procure the release of a Vessel from arrest or detention.

Section 7 **Accounts and Application of Earnings**

17. **Accounts**

17.1 **Earnings Accounts** 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.

17.2 **Earnings** The Borrowers shall procure that all Earnings and any Requisition Compensation are credited to the Earnings Accounts.

17.3 **Application of Earnings Account** The Borrowers shall transfer or cause to be transferred from the Earnings Account to the Agent for the account of the Lenders:

17.3.1 on each Repayment Date in respect of the relevant Vessel Loan, the amount of the Repayment Instalment then due; and

17.3.2 on each Interest Payment Date in respect of the relevant Vessel Loan, the amount of interest then due,

and the Borrowers irrevocably authorise the Security Agent to instruct the Account Holder to make those transfers if the Borrowers fail to do so.

17.4 **Borrowers' obligations not affected** If for any reason the amount standing to the credit of the Earnings Account 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.

17.5 **Release of surplus** Subject to Clause 22.1.1 (*Financial covenants*) being complied with, any amount remaining to the credit of the Earnings Accounts following the making of any transfer required by Clause 17.3 (*Application of Earnings Account*) shall (unless a Default is continuing) be released to or to the order of the Borrowers.

17.6 **Restriction on withdrawal** During the Facility Period no sum may be withdrawn from the Earnings Accounts (except in accordance with this Clause 17) without the prior written consent of the Security Agent. The Earnings Accounts shall not be overdrawn.

17.7 **Relocation of Earnings Accounts** On and at any time after the occurrence of a Default which is continuing, the Security Agent may without the consent of the Borrowers instruct the Account Holder to relocate either or both of the Earnings Accounts to any other branch of the Account Holder, without prejudice to the continued application of this Clause 17 and the rights of the Finance Parties under the Finance Documents.

17.8 **Access to information** The Security Agent (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.

17.9 **Statements** Without prejudice to the rights of the Security Agent under Clause 17.8 (*Access to information*), the Borrowers shall procure that the Account Holder

provides to the Security Agent, 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.

17.10 **Application after acceleration** From and after the giving of notice to the Borrowers by the Agent under Clause 24.2.1 (*Acceleration*), the Borrowers shall procure that all sums from time to time standing to the credit of either of the Earnings Accounts are immediately transferred to the Security Agent or any Receiver or Delegate for application in accordance with Clause 28 (*Application of Proceeds*) and the Borrowers irrevocably authorise the Security Agent to instruct the Account Holder to make those transfers.

18. Additional Security

18.1 **VTL Coverage**

18.1.1 If at any time the aggregate of the Market Value of the Vessels and the value of any additional security (such value to be the face amount of the deposit (in the case of cash), determined conclusively by appropriate advisers appointed by the Agent (in the case of other charged assets), and determined by the Agent (in all other cases)) for the time being provided to the Security Agent under this Clause 18.1 is less than 125% of the aggregate of the amount of the Loan then outstanding and the amount certified by the Swap Provider to be the amount which would be payable by the Borrowers to the Swap Provider under the Master Agreement if an Early Termination Date were to occur at that time (the "**VTL Coverage**"), the Borrowers shall, within 30 days of the Agent's request, at the Borrowers' option:

(a) pay to the Security Agent or to its nominee a cash deposit in the amount of the shortfall to be secured in favour of the Security Agent as additional security for the payment of the Indebtedness; or

(b) give to the Security Agent other additional security in amount and form acceptable to the Security Agent 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 7.7 (*Restrictions*) shall apply, *mutatis mutandis*, to any prepayment made under this Clause 18.1.

18.1.3 any prepayment under this Clause 18.1 shall be allocated proportionally between the outstanding Vessel Loans and thereafter applied in prepayment of the remaining Repayment Instalments (including the Balloon) in respect of each Vessel Loan in inverse order of maturity.

18.2 **Provision of valuations**

18.2.1 The Agent shall be entitled to obtain valuation(s) in evidence of the Market Value of (a) a Vessel for the purpose of Clause 18.1 (*VTL Coverage*) semi-

annually from the Utilisation Date of that Vessel and on dates to be selected by the Agent on the instructions of the Majority Lenders and (b) a Fleet Vessel for the purpose of Clause 22 (*Financial Covenants*), following receipt of the Compliance Certificate, once per calendar year, if the Agent (acting on the instructions of all the Lenders) so requires.

18.2.2 Additionally, the Agent shall at the request of the Lenders be entitled to obtain a valuation in evidence of the Market Value of a Vessel for the purpose of Clause 18.1 (*VTL Coverage*) or Fleet Vessel for the purpose of Clause 22 (Financial Covenants) at any time and each such valuation obtained shall be at the expense of the Lenders except where the Borrowers are by means of such valuation shown to be in breach of the relevant Clause.

18.2.3 Two Approved Shipbrokers shall be selected by the Borrowers and appointed by the Agent, and the Market Value of a Vessel shall be the arithmetic average of the two valuations by the two Approved Shipbrokers. If the two valuations differ by at least 10 per cent, then a third valuation for that Vessel shall be obtained from an Approved Shipbroker selected and appointed by the Agent and the Market Value of that Vessel shall be the arithmetic average of all three such valuations by the three Approved Shipbrokers. The Market Value of each Fleet Vessel shall be determined by a valuation obtained by one Approved Shipbroker selected by the Borrowers and appointed by the Agent, provided that the Agent (acting reasonably) shall have the right to appoint another Approved Shipbroker to provide a second valuation of that Fleet Vessel addressed to the Agent, in which case the Market Value of that Fleet Vessel shall be the arithmetic average of the two valuations.

18.2.4 The Agent may at any time after a Default has occurred and is continuing obtain a valuation in evidence of the Market Value of a Vessel or any other vessel over which additional security has been created in accordance with Clause 18.1 (*VTL Coverage*) or, if such Default is a result of a breach of the provisions of Clause 22 (*Financial Covenants*), a Fleet Vessel.

18.2.5 All valuations referred to in this Clause 18.2, except where specified in Clause 18.2.2, and all valuations to be obtained pursuant to Clause 4 (*Conditions of Utilisation*) shall be not older than 30 days prior to the date of testing the Market Value and shall be obtained at the cost and expense of the Borrowers and the Borrowers shall within three Business Days of demand by the Agent pay to the Agent the amount of all such costs and expenses.

19. Guarantee and Indemnity

19.1 **Guarantee and indemnity** Each Guarantor irrevocably and unconditionally jointly and severally:

19.1.1 guarantees to each Finance Party punctual performance by each other Obligor of all that Obligor's obligations under the Finance Documents;

19.1.2 undertakes with each Finance Party that whenever another Obligor does not pay any amount when due under or in connection with any Finance Document, that Guarantor shall immediately on demand pay that amount as if it was the principal obligor; and

19.1.3 agrees with each Finance Party that if any obligation guaranteed by it is or becomes unenforceable, invalid or illegal, it will, as an independent and primary obligation, indemnify that Finance Party immediately on demand against any cost, loss or liability it incurs as a result of an Obligor not paying any amount which would, but for such unenforceability, invalidity or illegality, have been payable by it under any Finance Document on the date when it would have been due. The amount payable by a Guarantor under this indemnity will not exceed the amount it would have had to pay under this Clause 19 if the amount claimed had been recoverable on the basis of a guarantee.

19.2 **Continuing Guarantee** This guarantee is a continuing guarantee and will extend to the ultimate balance of sums payable by any Obligor under the Finance Documents, regardless of any intermediate payment or discharge in whole or in part.

19.3 **Reinstatement** If any discharge, release or arrangement (whether in respect of the obligations of any Obligor or any security for those obligations or otherwise) is made by a Finance Party in whole or in part on the basis of any payment, security or other disposition which is avoided or must be restored in insolvency, liquidation, administration or otherwise, without limitation, then the liability of each Guarantor under this Clause 19 will continue or be reinstated as if the discharge, release or arrangement had not occurred.

19.4 **Waiver of defences** The obligations of each Guarantor under this Clause 19 will not be affected by an act, omission, matter or thing which, but for this Clause 19.4, would reduce, release or prejudice any of its obligations under this Clause 19 (without limitation and whether or not known to it or any Finance Party) including:

19.4.1 any time, waiver or consent granted to, or composition with, any Obligor or other person;

19.4.2 the release of any other Obligor or any other person under the terms of any composition or arrangement with any creditor of any Obligor or any other member of the Group;

19.4.3 the taking, variation, compromise, exchange, renewal or release of, or refusal or neglect to perfect, take up or enforce, any rights against, or security over assets of, any Obligor or other person or any non-presentation or non-observance of any formality or other requirement in respect of any instrument or any failure to realise the full value of any security;

19.4.4 any incapacity or lack of power, authority or legal personality of or dissolution or change in the members or status of an Obligor or any other person;

19.4.5 any amendment, novation, supplement, extension restatement (however fundamental and whether or not more onerous) or replacement of a Finance

Document or any other document or security including, without limitation, any change in the purpose of, any extension of or increase in any facility or the addition of any new facility under any Finance Document or other document or security;

19.4.6 any unenforceability, illegality or invalidity of any obligation of any person under any Finance Document or any other document or security; or

19.4.7 any insolvency or similar proceedings.

19.5 **Guarantor intent** Without prejudice to the generality of Clause 19.4 (*Waiver of defences*), each Guarantor expressly confirms that it intends that this guarantee shall extend from time to time to any (however fundamental) variation, increase, extension or addition of or to any of the Finance Documents and/or any facility or amount made available under any of the Finance Documents for the purposes of or in connection with any of the following: business acquisitions of any nature; increasing working capital; enabling investor distributions to be made; carrying out restructurings; refinancing existing facilities; refinancing any other indebtedness; making facilities available to new borrowers; any other variation or extension of the purposes for which any such facility or amount might be made available from time to time; and any fees, costs and/or expenses associated with any of the foregoing.

19.6 **Immediate recourse** Each Guarantor waives any right it may have of first requiring any Finance Party (or any trustee or agent on its behalf) to proceed against or enforce any other rights or security or claim payment from any person before claiming from that Guarantor under this Clause 19. This waiver applies irrespective of any law or any provision of a Finance Document to the contrary.

19.7 **Appropriations** Until all amounts which may be or become payable by the Obligors under or in connection with the Finance Documents have been irrevocably paid in full, each Finance Party (or any trustee or agent on its behalf) may:

19.7.1 refrain from applying or enforcing any other moneys, security or rights held or received by that Finance Party (or any trustee or agent on its behalf) in respect of those amounts, or apply and enforce the same in such manner and order as it sees fit (whether against those amounts or otherwise) and no Guarantor shall be entitled to the benefit of the same; and

19.7.2 hold in an interest-bearing suspense account any moneys received from any Guarantor or on account of any Guarantor's liability under this Clause 19.

19.8 **Deferral of Guarantors' rights** Until all amounts which may be or become payable by the Obligors under or in connection with the Finance Documents have been irrevocably paid in full and unless the Agent otherwise directs, no Guarantor will exercise any rights which it may have by reason of performance by it of its obligations under the Finance Documents or by reason of any amount being payable, or liability arising, under this Clause 19:

19.8.1 to be indemnified by an Obligor;

19.8.2 to claim any contribution from any other guarantor of any Obligor's obligations under the Finance Documents;

19.8.3 to take the benefit (in whole or in part and whether by way of subrogation or otherwise) of any rights of the Finance Parties under the Finance Documents or of any other guarantee or security taken pursuant to, or in connection with, the Finance Documents by any Finance Party;

19.8.4 to bring legal or other proceedings for an order requiring any Obligor to make any payment, or perform any obligation, in respect of which any Guarantor has given a guarantee, undertaking or indemnity under Clause 19.1 (*Guarantee and indemnity*);

19.8.5 to exercise any right of set-off against any Obligor; and/or

19.8.6 to claim or prove as a creditor of any Obligor in competition with any Finance Party.

If a Guarantor receives any benefit, payment or distribution in relation to such rights it shall hold that benefit, payment or distribution to the extent necessary to enable all amounts which may be or become payable to the Finance Parties by the Obligors under or in connection with the Finance Documents to be repaid in full on trust for the Finance Parties and shall promptly pay or transfer the same to the Agent or as the Agent may direct for application in accordance with Clause 31 (*Payment mechanics*).

19.9 **Additional security** This guarantee is in addition to and is not in any way prejudiced by any other guarantee or security now or subsequently held by any Finance Party.

Section 8 **Representations, Undertakings and Events of Default**

20. **Representations**

20.1 **Representations** Each Borrower and each Guarantor makes the representations and warranties set out in this Clause 20 to each Finance Party.

20.1.1 **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.

20.1.2 **Binding obligations** Subject to the Legal Reservations:

(a) the obligations expressed to be assumed by each of the Obligors in each of the Relevant Documents to which it is a party are legal, valid, binding and enforceable obligations; and

(b) (without limiting the generality of Clause 20.1.2(a)) each Security Document to which it is a party creates the security interests which that Security Document purports to create and those security interests are valid and effective.

20.1.3 **Non-conflict with other obligations** The entry into and performance by each of the Obligors of, and the transactions contemplated by, the Relevant Documents 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.

20.1.4 **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.

20.1.5 **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 each Finance Party 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 2 (*Conditions Subsequent*).

20.1.6 **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.

20.1.7 **Insolvency** No corporate action, legal proceeding or other procedure or step described in Clause 24.1.7 (*Insolvency proceedings*) or creditors' process described in Clause 24.1.8 (*Creditors' process*) has been taken or, to the knowledge of any Borrower or any Guarantor, threatened in relation to an Obligor or any other member of the Group; and none of the circumstances described in Clause 24.1.6 (*Insolvency*) applies to an Obligor or any other member of the Group.

20.1.8 **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.

20.1.9 **Deduction of Tax** None of the Obligors is required under the law of its jurisdiction of incorporation 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).

20.1.10 **No default**

(a) No Event of Default and, on the date of this Agreement and each Utilisation Date, no Default is continuing or is reasonably likely to result from the advance of any Vessel Loan 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 reasonably likely to have a Material Adverse Effect.

20.1.11 **No misleading information** Save as disclosed in writing to the Agent and the Arranger prior to the date of this Agreement:

(a) all material information provided to a Finance Party by or on behalf of any of the Obligors or any other member of the Group 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 any Finance Party 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 or any other member of the Group (including its advisers) to a Finance Party was true, complete and accurate in all material respects as at the date it was provided and is not misleading in any respect.

20.1.12 **Financial statements**

(a) The Original Financial Statements were prepared in accordance with GAAP consistently applied.

(b) The unaudited Original Financial Statements fairly represent each Obligor's and the Group's financial condition and results of operations for the relevant half year.

(c) The audited Original Financial Statements fairly represent each Obligor's and the Group's financial condition and results of operations during the relevant financial year.

(d) There has been no material adverse change in any Obligor's assets, business or financial condition (or the assets, business or consolidated financial condition of the Group, in the case of the Original Guarantor) since the date of the Original Financial Statements.

(e) Each Obligor's most recent financial statements delivered pursuant to Clause 21.1 (*Financial statements*):

(i) have been prepared in accordance with GAAP as applied to the Original Financial Statements; and

(ii) fairly represent its consolidated financial condition as at the end of, and its consolidated results of operations for, the period to which they relate.

(f) Since the date of the most recent financial statements delivered pursuant to Clause 21.1 (*Financial statements*) there has been no material adverse change in the assets, business or financial condition of any of the Obligors or any other member of the Group.

20.1.13 **No proceedings**

(a) No litigation, arbitration or administrative proceedings or investigation of or before any court, arbitral body 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 or any other member of the Group.

(b) No judgment or order of a court, arbitral body or agency 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 or any other member of the Group.

20.1.14 **No breach of laws** None of the Obligors or any other member of the Group has breached any law or regulation which breach has or is reasonably likely to have a Material Adverse Effect.

20.1.15 **Environmental laws**

(a) Each of the Obligors and each other member of the Group is in compliance with Clause 23.3 (*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.

20.1.16 **Taxation**

(a) None of the Obligors nor any other member of the Group 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 or any other member of the Group with respect to Taxes.

(c) Each of the Obligors and each other member of the Group is resident for Tax purposes only in its Original Jurisdiction.

20.1.17 **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.

20.1.18 **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 Obligors or any other member of the Group other than as permitted by the Finance Documents.

(b) None of the Obligors has any Financial Indebtedness outstanding other than as permitted by this Agreement.

20.1.19 **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.

20.1.20 **No adverse consequences**

(a) It is not necessary under the laws of the Relevant Jurisdictions of any of the Obligors or any other member of the Group:

(i) in order to enable any Finance Party to enforce its rights under any Finance Document; or

(ii) by reason of the execution of any Finance Document or the performance by it of its obligations under any Finance Document,

that any Finance Party should be licensed, qualified or otherwise entitled to carry on business in any of the Relevant Jurisdictions of any of the Obligors or any other member of the Group.

(b) No Finance Party is or will be deemed to be resident, domiciled or carrying on business in any of the Relevant Jurisdictions of any of the Obligors or any other member of the Group by reason only of the execution, performance and/or enforcement of any Finance Document.

20.1.21 **Disclosure of material facts** No Borrower is aware of any material facts or circumstances which have not been disclosed to the Agent 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.

20.1.22 **Completeness of Relevant Documents** The copies of any Relevant Documents provided or to be provided by the Borrowers to the Agent 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 in relation to the subject matter of those Relevant Documents and there are no commissions, rebates, premiums or other payments due or to become due in connection with the subject matter of those Relevant Documents other than in the ordinary course of business or as disclosed to, and approved in writing by, the Agent.

20.1.23 **No immunity** No Obligor or any of its assets is immune to any legal action or proceeding.

20.1.24 **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.

20.1.25 **Sanctions**

(a) No Relevant Person is:

(b) a Restricted Party;

(c) in breach of Sanctions; or

(d) subject to or involved in any complaint, claim, proceeding, formal notice, investigation or other action by any regulatory or enforcement authority or third party concerning any Sanctions.

20.2 **Repetition** Each Repeating Representation is deemed to be made by each Borrower and each Guarantor by reference to the facts and circumstances then existing on the date of each Utilisation Request, on each Utilisation Date, on the first day of each Interest Period and, in the case of those contained in Clauses 20.1.12(d) and 20.1.12(f) (*Financial statements*) and for so long as any amount is outstanding under the Finance Documents or any Commitment is in force, on each day.

21. Information Undertakings

The undertakings in this Clause 21 remain in force for the duration of the Facility Period.

21.1 **Financial statements** Each Borrower and the Original Guarantor shall supply to the Agent in sufficient copies for all of the Lenders:

21.1.1 as soon as the same become available, but in any event within 180 days after the end of each of its financial years, the audited (consolidated) financial statements of the Original Guarantor for that financial year; and

21.1.2 as soon as the same become available, but in any event within 90 days after the end of each half year during the Original Guarantor's financial years, the unaudited semi-annual financial statements for that half year.

21.2 **Compliance Certificate**

21.2.1 The Original Guarantor shall supply to the Agent, with each set of its annual financial statements delivered pursuant to Clause 21.1.1 (*Financial statements*) and each set of its semi-annual financial statements delivered pursuant to Clause 21.1.2 (*Financial statements*) and any financial statements required to be delivered under Clause 4 (*Conditions of Utilisation*), a Compliance Certificate setting out (in reasonable detail) computations as to compliance with Clause 22 (*Financial Covenants*) as at the date as at which those financial statements were drawn up.

21.2.2 Each Compliance Certificate shall be signed by the chief financial officer of the Original Guarantor.

21.3 **Requirements as to financial statements**

Each set of financial statements delivered pursuant to Clause 21.1 (*Financial statements*):

21.3.1 shall be certified by a director of the relevant company as fairly representing its financial condition and operations as at the date as at which those financial statements were drawn up;

21.3.2 in the case of consolidated financial statements of the Group, shall be accompanied by a statement by the directors of the Original Guarantor comparing actual performance for the period to which the financial statements relate to the actual performance for the corresponding period in the preceding financial year of the Group; and

21.3.3 shall be prepared using GAAP, accounting practices and financial reference periods consistent with those applied in the preparation of the Original Financial Statements unless, in relation to any set of financial statements, it notifies the Agent that there has been a change in GAAP, the accounting practices or reference periods and its auditors deliver to the Agent:

(a) a description of any change necessary for those financial statements to reflect the GAAP, accounting practices and reference

periods upon which the Original Financial Statements were prepared; and

(b) sufficient information, in form and substance as may be reasonably required by the Agent, to enable the Agent to determine whether Clause 22 (*Financial Covenants*) has been complied with and make an accurate comparison between the financial position indicated in those financial statements and the Original Financial Statements.

Any reference in this Agreement to those financial statements shall be construed as a reference to those financial statements as adjusted to reflect the basis upon which the Original Financial Statements were prepared.

21.4 **Information: miscellaneous** Each Borrower shall supply to the Agent (in sufficient copies for all the Lenders, if the Agent so requests):

21.4.1 at the same time as they are dispatched, copies of all documents dispatched by that Borrower 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);

21.4.2 promptly upon becoming aware of them, the details of any default, litigation, arbitration or administrative proceedings which are current, threatened or pending against any Obligor or any other member of the Group and which, if adversely determined, are reasonably likely to have a Material Adverse Effect;

21.4.3 promptly upon becoming aware of them, the details of any judgment or order of a court, arbitral body or agency which is made against any Obligor or any other member of the Group and which is reasonably likely to have a Material Adverse Effect;

21.4.4 promptly, such information and documents as the Security Agent may reasonably require about the Charged Property 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

21.4.5 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 any Finance Party through the Agent may reasonably request.

21.5 **Notification of default**

21.5.1 Each Borrower and each Guarantor shall notify the Agent of any Default (and the steps, if any, being taken to remedy it) promptly upon becoming aware of its occurrence.

21.5.2 Promptly upon a request by the Agent, each Borrower shall supply to the Agent a certificate signed by two of its directors or senior officers on its behalf certifying that no Default is continuing (or if a Default is continuing, specifying the Default and the steps, if any, being taken to remedy it).

21.6 **Sanctions**

21.6.1 Each of the Borrowers and the Original Guarantor shall notify the Agent promptly upon becoming aware of the relevant event and giving full details, if it or any other Relevant Person:

(a) becomes, or is reasonably likely to become, a Restricted Party;

(b) has any direct or indirect dealings with any Restricted Party; or

(c) is subject to, involved in or threatened with any complaint, claim, proceeding, formal notice, investigation or other action by any regulatory or enforcement authority or third party concerning any Sanctions and shall notify the Agent of the steps, if any, being taken to address it.

21.7 **"Know your customer" checks**

21.7.1 If:

(a) the introduction of or any change in (or in the interpretation, administration or application of) any law or regulation made after the date of this Agreement;

(b) any change in the status of 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

(c) a proposed assignment or transfer by a Lender of any of its rights and obligations under this Agreement to a party that is not a Lender prior to such assignment or transfer,

obliges the Agent or any Lender (or, in the case of Clause 21.7.1(c), any prospective new Lender) to comply with "know your customer" or similar identification procedures in circumstances where the necessary information is not already available to it, each Borrower shall promptly upon the request of the Agent or any Lender supply, or procure the supply of, such documentation and other evidence as is reasonably requested by the Agent (for itself or on behalf of any Lender) or any Lender (for itself or, in the case of the event described in Clause 21.7.1(c), on behalf of any prospective new Lender) in order for the Agent, such Lender or, in the case of the event described in Clause 21.7.1(c), any prospective new Lender to carry out and be satisfied it has complied with all necessary "know your customer" or other similar checks under all applicable laws and regulations pursuant to the transactions contemplated in the Finance Documents.

21.7.2 Each Lender shall promptly upon the request of the Agent supply, or procure the supply of, such documentation and other evidence as is reasonably requested by the Agent (for itself) in order for the Agent to carry out and be satisfied it has complied with all necessary "know your customer" or other similar checks under all applicable laws and regulations pursuant to the transactions contemplated in the Finance Documents.

21.7.3 The Borrowers shall, by not less than ten Business Days' prior written notice to the Agent, notify the Agent (which shall promptly notify the Lenders) of the intention to request that any other company becomes an Additional Guarantor pursuant to Clause 26 (*Changes to the Obligors*).

21.7.4 Following the giving of any notice pursuant to Clause 21.7.3, if the accession of such Additional Guarantor obliges the Agent or any Lender to comply with "know your customer" or similar identification procedures in circumstances where the necessary information is not already available to it, the Borrowers shall promptly upon the request of the Agent or any Lender supply, or procure the supply of, such documentation and other evidence as is reasonably requested by the Agent (for itself or on behalf of any Lender) or any Lender (for itself or on behalf of any prospective new Lender) in order for the Agent or such Lender or 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 accession of such company to this Agreement as an Additional Guarantor.

22. Financial Covenants

22.1.1 Each Borrower shall, from the Utilisation Date and throughout the Facility Period, maintain in the relevant Earnings Account a credit balance of not less than two hundred thousand Dollars ($200,000).

22.1.2 The Original Guarantor shall maintain throughout the Facility Period on a consolidated basis:

(a) Cash of not less than the higher of (i) $500,000 multiplied by the number of the Fleet Vessels and (ii) $10,000,000; and

(b) Market Value Adjusted Net Worth in an amount not less than $150,000,000; and

(c) Market Value Adjusted Net Worth in excess of 25% of the Total Assets.

For the purposes of this Clause 22:

"**Accounting Information**" means the semi-annual consolidated financial statements and/or the annual consolidated financial statements to be provided by the Original Guarantor to the Agent in accordance with Clauses 21.1.1 (*Financial statements*) and 21.1.2 (*Financial statements*).

"**Accounting Period**" means each consecutive period of approximately six months falling during the Facility Period (ending on the last day in June and

December of each year) for which semi-annual Accounting Information is required to be delivered pursuant to Clause 21.1.2 (*Financial statements*).

"**Cash**" means cash in hand which is not subject to any charge back or other Encumbrance and to which the Borrowers or the Original Guarantor (as the context requires) have free, immediate and direct access.

"**Current Assets**" means, in respect of each Accounting Period, the aggregate of the cash and marketable securities, trade and other receivables from persons other than a member of the Group realisable within one year, inventories and prepaid expenses which are to be charged to income within one year less any doubtful debts and any discounts or allowances given as stated in the then most recent Accounting Information.

"**Fleet Vessels**" means any vessel directly or indirectly owned by a member of the Group, excluding however any vessels which are at any given time during the Facility Period under construction and not yet delivered to the relevant member of the Group.

"**Market Value Adjusted Net Worth**" means the Market Value Adjusted Total Assets less Total Debt.

"**Market Value Adjusted Total Assets**" means, at any time, the Total Assets adjusted to reflect the difference between book values of all Fleet Vessels and the aggregate Market Value of all Fleet Vessels.

"**Tangible Fixed Assets**" means, in respect of an Accounting Period, the value (less depreciation computed in accordance with GAAP) on a consolidated basis of all the assets of the Group which would, in accordance with GAAP, be classified as tangible fixed assets, namely items held for ongoing use to the business of the Group including, without limitation, any land, plant, machinery and vessels as such value is stated in the then most recent Accounting Information Provided that, for the purposes of determining compliance with the covenants set forth in Clause 22 (*Financial covenants*), the value of such tangible fixed assets attributable to the Fleet Vessels shall be equal to the aggregate Fair Market Value of such Fleet Vessels rather than the value of such Fleet Vessels as stated in the then most recent Accounting Information.

Total Assets" means, in respect of an Accounting Period, the aggregate of Current Assets and Tangible Fixed Assets.

"**Total Debt**" means, in respect of an Accounting Period, in relation to any member of the Group (the "**debtor**"):

(a) any Financial Indebtedness of the debtor;

(b) liability of any credit to the debtor from a supplier of goods or services or under any instalment purchase or payment plan or other similar arrangement;

(c) contingent liabilities of the debtor (including without limitation any taxes or other payments under dispute) which have been or, under GAAP, should be recorded in the notes to the Accounting Information;

(d) any deferred tax of the debtor; and

(e) liability under a guarantee, indemnity or similar obligation entered into by the debtor in respect of a liability of another person who is not a member of the Group which would fall within (a) to (d) above if the references to the debtor referred to the other person.

23. General Undertakings

The undertakings in this Clause 23 remain in force for the duration of the Facility Period.

23.1 **Authorisations** Each Borrower and each Guarantor shall promptly:

23.1.1 obtain, comply with and do all that is necessary to maintain in full force and effect; and

23.1.2 supply certified copies to the Agent 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.

23.2 **Compliance with laws**

23.2.1 Each Borrower and each Guarantor 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 23.2.2 applies, and anti-corruption laws, to which Clause 23.5 applies) failure so to comply has or is reasonably likely to have a Material Adverse Effect.

23.2.2 Each Borrower and each Guarantor 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.

23.3 **Environmental compliance**

Each Borrower and each Guarantor shall:

23.3.1 comply with all Environmental Laws;

23.3.2 obtain, maintain and ensure compliance with all requisite Environmental Approvals; and

23.3.3 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.

23.4 **Environmental Claims**

Each Borrower and each Guarantor shall promptly upon becoming aware of the same, inform the Agent in writing of:

23.4.1 any Environmental Claim against any of the Obligors or any other member of the Group which is current, pending or threatened; and

23.4.2 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,

where the claim, if determined against that Obligor or other member of the Group, has or is reasonably likely to have a Material Adverse Effect.

23.5 **Anti-corruption law**

23.5.1 Each Borrower and each Guarantor 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.

23.5.2 Each Borrower and each Guarantor 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.

23.6 **Taxation**

23.6.1 Each Borrower and each Guarantor shall (and shall procure that each other Obligor and each other member of the Group will) pay and discharge all Taxes imposed upon it or its assets within the time period allowed without incurring penalties unless and only to the extent that:

(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 Agent under Clause 21.1 (*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.

23.6.2 Neither any Borrower nor any Guarantor may (and no other Obligor or other member of the Group may) change its residence for Tax purposes.

23.7 **Evidence of good standing** Each Borrower will from time to time, if applicable and if requested by the Agent, provide the Agent with evidence in form and substance satisfactory to the Agent that each Obligor and each corporate shareholder of an Obligor remains in good standing.

23.8 **Pari passu ranking** Each Borrower and each Guarantor shall ensure that at all times any unsecured and unsubordinated claims of a Finance Party against it under the Finance Documents rank at least *pari passu* with the claims of all its other unsecured and unsubordinated creditors except those creditors whose claims are mandatorily preferred by laws of general application to companies.

23.9 **Negative pledge**

In this Clause 23.9 "**Quasi-Security**" means an arrangement or transaction described in Clause 23.9.2.

Except as permitted under Clause 23.9.3:

23.9.1 No Borrower shall create nor permit to subsist any Encumbrance over any of its assets.

23.9.2 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.

23.9.3 Clauses 23.9.1 and 23.9.2 do not apply to (a) any Encumbrance or (as the case may be) Quasi-Security over a Vessel, which is a Permitted Encumbrance or (b) any Encumbrance or (as the case may be) Quasi-Security over any other asset, which is created in the ordinary course of trading and not as a result of any default or omission by an Obligor or any other member of the Group.

23.10 **Disposals**

23.10.1 Except as permitted under Clause 23.10.2, neither Borrower shall enter into a single transaction or a series of transactions (whether related or not) and whether voluntary or involuntary to sell, lease, transfer or otherwise dispose of any asset.

23.10.2 Clause 23.10.1 does not apply to any sale, lease, transfer or other disposal which is a Permitted Disposal.

23.11 **Arm's length basis**

23.11.1 Except as permitted under Clause 23.11.2, neither Borrower shall enter into any transaction with any person except on arm's length terms and for full market value.

23.11.2 The following transactions shall not be a breach of this Clause 23.11: fees, costs and expenses payable under the Relevant Documents in the amounts set out in the Relevant Documents delivered to the Agent under Clause 4.1 (*Initial conditions precedent*) or agreed by the Agent.

23.12 **Merger** Neither any Borrower nor any Guarantor shall enter into any amalgamation, demerger, merger, consolidation or corporate reconstruction.

23.13 **Change of business** Neither any Borrower nor any Guarantor shall (and the Borrowers shall procure that no other Obligor will) make any substantial change to the general nature of its business from that carried on at the date of this Agreement without the prior written consent of the Agent acting on the instructions of the Majority Lenders.

23.14 **No other business** No Borrower shall engage in any business other than the ownership, operation, chartering and management of the relevant Vessel.

23.15 **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.

23.16 **No Joint Ventures** Neither Borrower shall:

23.16.1 enter into, invest in or acquire (or agree to acquire) any shares, stocks, securities or other interest in any Joint Venture; or

23.16.2 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).

23.17 **No borrowings** No Borrower shall incur or allow to remain outstanding any Financial Indebtedness (except for the Loan) other than any Financial Indebtedness arising in the ordinary course of trading and any Financial Indebtedness from members of the Group which has been subordinated to the Loan and on terms acceptable to the Agent, such terms to include, without limitation, prohibition from payment of principal and interest prior to the expiry of the Facility Period.

23.18 **No substantial liabilities** Except in the ordinary course of business, neither Borrower shall incur any liability to any third party which is in the Agent's opinion of a substantial nature.

23.19 **No loans or credit** No Borrower shall be a creditor in respect of any Financial Indebtedness unless it is a loan made in the ordinary course of business in connection with the chartering, operation or repair of the relevant Vessel.

23.20 **No guarantees or indemnities** No Borrower shall incur or allow to remain outstanding any guarantee in respect of any obligation of any person unless it is a guarantee made in the ordinary course of business in connection with the chartering, operation or repair of the relevant Vessel.

23.21 **No dividends** Neither any Borrower nor any Guarantor shall:

23.21.1 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);

23.21.2 repay or distribute any dividend or share premium reserve;

23.21.3 pay or allow any member of the Group to pay any management, advisory or other fee to or to the order of any of the shareholders of the Guarantor;

23.21.4 redeem, repurchase, defease, retire or repay any of its share capital or resolve to do so; or

if an Event of Default (under Clauses 24.1.1 (Non-payment), 24.1.2 (*Other specific obligations*), 24.1.3 (*Other obligations*) or 24.1.17 (*Loss of Vessel*) or a Default (in all other cases) has occurred and is continuing or would result from any of the actions described in this Clause 23.21 or if the Guarantor cannot demonstrate to the Agent's satisfaction compliance with the requirements of Clause 22 (*financial covenants*) either before or after taking any of the actions referred to in this Clause 23.21.

23.22 **Inspection of records** Each Borrower and each Guarantor will permit the inspection of its financial records and accounts from time to time by the Agent or its nominee.

23.23 **No change in Relevant Documents** Neither any Borrower nor any Guarantor shall (and the Borrowers shall procure that no other Obligor or other member of the Group will) amend, vary, novate, supplement, supersede, waive or terminate any term of, any of the Relevant Documents (including, without limitation any Charter) which are not Finance Documents, or any other document delivered to the Agent pursuant to Clause 4.1 (*Initial conditions precedent*) or Clause 4.2 (*Further conditions precedent*) or Clause 4.3 (*Conditions subsequent*).

23.24 **Further assurance**

23.24.1 Each Borrower and each Guarantor shall (and shall procure that each other Obligor and each other member of the Group will) promptly do all such acts or execute all such documents (including assignments, transfers, mortgages, charges, notices and instructions) as the Security Agent may reasonably specify (and in such form as the Security Agent may

reasonably require in favour of the Security Agent or its nominee(s)):

(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 Security Agent or the Finance Parties provided by or pursuant to the Finance Documents or by law;

(b) to confer on the Security Agent or confer on the Finance Parties an Encumbrance over any property and assets of that Borrower (or that other Obligor or that other member of the Group 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.

23.24.2 Each Borrower and each Guarantor shall (and shall procure that each other Obligor and each other member of the Group 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 Security Agent or the Finance Parties by or pursuant to the Finance Documents.

23.25 **Sanctions**

23.25.1 No Obligor shall (and the Borrowers and the Guarantor shall ensure that no other Relevant Person will) take any action, make any omission or use (directly or indirectly) any proceeds of the Loan, in a manner that:

(a) is a breach of Sanctions; and/or

(b) causes (or will cause) a breach of Sanctions by any Relevant Person or Finance Party.

(c) causes any Finance Party to be involved in any complaint, claim, proceeding, formal notice, investigation or other action by any regulatory or enforcement authority or third party concerning any Sanctions.

23.25.2 No Obligor shall (and the Borrowers and the Guarantor shall ensure that no other Relevant Person will) take any action or make any omission that results, or is likely to result, in it or any Finance Party becoming a Restricted Party or otherwise a target of sanctions ("target of sanctions" signifying an entity or person ("**Target**") that is a target of laws, regulations or orders concerning any trade, economic or financial sanctions or embargoes by

virtue of prohibitions and/or restrictions being imposed on any US person or other legal or natural person subject to the jurisdiction or authority of a US Sanctions Authority which prohibit or restrict them from them engaging in trade, business or other activities with such Target without all appropriate licenses or exemptions issued by all applicable US Sanctions Authorities).

23.25.3 Each Obligor shall (and the Borrowers and the Guarantor shall ensure that each member of the Group will) maintain appropriate policies and procedures to:

(a) identify any risks to its business as a result of Sanctions; and

(b) promote and achieve compliance with its obligations under paragraphs (a) and (b) above.

23.26 **No dealings with Master Agreement**

23.26.1 No Borrower shall assign, novate or encumber or in any other way transfer any of its rights or obligations under the Master Agreement, nor (subject to Clause 23.26.2) enter into any interest rate exchange or hedging agreement with anyone other than the Swap Provider.

23.26.2 The Borrowers shall give the Swap Provider at all times throughout the Facility Period, the right of first refusal to enter into one or more hedging of interest rate risk of the Loan or other derivative products on competitive terms.

23.27 **Change of control**

23.27.1 The Borrowers and the Guarantor shall procure that throughout the Facility Period:-

(a) the Borrowers shall remain wholly owned and controlled Subsidiaries of the Guarantor;

(b) there is no change in the legal or beneficial ownership of a Borrower from that advised to the Agent on or prior to the date of this Agreement without the prior written consent of the Agent;

(c) the Family, with the exception of any financial institution acting as passive investor, remains the major legal owner or ultimate beneficial owner of the Guarantor;

(d) the Guarantor remains listed in the New York Stock Exchange;

(e) each of the Relevant Executives holds an executive position within the management structure of the Guarantor.

23.28 **Inventory of Hazardous Materials** Each Borrower shall procure that the Vessel owned by it has, from 1 January 2021, obtained an Inventory of Hazardous Material, in respect of the Vessel owned by it which shall be maintained throughout the Facility Period.

23.29 **Sustainable Vessel dismantling** Each of the Guarantor and the Borrowers confirms that it will ensure that any ship controlled by it or sold to an intermediary with the intention of being scrapped, is recycled at a recycling yard which conducts its recycling business in a socially and environmentally responsible manner, in accordance with the provisions of The Hong Kong International Convention for the Safe and Environmentally Sound Recycling of Ships, 2009 and/or EU Ship regulation.

23.30 **Reduction or increase of capital** No Borrower shall purchase, cancel or redeem any part of its share capital or reduce or increase its authorised or issued or subscribed capital or resolve to do so.

23.31 **Change of Managers** The Borrowers may, at their sole discretion, at any time during the Facility Period, change the Managers of a Vessel from Diana Shipping to Diana Wilhelmsen, provided that the Borrowers shall notify the Agent two Business Days prior to such change and undertake to provide the Agent with:

23.31.1 on or prior to such change:

(a) the documents listed in paragraphs 1(a)-(h) of Part I of Schedule 2;

(b) a legal opinion of the legal advisers to the Agent in each relevant jurisdiction, addressed to the Agent, or confirmation satisfactory that such opinion will be given;

(c) the Managers' Undertakings of the new Managers; and

(d) the ISM Company's current DOC,

23.31.2 within 1 Business Day after the change of the Approved Manager is concluded, the relevant Vessel's current ISSC and SMC; and

23.31.3 within 10 days the change of the Approved Manager is concluded, evidence that the prescribed particulars of the new Manager's Undertaking received by the Agent under Clause 23.31.1 (c), have been delivered to the Registry of Companies/Corporations in Cyprus within the statutory time limit.

24. Events of Default

24.1 **Events of Default** Each of the events or circumstances set out in this Clause 24.1 is an Event of Default.

24.1.1 **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.

24.1.2 **Other specific obligations**

(a) Any requirement of Clause 22 (*Financial Covenants*) is not satisfied.

(b) An Obligor does not comply with any obligation in a Finance Document relating to the Insurances or with Clause 7.5 (*Mandatory prepayment on sale or Total Loss*) or with Clause 18.1 (*Additional security*) or with Clause 23.25 (*Sanctions*) or with Clause 23.27 (*Change of control*).

24.1.3 **Other obligations**

(a) An Obligor does not comply with any provision of a Finance Document (other than those referred to in Clause 24.1.1 (Non-payment) and Clause 24.1.2 (Other specific obligations).

(b) No Event of Default under this Clause 24.1.3 will occur if the failure to comply is capable of remedy and is remedied within ten Business Days of the earlier of (i) the Agent giving notice to the Borrowers and (ii) the Borrowers becoming aware of the failure to comply.

24.1.4 **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.

24.1.5 **Cross default**

(a) Any Financial Indebtedness of an Obligor or of any other member of the Group is not paid when due nor within any originally applicable grace period.

(b) Any Financial Indebtedness of an Obligor or of any other member of the Group is declared to be, or otherwise becomes, due and payable prior to its specified maturity as a result of an event of default (however described).

(c) Any commitment for any Financial Indebtedness of an Obligor or of any other member of the Group is cancelled or suspended by a creditor of an Obligor or of any other member of the Group as a result of an event of default (however described).

(d) Any creditor of an Obligor or of any other member of the Group becomes entitled to declare any Financial Indebtedness of an Obligor or of any other member of the Group due and payable prior to its specified maturity as a result of an event of default (however described).

Provided that the amount or aggregate amount at any one time of all Financial Indebtedness of any Obligor or any other member of

the Group in relation to which any of the foregoing events shall have occurred and be continuing, is equal to or greater than five million Dollars ($5,000,000) or its equivalent in the currency which the same is denominated or payable .

24.1.6 **Insolvency**

(a) An Obligor or any other member of the Group:

(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 or any other member of the Group 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 or any other member of the Group. If a moratorium occurs, the ending of the moratorium will not remedy any Event of Default caused by that moratorium.

24.1.7 **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 or any other member of the Group;

(b) a composition, compromise, assignment or arrangement with any creditor of an Obligor or any other member of the Group;

(c) the appointment of a liquidator, receiver, administrative receiver, administrator, compulsory manager, trustee or other similar officer in respect of an Obligor or any other member of the Group or any of its assets; or

(d) enforcement of any Encumbrance over any assets of an Obligor or any other member of the Group,

or any analogous procedure or step is taken in any jurisdiction.

24.1.8 **Creditors' process** Any expropriation, attachment, sequestration, distress or execution (or any analogous process in any jurisdiction) affects any asset or assets of an Obligor or any other member of the Group and is not discharged within 7 days.

24.1.9 **Unlawfulness and invalidity**

(a) It is or becomes unlawful for an Obligor to perform any of its obligations under the Finance Documents or any Encumbrance created or expressed to be created or evidenced by the Security Documents 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 Lenders under the Finance Documents.

(c) Any Finance Document ceases to be in full force and effect or any Encumbrance created or expressed to be created or evidenced by the Security Documents ceases to be legal, valid, binding, enforceable or effective or is alleged by a party to it (other than a Finance Party) to be ineffective.

24.1.10 **Cessation of business** An Obligor ceases, or threatens to cease, to carry on all or a substantial part of its business.

24.1.11 **Change in ownership or control** There is any change in the beneficial ownership or control of a Borrower or (b) the Family ceases to be the major legal owner or ultimate beneficial owner of the Original Guarantor, with the exception of any financial institution acting as passive investor.

24.1.12 **Expropriation** The authority or ability of an Obligor or any other member of the Group to conduct its business is limited or wholly or substantially curtailed by any seizure, expropriation, nationalisation, intervention, restriction or other action by or on behalf of any governmental, regulatory or other authority or other person in relation to an Obligor or any member of the Group or any of its assets.

24.1.13 Repudiation and rescission of agreements

(a) An Obligor rescinds or purports to rescind or repudiates or purports to repudiate a Finance Document or evidences an intention to rescind or repudiate a Finance Document.

(b) Subject to Clause 24.1.13(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 Majority Lenders, likely to have a material adverse effect on the interests of the Lenders under the Finance Documents.

(c) Any of the Management Agreements or a Charter 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 Majority Lenders.

24.1.14 **Conditions subsequent** Any of the conditions referred to in Clause 4.3 (*Conditions subsequent*) is not satisfied within the time reasonably required by the Agent.

24.1.15 **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 a Finance Party) to comply with any of their obligations under any Relevant Document is not obtained, is revoked, suspended, withdrawn or withheld, or is modified in a manner which the Agent considers is, or may be, prejudicial to the interests of any Finance Party, or ceases to remain in full force and effect.

24.1.16 **Reduction of capital** A Borrower reduces its authorised or issued or subscribed capital.

24.1.17 **Loss of Vessel** A Vessel suffers a Total Loss or is otherwise destroyed or abandoned, or a similar event occurs in relation to any other vessel which may from time to time be mortgaged to the Security Agent as security for the payment of all or any part of the Indebtedness, except that a Total Loss (which term shall for the purposes of the remainder of this Clause 0 include an event similar to a Total Loss in relation to any other vessel) shall not be an Event of Default if:

(a) that Vessel or other vessel is insured in accordance with the Security Documents and a claim for Total Loss is available under the terms of the relevant insurances; and

(b) no insurer has refused to meet or has disputed the claim for Total Loss and it is not apparent to the Agent that any such refusal or dispute is likely to occur; and

(c) payment of all insurance proceeds in respect of the Total Loss is made in full to the Security Agent within 120 days of the occurrence of the casualty giving rise to the Total Loss in question (save that, in relation to a Total Loss under part (c) of the definition of Total Loss, an Event of Default shall not occur if payment of all insurance proceeds in respect of that Total Loss is made in full to the Security Agent within 120 days after that Total Loss has occurred) or (in each such case) such longer period as the Agent may agree.

24.1.18 **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.

24.1.19 **War** The country of registration of a Vessel becomes involved in war (whether or not declared) or civil war or is occupied by any other power and the Agent considers that, as a result, the security conferred by any of the Security Documents is materially prejudiced.

24.1.20 **Master Agreement termination** A notice is given by the Swap Provider under section 6(a) of the Master Agreement, or by any person under section 6(b)(iv) of the Master Agreement, in either case designating an Early Termination Date for the purpose of the Master Agreement, or the Master Agreement is for any other reason terminated, cancelled, suspended, rescinded, revoked or otherwise ceases to remain in full force and effect.

24.1.21 **Notice of determination** A Guarantor gives notice to the Security Agent to determine any obligations under the relevant Guarantee.

24.1.22 **Litigation** Any litigation, arbitration or administrative proceedings or investigations of, or before, any court, arbitral body or agency are started or threatened, or any judgment or order of a court, arbitral body or agency is made, in relation to 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.

24.1.23 **Material adverse change** Any event or circumstance occurs which the Majority Lenders reasonably believe has or is reasonably likely to have a Material Adverse Effect.

24.1.24 **Sanctions**

(a) Any Relevant Person becomes a Restricted Party.

An act or omission of a Relevant Person causes a breach of Sanctions by any Finance Party.

24.2 **Acceleration** On and at any time after the occurrence of an Event of Default the Agent may, and shall if so directed by the Majority Lenders:

24.2.1 by notice to the Borrowers:

(a) cancel the Total Commitments, at which time they shall immediately be cancelled;

(b) declare that all or part of the Loan, together with accrued interest, and all other amounts accrued or outstanding under the Finance Documents be immediately due and payable, 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 Agent on the instructions of the Majority Lenders; and/or

24.2.2 exercise or direct the Security Agent to exercise any or all of its rights, remedies, powers or discretions under the Finance Documents.

Section 9 **Changes to Parties**

25. CHANGES TO THE LENDERS

25.1 **Assignments and transfers by the Lenders** Subject to this Clause 25, a Lender (the "**Existing Lender**") may, subject to the prior written consent of the Borrowers (such consent not to be unreasonably withheld or unduly delayed):

25.1.1 assign any of its rights; or

25.1.2 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**").

25.2 **Conditions of assignment or transfer**

25.2.1 An Existing Lender must consult with the Borrowers for no more than five days before it may make an assignment or transfer in accordance with Clause 25.1 (*Assignments and transfers by the Lenders*) unless the assignment or transfer is:

(a) to another Lender or an Affiliate of any Lender;

(b) to a fund which is a Related Fund of that Existing Lender; or

(c) to the Arranger or an Affiliate of the Arranger and made in connection with the facilitation of primary syndication or first utilisation;

(d) made at a time when an Event of Default is continuing.

25.2.2 An assignment will only be effective on:

(a) receipt by the Agent (whether in the Assignment Agreement or otherwise) of written confirmation from the New Lender (in form and substance satisfactory to the Agent) that the New Lender will assume the same obligations to the other Finance Parties and the other Secured Parties as it would have been under if it had been an Original Lender; and

(b) performance by the Agent of all necessary "know your customer" or other similar checks under all applicable laws and regulations in relation to such assignment to a New Lender, the completion of which the Agent shall promptly notify to the Existing Lender and the New Lender.

25.2.3 A transfer will only be effective if the procedure set out in Clause 25.5 (*Procedure for transfer*) is complied with.

25.2.4 If:

(a) a 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 or a Guarantor would be obliged to make a payment to the New Lender or Lender acting through its new Facility Office under Clause 12 (*Tax Gross Up and Indemnities*) or Clause 13 (*Increased Costs*),

then the New Lender or Lender acting through its new Facility Office is only entitled to receive payment under those Clauses to the same extent as the Existing Lender or Lender acting through its previous Facility Office would have been if the assignment, transfer or change had not occurred. This Clause 25.2.4 shall not apply:

(c) in respect of an assignment or transfer made in the ordinary course of the primary syndication of the Loan; or

(d) in relation to Clause 12.2 (*Tax gross-up*), to a Treaty Lender that has included a confirmation of its scheme reference number and its jurisdiction of tax residence in accordance with Clause 12.2.6(b)(ii) (*Tax gross-up*) if the Borrower making the payment has not made a Borrower DTTP Filing in respect of that Treaty Lender.

25.2.5 Each New Lender, by executing the relevant Transfer Certificate or Assignment Agreement, confirms, for the avoidance of doubt, that the Agent has authority to execute on its behalf any amendment or waiver that has been approved by or on behalf of the requisite Lender or Lenders in accordance with this Agreement on or prior to the date on which the transfer or assignment becomes effective in accordance with this Agreement and that it is bound by that decision to the same extent as the Existing Lender would have been had it remained a Lender.

25.3 **Assignment or transfer fee**

25.3.1 Subject to Clause 25.3.2, the New Lender shall, on the date upon which an assignment or transfer takes effect, pay to the Agent (for its own account) a fee of $3,000.

25.3.2 No fee is payable pursuant to Clause 25.3.1 if:

(a) the Agent agrees that no fee is payable; or

(b) the assignment or transfer is made by an Existing Lender:

(i) to an Affiliate of that Existing Lender;

(ii) to a fund which is a Related Fund of that Existing Lender; or

(iii) in connection with primary syndication of the Loan.

25.4 **Limitation of responsibility of Existing Lenders**

25.4.1 Unless expressly agreed to the contrary, an Existing 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 or any other member of the Group 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.

25.4.2 Each New Lender confirms to the Existing Lender and the other Finance 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 Existing 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 while any amount is or may be outstanding under the Finance Documents or any Commitment is in force.

25.4.3 Nothing in any Finance Document obliges an Existing 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 25; 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.

25.5 **Procedure for transfer**

25.5.1 Subject to the conditions set out in Clause 25.2 (*Conditions of assignment or transfer*) a transfer is effected in accordance with Clause 25.5.3 when the Agent executes an otherwise duly completed Transfer Certificate delivered to it by the Existing Lender and the New Lender. The Agent shall, subject to

Clause 25.2.2(b), as soon as reasonably practicable after receipt by it of a duly completed Transfer Certificate appearing on its face to comply with the terms of this Agreement and delivered in accordance with the terms of this Agreement, execute that Transfer Certificate.

25.5.2 The Agent shall only be obliged to execute a Transfer Certificate delivered to it by the Existing Lender and the New Lender once it is satisfied it has complied with all necessary "know your customer" or other similar checks under all applicable laws and regulations in relation to the transfer to such New Lender.

25.5.3 Subject to Clause 25.9 (*Pro rata interest settlement*), on the Transfer Date:

(a) to the extent that in the Transfer Certificate the Existing Lender seeks to transfer by novation its rights and obligations under the Finance Documents each Borrower and each Guarantor and the Existing Lender shall be released from further obligations towards one another under the Finance Documents and their respective rights against one another shall be cancelled (being the "**Discharged Rights and Obligations**");

(b) each Borrower and each Guarantor and the New Lender shall assume obligations towards one another and/or acquire rights against one another which differ from the Discharged Rights and Obligations only insofar as that Borrower and that Guarantor and the New Lender have assumed and/or acquired the same in place of that Borrower and that Guarantor and the Existing Lender;

(c) the Agent, the Security Agent, the Arranger, the New Lender and other Lenders shall acquire the same rights and assume the same obligations between themselves as they would have acquired and assumed had the New Lender been an Original Lender with the rights and/or obligations acquired or assumed by it as a result of the transfer and to that extent the Agent, the Security Agent, the Arranger and the Existing Lender shall each be released from further obligations to each other under the Finance Documents; and

(d) the New Lender shall become a Party as a "Lender".

25.6 **Procedure for assignment**

25.6.1 Subject to the conditions set out in Clause 25.2 (*Conditions of assignment or transfer*) an assignment may be effected in accordance with Clause 25.6.3 when the Agent executes an otherwise duly completed Assignment Agreement delivered to it by the Existing Lender and the New Lender. The Agent shall, subject to Clause 25.6.2, as soon as reasonably practicable after receipt by it of a duly completed Assignment Agreement appearing on its face to comply with the terms of this Agreement and delivered in accordance with the terms of this Agreement, execute that Assignment Agreement.

25.6.2 The Agent shall only be obliged to execute an Assignment Agreement delivered to it by the Existing Lender and the New Lender once it is satisfied it has complied with all necessary "know your customer" or other similar checks under all applicable laws and regulations in relation to the assignment to such New Lender.

25.6.3 Subject to Clause 25.9 (*Pro rata interest settlement*), on the Transfer Date:

(a) the Existing Lender will assign absolutely to the New Lender its rights under the Finance Documents and in respect of any Encumbrance created or expressed to be created or evidenced by the Security Documents and expressed to be the subject of the assignment in the Assignment Agreement;

(b) the Existing Lender will be released from the obligations (the "**Relevant Obligations**") expressed to be the subject of the release in the Assignment Agreement (and any corresponding obligations by which it is bound in respect of any Encumbrance created or expressed to be created or evidenced by the Security Documents); and

(c) the New Lender shall become a Party as a "Lender" and will be bound by obligations equivalent to the Relevant Obligations.

25.6.4 Lenders may utilise procedures other than those set out in this Clause 25.6 to assign their rights under the Finance Documents (but not, without the consent of the relevant Obligor or unless in accordance with Clause 25.5 (*Procedure for transfer*), to obtain a release by that Obligor from the obligations owed to that Obligor by the Lenders nor the assumption of equivalent obligations by a New Lender) **provided that** they comply with the conditions set out in Clause 25.2 (*Conditions of assignment or transfer*).

25.7 **Copy of Transfer Certificate or Assignment Agreement to Borrowers** The Agent shall, as soon as reasonably practicable after it has executed a Transfer Certificate or an Assignment Agreement, send to the Borrowers a copy of that Transfer Certificate or Assignment Agreement.

25.8 **Security over Lenders' rights** In addition to the other rights provided to Lenders under this Clause 25, each 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 that Lender including, without limitation:

25.8.1 any charge, assignment or other Encumbrance to secure obligations to a federal reserve or central bank; and

25.8.2 any charge, assignment or other Encumbrance granted to any holders (or trustee or representatives of holders) of obligations owed, or securities issued, by that Lender as security for those obligations or securities,

except that no such charge, assignment or Encumbrance shall:

(a) release a 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 relevant Lender under the Finance Documents.

25.9 **Pro rata interest settlement**

25.9.1 If the Agent has notified the Lenders that it is able to distribute interest payments on a "pro rata basis" to Existing Lenders and New Lenders then (in respect of any transfer pursuant to Clause 25.5 (*Procedure for transfer*) or any assignment pursuant to Clause 25.6 (*Procedure for assignment*) the Transfer Date of which, in each case, is after the date of such notification and is not on the last day of an Interest Period):

(a) any interest or fees in respect of the relevant participation which are expressed to accrue by reference to the lapse of time shall continue to accrue in favour of the Existing Lender up to but excluding the Transfer Date ("**Accrued Amounts**") and shall become due and payable to the Existing Lender (without further interest accruing on them) on the last day of the current Interest Period (or, if the Interest Period is longer than six Months, on the next of the dates which falls at intervals of six Months after the first day of that Interest Period); and

(b) the rights assigned or transferred by the Existing Lender will not include the right to the Accrued Amounts, so that, for the avoidance of doubt:

(i) when the Accrued Amounts become payable, those Accrued Amounts will be payable for the account of the Existing Lender; and

(ii) the amount payable to the New Lender on that date will be the amount which would, but for the application of this Clause 25.9, have been payable to it on that date, but after deduction of the Accrued Amounts.

25.9.2 In this Clause 25.9 references to "Interest Period" shall be construed to include a reference to any other period for accrual of fees.

25.9.3 An Existing Lender which retains the right to the Accrued Amounts pursuant to this Clause 25.9 but which does not have a Commitment shall be deemed not to be a Lender for the purposes of ascertaining whether the agreement of any specified group of Lenders has been obtained to approve any request for a consent, waiver, amendment or other vote of Lenders under the Finance Documents.

26. Changes To The Obligors

26.1 **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.

26.2 Additional Guarantors

26.2.1 Subject to compliance with the provisions of Clauses 21.7.3 and 21.7.4 ("*Know your customer" checks*), the Borrowers or the Original Guarantor may request that any Affiliate of a Borrower become a Guarantor.

26.2.2 An Affiliate of a Borrower shall become an Additional Guarantor if:

(a) the Borrowers or the Original Guarantor and the proposed Additional Guarantor deliver to the Agent a duly completed and executed Accession Deed; and

(b) the Agent has received all of the documents and other evidence listed in Part I of Schedule 2 (*Conditions Precedent*) and, if applicable, Part II of Schedule 2 (*Conditions Subsequent*) in relation to that Additional Guarantor, each in form and substance satisfactory to the Agent.

26.2.3 The Agent shall notify the Borrowers and the Lenders promptly upon being satisfied that it has received (in form and substance satisfactory to it) all the documents and other evidence listed in Part I of Schedule 2 (*Conditions Precedent*) and, if applicable, Part II of Schedule 2 (*Conditions Subsequent*).

26.2.4 Other than to the extent that the Majority Lenders notify the Agent in writing to the contrary before the Agent gives the notification described in Clause 26.2.3, the Lenders authorise (but do not require) the Agent to give that notification. The Agent shall not be liable for any damages, costs or losses whatsoever as a result of giving any such notification.

26.3 **Resignation of a Guarantor**

26.3.1 The Borrowers or the Original Guarantor may request that a Guarantor (other than the Original Guarantor) ceases to be a Guarantor by delivering to the Agent a Resignation Letter if all the Lenders have consented to the resignation of that Guarantor.

26.3.2 The Agent shall accept a Resignation Letter and notify the Borrowers and the Lenders of its acceptance if:

(a) the Borrowers have confirmed that no Default is continuing or would result from the acceptance of the Resignation Letter; and

(b) no payment is due from any Guarantor under Clause 19.1 (*Guarantee and Indemnity*).

26.4 **Repetition of Representations**

Delivery of an Accession Deed constitutes confirmation by the relevant Affiliate of a Borrower that the Repeating Representations are true and correct in relation to it as

at the date of delivery as if made by reference to the facts and circumstances then existing.

Section 10 The Finance Parties

27. Role of the Agent, the Security Agent and the Arranger

27.1 Appointment of the Agent

27.1.1 Each of the Arranger and the Lenders appoints the Agent to act as its agent under and in connection with the Finance Documents and each of the Arranger, the Lenders and the Agent appoints the Security Agent to act as its security agent for the purpose of the Security Documents.

27.1.2 Each of the Arranger and the Lenders authorises the Agent and each of the Arranger, the Lenders and the Agent authorises the Security Agent to perform the duties, obligations and responsibilities and to exercise the rights, powers, authorities and discretions specifically given to the Agent or the Security Agent (as the case may be) under or in connection with the Finance Documents together with any other incidental rights, powers, authorities and discretions.

27.1.3 The Swap Provider appoints the Security Agent to act as its security agent for the purpose of the Security Documents and authorises the Security Agent to exercise the rights, powers, authorities and discretions specifically given to the Security Agent under or in connection with the Security Documents together with any other incidental rights, powers, authorities and discretions.

27.1.4 Except in Clause 27.14 (*Replacement of the Agent*) or where the context otherwise requires, references in this Clause 27 to the "**Agent**" shall mean the Agent and the Security Agent individually and collectively and references in this Clause 27 to the "**Finance Documents**" or to any "**Finance Document**" shall not include the Master Agreement.

27.2 **Instructions**

27.2.1 The Agent shall:

(a) unless a contrary indication appears in a Finance Document, exercise or refrain from exercising any right, power, authority or discretion vested in it as Agent in accordance with any instructions given to it by:

(i) all Lenders if the relevant Finance Document stipulates the matter is an all Lender decision; and

(ii) in all other cases, the Majority Lenders; and

(b) not be liable for any act (or omission) if it acts (or refrains from acting) in accordance with Clause 27.2.1(a).

27.2.2 The Agent shall be entitled to request instructions, or clarification of any instruction, from the Majority Lenders (or, if the relevant Finance Document stipulates the matter is a decision for any other Lender or group of Lenders, from that Lender or group of Lenders) as to whether, and in what manner, it

should exercise or refrain from exercising any right, power, authority or discretion and the Agent may refrain from acting unless and until it receives any such instructions or clarification that it has requested.

27.2.3 Save in the case of decisions stipulated to be a matter for any other Lender or group of Lenders under the relevant Finance Document and unless a contrary indication appears in a Finance Document, any instructions given to the Agent by the Majority Lenders shall override any conflicting instructions given by any other Parties and will be binding on all Finance Parties.

27.2.4 The Agent may refrain from acting in accordance with any instructions of any Lender or group of Lenders until it has received any indemnification and/or security that it may in its discretion require (which may be greater in extent than that contained in the Finance Documents and which may include payment in advance) for any cost, loss or liability which it may incur in complying with those instructions.

27.2.5 In the absence of instructions, the Agent may act (or refrain from acting) as it considers to be in the best interest of the Lenders.

27.2.6 The Agent is not authorised to act on behalf of a Lender (without first obtaining that Lender's consent) in any legal or arbitration proceedings relating to any Finance Document. This Clause 27.2.6 shall not apply to any legal or arbitration proceeding relating to the perfection, preservation or protection of rights under the Finance Documents or the enforcement of the Finance Documents.

27.3 **Duties of the Agent**

27.3.1 The Agent's duties under the Finance Documents are solely mechanical and administrative in nature.

27.3.2 Subject to Clause 27.3.3, the Agent shall promptly forward to a Party the original or a copy of any document which is delivered to the Agent for that Party by any other Party.

27.3.3 Without prejudice to Clause 25.7 (*Copy of Transfer Certificate or Assignment Agreement to Borrowers*), Clause 27.3.1 shall not apply to any Transfer Certificate or any Assignment Agreement.

27.3.4 Except where a Finance Document specifically provides otherwise, the Agent is not obliged to review or check the adequacy, accuracy or completeness of any document it forwards to another Party.

27.3.5 If the Agent receives notice from a Party referring to this Agreement, describing a Default and stating that the circumstance described is a Default, it shall promptly notify the Finance Parties.

27.3.6 If the Agent is aware of the non-payment of any principal, interest, commitment fee or other fee payable to a Finance Party (other than the Agent, the Arranger or the Security Agent) under this Agreement it shall promptly notify the other Finance Parties.

27.3.7 The Agent shall have only those duties, obligations and responsibilities expressly specified in the Finance Documents to which it is expressed to be a party (and no others shall be implied).

27.4 **Role of the Arranger** Except as specifically provided in the Finance Documents, the Arranger has no obligations of any kind to any other Party under or in connection with any Finance Document.

27.5 **No fiduciary duties**

27.5.1 Subject to Clause 27.12 (*Trust*) which relates to the Security Agent only, nothing in any Finance Document constitutes the Agent or the Arranger as a trustee or fiduciary of any other person.

27.5.2 Neither the Agent nor the Arranger shall be bound to account to any Lender for any sum or the profit element of any sum received by it for its own account.

27.6 **Business with Obligors and the Group** The Agent and the Arranger may accept deposits from, lend money to and generally engage in any kind of banking or other business with any Borrower, any other Obligor or its Affiliate and any other member of the Group.

27.7 Rights and discretions of the Agent

27.7.1 The Agent may:

(a) rely on any representation, communication, notice or document believed by it to be genuine, correct and appropriately authorised;

(b) assume that:

(i) any instructions received by it from the Majority Lenders, any Lenders or any group of Lenders are duly given in accordance with the terms of the Finance Documents; and

(ii) unless it has received notice of revocation, that those instructions have not been revoked; and

(iii) rely on a certificate from any person:

(A) as to any matter of fact or circumstance which might reasonably be expected to be within the knowledge of that person; or

(B) to the effect that such person approves of any particular dealing, transaction, step, action or thing,

as sufficient evidence that that is the case and, in the case of (A), may assume the truth and accuracy of that certificate.

27.7.2 The Agent may assume (unless it has received notice to the contrary in its capacity as agent for the Lenders or security agent for the Finance Parties (as the case may be)) that:

(a) no Default has occurred (unless it has actual knowledge of a Default arising under Clause 24.1 (Events of Default));

(b) any right, power, authority or discretion vested in any Party or the Majority Lenders has not been exercised; and

(c) any notice or request made by the Borrowers (other than a Utilisation Request) is made on behalf of and with the consent and knowledge of all the Obligors.

27.7.3 The Agent may engage and pay for the advice or services of any lawyers, accountants, surveyors or other experts.

27.7.4 Without prejudice to the generality of Clause 27.7.3 or Clause 27.7.5, the Agent may at any time engage and pay for the services of any lawyers to act as independent counsel to the Agent (and so separate from any lawyers instructed by the Lenders) if the Agent in its reasonable opinion deems this to be desirable.

27.7.5 The Agent may rely on the advice or services of any lawyers, accountants, tax advisers, surveyors or other professional advisers or experts (whether obtained by the Agent or by any other Party) and shall not be liable for any damages, costs or losses to any person, any diminution in value or any liability whatsoever arising as a result of its so relying.

27.7.6 The Agent may act in relation to the Finance Documents through its officers, employees and agents and the Agent shall not:

(a) be liable for any error of judgment made by any such person; or

(b) be bound to supervise, or be in any way responsible for any loss incurred by reason of misconduct, omission or default on the part, of any such person,

unless such error or such loss was directly caused by the Agent's gross negligence or wilful misconduct.

27.7.7 Unless a Finance Document expressly provides otherwise the Agent may disclose to any other Party any information it reasonably believes it has received as agent under this Agreement.

27.7.8 Without prejudice to the generality of Clause 27.7.7, the Agent:

(a) may disclose; and

(b) on the written request of the Borrowers or the Majority Lenders shall, as soon as reasonably practicable, disclose,

the identity of a Defaulting Lender to the Borrowers and to the other Finance Parties.

27.7.9 Notwithstanding any other provision of any Finance Document to the contrary, neither the Agent nor the Arranger is obliged to do or omit to do anything if it would or might in its reasonable opinion constitute a breach of any law or regulation or a breach of a fiduciary duty or duty of confidentiality.

27.7.10 The Agent is not obliged to disclose to any Finance Party any details of the rate notified to the Agent by any Lender or the identity of any such Lender for the purpose of Clause 10.2 (*Market Disruption*).

27.7.11 Notwithstanding any provision of any Finance Document to the contrary, the Agent is not obliged to expend or risk its own funds or otherwise incur any financial liability in the performance of its duties, obligations or responsibilities or the exercise of any right, power, authority or discretion if it has grounds for believing the repayment of such funds or adequate indemnity against, or security for, such risk or liability is not reasonably assured to it.

27.8 **Responsibility for documentation** Neither the Agent nor the Arranger is responsible or liable for:

27.8.1 the adequacy, accuracy and/or completeness of any information (whether oral or written) supplied by the Agent, the Arranger, an Obligor or any other person given in or in connection with any Relevant Document or the transactions contemplated in the Finance Documents; or

27.8.2 the legality, validity, effectiveness, adequacy or enforceability of any Relevant Document or any other agreement, arrangement or document entered into, made or executed in anticipation of or in connection with any Relevant Document.; or

27.8.3 any determination as to whether any information provided or to be provided to any Finance Party is non-public information the use of which may be regulated or prohibited by applicable law or regulation relating to insider dealing or otherwise.

27.9 **No duty to monitor** The Agent shall not be bound to enquire:

27.9.1 whether or not any Default has occurred;

27.9.2 as to the performance, default or any breach by any Party of its obligations under any Finance Document; or

27.9.3 whether any other event specified in any Finance Document has occurred.

27.10 **Exclusion of liability**

27.10.1 Without limiting Clause 27.10.2 (and without prejudice to any other provision of any Finance Document excluding or limiting the liability of the Agent) the Agent shall not be liable (including, without limitation, for negligence or any other category of liability whatsoever) for:

(a) any damages, costs or losses to any person, any diminution in value, or any liability whatsoever arising as a result of taking or not taking any action under or in connection with any Finance Document or any Encumbrance created or expressed to be created or evidenced by the Security Documents, unless directly caused by its gross negligence or wilful misconduct;

(b) exercising, or not exercising, any right, power, authority or discretion given to it by, or in connection with, any Finance Document, any Encumbrance created or expressed to be created or evidenced by the Security Documents or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with, any Finance Document or any Encumbrance created or expressed to be created or evidenced by the Security Documents;

(c) any shortfall which arises on the enforcement or realisation of the Trust Property; or

(d) without prejudice to the generality of Clauses 27.10.1(a), 27.10.1(b) and 27.10.1(c), any damages, costs or losses to any person, any diminution in value or any liability whatsoever arising as a result of:

(i) any act, event or circumstance not reasonably within its control; or

(ii) the general risks of investment in, or the holding of assets in, any jurisdiction,

including (in each case and without limitation) such damages, costs, losses, diminution in value or liability arising as a result of: nationalisation, expropriation or other governmental actions; any regulation, currency restriction, devaluation or fluctuation; market conditions affecting the execution or settlement of transactions or the value of assets (including any Disruption Event); breakdown, failure or malfunction of any third party transport, telecommunications, computer services or systems; natural disasters or acts of God; war, terrorism, insurrection or revolution; or strikes or industrial action.

27.10.2 No Party (other than the Agent) may take any proceedings against any officer, employee or agent of the Agent in respect of any claim it might have against the Agent or in respect of any act or omission of any kind by that officer, employee or agent in relation to any Relevant Document and any officer, employee or agent of the Agent may rely on this Clause subject to Clause 1.7 (*Third Party Rights*) and the provisions of the Third Parties Act.

27.10.3 The Agent will not be liable for any delay (or any related consequences) in crediting an account with an amount required under the Finance Documents to be paid by the Agent if the Agent has taken all necessary steps as soon as reasonably practicable to comply with the regulations or operating

procedures of any recognised clearing or settlement system used by the Agent for that purpose.

27.10.4 Nothing in this Agreement shall oblige the Agent or the Arranger to carry out:

(a) any "know your customer" or other checks in relation to any person;

(b) any check on the extent to which any transaction contemplated by this Agreement might be unlawful for any Lender or for any Affiliate of any Lender,

on behalf of any Lender and each Lender confirms to the Agent and the Arranger that it is solely responsible for any such checks it is required to carry out and that it may not rely on any statement in relation to such checks made by the Agent or the Arranger.

27.10.5 Without prejudice to any provision of any Finance Document excluding or limiting the Agent's liability, any liability of the Agent arising under or in connection with any Finance Document or any Encumbrance created or expressed to be created or evidenced by the Security Documents shall be limited to the amount of actual loss which has been finally judicially determined to have been suffered (as determined by reference to the date of default of the Agent or, if later, the date on which the loss arises as a result of such default) but without reference to any special conditions or circumstances known to the Agent at any time which increase the amount of that loss. In no event shall the Agent be liable for any loss of profits, goodwill, reputation, business opportunity or anticipated saving, or for special, punitive, indirect or consequential damages, whether or not the Agent has been advised of the possibility of such loss or damages.

27.11 **Lenders' indemnity to the Agent**

27.11.1 Each Lender shall (in proportion to its share of the Total Commitments or, if the Total Commitments are then zero, to its share of the Total Commitments immediately prior to their reduction to zero) indemnify the Agent and every Receiver and Delegate, within three Business Days of demand, against any cost, loss or liability (including, without limitation, for negligence or any other category of liability whatsoever) incurred by any of them (otherwise than by reason of the relevant Agent's, Receiver's or Delegate's gross negligence or wilful misconduct) (or, in the case of any cost, loss or liability pursuant to Clause 31.11 (*Disruption to payment systems etc.*) notwithstanding the Agent's negligence, gross negligence or any other category of liability whatsoever but not including any claim based on the fraud of the Agent) in acting as Agent, Receiver or Delegate under, or exercising any authority conferred under, the Finance Documents (unless the relevant Agent, Receiver or Delegate has been reimbursed by an Obligor pursuant to a Finance Document).

27.11.2 Subject to Clause 27.11.3, the Borrowers shall immediately on demand reimburse any Lender for any payment that Lender makes to the Agent pursuant to Clause 27.11.1

27.11.3 Clause 27.11.2 shall not apply to the extent that the indemnity payment in respect of which the Lender claims reimbursement relates to a liability of the Agent to an Obligor.

27.12 **Trust** The Security Agent agrees and declares, and each of the other Finance Parties acknowledges, that, subject to the terms and conditions of this Clause 27.12, the Security Agent holds the Trust Property on trust for the Finance Parties absolutely. Each of the other Finance Parties agrees that the obligations, rights and benefits vested in the Security Agent shall be performed and exercised in accordance with this Clause 27.12. The Security Agent shall have the benefit of all of the provisions of this Agreement benefiting it in its capacity as security agent for the Finance Parties, and all the powers and discretions conferred on trustees by the Trustee Act 1925 (to the extent not inconsistent with this Agreement). In addition:

27.12.1 the Security Agent and any Delegate may indemnify itself or himself out of the Trust Property against all liabilities, costs, fees, damages, charges, losses and expenses sustained or incurred by it or him in relation to the taking or holding of any of the Trust Property or in connection with the exercise or purported exercise of the rights, trusts, powers and discretions vested in the Security Agent or any Delegate by or pursuant to the Security Documents or in respect of anything else done or omitted to be done in any way relating to the Security Documents;

27.12.2 the other Finance Parties acknowledge that the Security Agent shall be under no obligation to insure any property nor to require any other person to insure any property and shall not be responsible for any loss which may be suffered by any person as a result of the lack or insufficiency of any insurance;

27.12.3 the Finance Parties agree that the perpetuity period applicable to the trusts declared by this Agreement shall be the period of 125 years from the date of this Agreement;

27.12.4 the Security Agent shall not be liable for any failure, omission, or defect in perfecting the security constituted or created by any Finance Document including, without limitation, any failure to register the same in accordance with the provisions of any of the documents of title of any Obligor to any of the assets thereby charged or effect or procure registration of or otherwise protect the security created by any Security Document under any registration laws in any jurisdiction and may accept without enquiry such title as any Obligor may have to any asset;

27.12.5 the Security Agent shall not be under any obligation to hold any title deed, Finance Document or any other documents in connection with the Finance Documents or any other documents in connection with the property charged by any Finance Document or any other such security in its own possession or to take any steps to protect or preserve the same, and may permit any

Obligor to retain all such title deeds, Finance Documents and other documents in its possession; and

27.12.6 save as otherwise provided in the Finance Documents, all moneys which under the trusts therein contained are received by the Security Agent may be placed on deposit in the name of or under the control of the Security Agent at such bank or institution (including the Security Agent) and upon such terms as the Security Agent may think fit pending application of those moneys in accordance with Clause 28 (*Application of Proceeds*).

The provisions of Part I of the Trustee Act 2000 shall not apply to the Security Agent or the Trust Property.

27.13 **Resignation of the Agent**

27.13.1 The Agent may resign and appoint one of its Affiliates acting through an office as successor by giving notice to the other Finance Parties and the Borrowers.

27.13.2 Alternatively the Agent may resign by giving 30 days' notice to the other Finance Parties and the Borrowers, in which case the Majority Lenders (after consultation with the Borrowers) may appoint a successor Agent.

27.13.3 If the Majority Lenders have not appointed a successor Agent in accordance with Clause 27.13.2 within 20 days after notice of resignation was given, the retiring Agent (after consultation with the Borrowers) may appoint a successor Agent.

27.13.4 If the Agent wishes to resign because (acting reasonably) it has concluded that it is no longer appropriate for it to remain as agent and the Agent is entitled to appoint a successor Agent under Clause 27.13.3, the Agent may (if it concludes (acting reasonably) that it is necessary to do so in order to persuade the proposed successor Agent to become a party to this Agreement as Agent) agree with the proposed successor Agent amendments to this Clause 27 and any other term of this Agreement dealing with the rights or obligations of the Agent consistent with then current market practice for the appointment and protection of corporate trustees together with any reasonable amendments to the agency fee payable under this Agreement which are consistent with the successor Agent's normal fee rates and those amendments will bind the Parties.

27.13.5 The retiring Agent shall make available to the successor Agent such documents and records and provide such assistance as the successor Agent may reasonably request for the purposes of performing its functions as Agent under the Finance Documents. The Borrowers shall, within three Business Days of demand, reimburse the retiring Agent for the amount of all costs and expenses (including legal fees) properly incurred by it in making available such documents and records and providing such assistance.

27.13.6 The Agent's resignation notice shall only take effect upon the appointment of a successor and (in the case of the Security Agent) the transfer of all the Trust Property to that successor.

27.13.7 Upon the appointment of a successor, the retiring Agent shall be discharged from any further obligation in respect of the Finance Documents (other than its obligations under Clause 27.13.5) but shall remain entitled to the benefit of Clause 14.3 (*Indemnity to the Agent*) and this Clause 27 (and any agency fees for the account of the retiring Agent shall cease to accrue from (and shall be payable on) that date). Any successor and each of the other Parties shall have the same rights and obligations amongst themselves as they would have had if such successor had been an original Party.

27.13.8 The Agent shall resign in accordance with Clause 27.13.2 (and, to the extent applicable, shall use reasonable endeavours to appoint a successor Agent pursuant to Clause 27.13.3) if on or after the date which is three months before the earliest FATCA Application Date relating to any payment to the Agent under the Finance Documents, either:

(a) the Agent fails to respond to a request under Clause 12.8 (*FATCA information*) and a Lender reasonably believes that the Agent will not be (or will have ceased to be) a FATCA Exempt Party on or after that FATCA Application Date;

(b) the information supplied by the Agent pursuant to Clause 12.8 (*FATCA information*) indicates that the Agent will not be (or will have ceased to be) a FATCA Exempt Party on or after that FATCA Application Date; or

(c) the Agent notifies the Borrowers and the Lenders that the Agent will not be (or will have ceased to be) a FATCA Exempt Party on or after that FATCA Application Date;

and (in each case) a Lender reasonably believes that a Party will be required to make a FATCA Deduction that would not be required if the Agent were a FATCA Exempt Party, and that Lender, by notice to the Agent, requires it to resign.

27.14 **Replacement of the Agent**

27.14.1 After consultation with the Borrowers, the Majority Lenders may, by giving 30 days' notice to the Agent replace the Agent by appointing a successor Agent.

27.14.2 The retiring Agent shall (at the expense of the Lenders) make available to the successor Agent such documents and records and provide such assistance as the successor Agent may reasonably request for the purposes of performing its function as Agent under the Finance Documents.

27.14.3 The appointment of the successor Agent shall take effect on the date specified in the notice from the Majority Lenders to the retiring Agent. As from this date, the retiring Agent shall be discharged from any further obligation in respect of the Finance Documents (other than its obligations under Clause 27.14.2 but shall remain entitled to the benefit of Clause 14.3 (*Indemnity to the Agent*) and this Clause 27 (and any agency fees for the

account of the retiring Agent shall cease to accrue from (and shall be payable on) that date).

27.14.4 Any successor Agent and each of the other Parties shall have the same rights and obligations amongst themselves as they would have had if such successor had been an original Party.

27.15 **Confidentiality**

27.15.1 In acting as agent for the Finance Parties, the Agent shall be regarded as acting through its agency division which shall be treated as a separate entity from any other of its divisions or departments.

27.15.2 If information is received by another division or department of the Agent, it may be treated as confidential to that division or department and the Agent shall not be deemed to have notice of it.

27.16 **Relationship with the Lenders**

27.16.1 Subject to Clause 25.9 (*Pro rata interest settlement*), the Agent may treat the person shown in its records as Lender at the opening of business (in the place of the Agent's principal office as notified to the Finance Parties from time to time) as the Lender acting through its Facility Office:

(a) entitled to or liable for any payment due under any Finance Document on that day; and

(b) entitled to receive and act upon any notice, request, document or communication or make any decision or determination under any Finance Document made or delivered on that day,

unless it has received not less than five Business Days' prior notice from that Lender to the contrary in accordance with the terms of this Agreement.

27.16.2 Any Lender may by notice to the Agent appoint a person to receive on its behalf all notices, communications, information and documents to be made or dispatched to that Lender under the Finance Documents. Such notice shall contain the address, fax number and (where communication by electronic mail or other electronic means is permitted under Clause 33.5 (*Electronic communication*)) electronic mail address and/or any other information required to enable the sending and receipt of information by that means (and, in each case, the department or officer, if any, for whose attention communication is to be made) and be treated as a notification of a substitute address, fax number, electronic mail address, department and officer by that Lender for the purposes of Clause 33.2 (*Addresses*) and Clause 33.5 (*Electronic communication*) and the Agent shall be entitled to treat such person as the person entitled to receive all such notices, communications, information and documents as though that person were that Lender.

27.17 **Credit appraisal by the Lenders** Without affecting the responsibility of any Obligor for information supplied by it or on its behalf in connection with any Relevant Document, each Lender confirms to the Agent and the Arranger that it has been, and

will continue to be, solely responsible for making its own independent appraisal and investigation of all risks arising under or in connection with any Relevant Document including but not limited to:

27.17.1 the financial condition, status and nature of each Obligor and each other member of the Group;

27.17.2 the legality, validity, effectiveness, adequacy or enforceability of any Relevant Document and any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Relevant Document;

27.17.3 whether that Lender has recourse, and the nature and extent of that recourse, against any Party or any of its respective assets under or in connection with any Relevant Document, the transactions contemplated by the Relevant Documents or any other agreement, arrangement or document entered into, made or executed in anticipation of under or in connection with any Relevant Document; and

27.17.4 the adequacy, accuracy and/or completeness of any information provided by the Agent, any Party or by any other person under or in connection with any Relevant Document, the transactions contemplated by the Relevant Documents or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Relevant Document; and

27.17.5 the right or title of any person in or to, or the value or sufficiency of any part of the Charged Property, the priority of any Encumbrance created or expressed to be created or evidenced by the Security Documents or the existence of any Encumbrance affecting the Charged Property.

27.18 **Reference Banks** If a Reference Bank (or, if a Reference Bank is not a Lender, the Lender of which it is an Affiliate) ceases to be a Lender, the Agent shall (in consultation with the Borrowers) appoint another Lender or an Affiliate of a Lender to replace that Reference Bank.

27.19 **Agent's management time** Any amount payable to the Agent under Clause 14.3 (*Indemnity to the Agent*), Clause 14.4 (*Indemnity to the Security Agent*), Clause 16 (*Costs and expenses*) and Clause 27.11 (*Lenders' indemnity to the Agent*) shall include the cost of utilising the Agent's management time or other resources and will be calculated on the basis of such reasonable daily or hourly rates as the Agent may notify to the Borrowers and the Lenders, and is in addition to any fee paid or payable to the Agent under Clause 11 (*Fees*).

27.20 **Deduction from amounts payable by the Agent** If any Party owes an amount to the Agent under the Finance Documents the Agent may, after giving notice to that Party, deduct an amount not exceeding that amount from any payment to that Party which the Agent would otherwise be obliged to make under the Finance Documents and apply the amount deducted in or towards satisfaction of the amount owed. For the purposes of the Finance Documents that Party shall be regarded as having received any amount so deducted.

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 Security Agent pursuant to the terms of any Finance Document or in connection with the realisation or enforcement of all or any Encumbrance created or expressed to be created under the Security Documents (for the purposes of this Clause 28, the "**Recoveries**") shall be held by the Security Agent on trust to apply them at any time as the Security Agent (in its discretion) sees fit, to the extent permitted by applicable law (and subject to the provisions of this Clause 28), in the following order:

28.1.1 in discharging any sums owing to the Security Agent, any Receiver or any Delegate;

28.1.2 in payment of all costs and expenses incurred by the Agent or any Secured Party in connection with any realisation or enforcement of any Encumbrance created or expressed to be created under the Security Documents taken in accordance with the terms of this Agreement; and

28.1.3 in payment to the Agent for application in accordance with Clause 31.5 (*Partial payments).*

28.2 **Prospective liabilities** Following enforcement of any Encumbrance created or expressed to be created under the Security Documents the Security Agent may, in its discretion, hold any amount of the Recoveries in an interest bearing suspense or impersonal account(s) in the name of the Security Agent with such financial institution (including itself) and for so long as the Security Agent shall think fit (the interest being credited to the relevant account) for later application under Clause 28.1 (*Order of application*) in respect of:

28.2.1 any sum to the Security Agent, any Receiver or any Delegate; and

28.2.2 any part of the Indebtedness,

that the Security Agent 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 Security Agent may, in its discretion, hold all or part of those proceeds in an interest bearing suspense or impersonal account(s) in the name of the Security Agent with such financial institution (including itself) and for so long as the Security Agent shall think fit (the interest being credited to the relevant account) pending the application from time to time of those moneys in the Security Agent's discretion in accordance with the provisions of this Clause 28.

28.4 **Currency conversion**

28.4.1 For the purpose of, or pending the discharge of, any part of the Indebtedness the Security Agent may convert any moneys received or recovered by the Security Agent from one currency to another, at a market rate of exchange.

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 Security Agent 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 Trust Property, or as a consequence of performing its duties, or by virtue of its capacity as Security Agent under any of the Finance Documents or otherwise (other than in connection with its remuneration for performing its duties under this Agreement).

28.6 **Good discharge**

28.6.1 Any payment to be made in respect of the Indebtedness by the Security Agent may be made to the Agent on behalf of the Finance Parties and any payment made in that way shall be a good discharge, to the extent of that payment, by the Security Agent.

28.6.2 The Security Agent is under no obligation to make the payments to the Agent under Clause 28.6.1 in the same currency as that in which the obligations and liabilities owing to the relevant Finance Party are denominated.

29. Conduct of Business by the Finance Parties

No provision of this Agreement will:

29.1 interfere with the right of any Finance Party to arrange its affairs (tax or otherwise) in whatever manner it thinks fit;

29.2 oblige any Finance Party to investigate or claim any credit, relief, remission or repayment available to it or the extent, order and manner of any claim; or

29.3 oblige any Finance Party to disclose any information relating to its affairs (tax or otherwise) or any computations in respect of Tax.

30. Sharing Among the Finance Parties

30.1 **Payments to Finance Parties** If a Finance Party (a "**Recovering Finance Party**") receives or recovers any amount from an Obligor other than in accordance with Clause 31 (*Payment Mechanics*) (a "**Recovered Amount**") and applies that amount to a payment due under the Finance Documents then:

30.1.1 the Recovering Finance Party shall, within three Business Days, notify details of the receipt or recovery, to the Agent;

30.1.2 the Agent shall determine whether the receipt or recovery is in excess of the amount the Recovering Finance Party would have been paid had the receipt

or recovery been received or made by the Agent and distributed in accordance with Clause 31 (*Payment Mechanics*), without taking account of any Tax which would be imposed on the Agent in relation to the receipt, recovery or distribution; and

30.1.3 the Recovering Finance Party shall, within three Business Days of demand by the Agent, pay to the Agent an amount (the "**Sharing Payment**") equal to such receipt or recovery less any amount which the Agent determines may be retained by the Recovering Finance Party as its share of any payment to be made, in accordance with Clause 31.5 (*Partial payments*).

30.2 **Redistribution of payments** The Agent shall treat the Sharing Payment as if it had been paid by the relevant Obligor and distribute it between the Finance Parties (other than the Recovering Finance Party) (the "**Sharing Finance Parties**") in accordance with Clause 31.5 (*Partial payments*) towards the obligations of that Obligor to the Sharing Finance Parties.

30.3 **Recovering Finance Party's rights** On a distribution by the Agent under Clause 30.2 (*Redistribution of payments*) of a payment received by a Recovering Finance Party from an Obligor, as between the relevant Obligor and the Recovering Finance Party, an amount of the Recovered Amount equal to the Sharing Payment will be treated as not having been paid by that Obligor.

30.4 **Reversal of redistribution** If any part of the Sharing Payment received or recovered by a Recovering Finance Party becomes repayable and is repaid by that Recovering Finance Party, then:

30.4.1 each Sharing Finance Party shall, upon request of the Agent, pay to the Agent for the account of that Recovering Finance Party an amount equal to the appropriate part of its share of the Sharing Payment (together with an amount as is necessary to reimburse that Recovering Finance Party for its proportion of any interest on the Sharing Payment which that Recovering Finance Party is required to pay) (the "**Redistributed Amount**"); and

30.4.2 as between the relevant Obligor and each relevant Sharing Finance Party, an amount equal to the relevant Redistributed Amount will be treated as not having been paid by that Obligor.

30.5 **Exceptions**

30.5.1 This Clause 30 shall not apply to the extent that the Recovering Finance Party would not, after making any payment pursuant to this Clause, have a valid and enforceable claim against the relevant Obligor.

30.5.2 A Recovering Finance Party is not obliged to share with any other Finance Party any amount which the Recovering Finance Party has received or recovered as a result of taking legal or arbitration proceedings, if:

(a) it notified that other Finance Party of the legal or arbitration proceedings; and

(b) that other Finance Party had an opportunity to participate in those legal or arbitration proceedings but did not do so as soon as

reasonably practicable having received notice and did not take separate legal or arbitration proceedings.

Section 11 **Administration**

31. PAYMENT MECHANICS

31.1 **Payments to the Agent** On each date on which an Obligor or a Lender is required to make a payment under a Finance Document (other than the Master Agreement), that Obligor or that Lender shall make the same available to the Agent (unless a contrary indication appears in a Finance Document) for value on the due date at the time and in such funds specified by the Agent as being customary at the time for settlement of transactions in the relevant currency in the place of payment.

Payment shall be made to such account in the principal financial centre of the country of that currency specifies.

31.2 **Distributions by the Agent** Each payment received by the Agent under the Finance Documents for another Party shall, subject to Clause 31.3 (*Distributions to an Obligor*) and Clause 31.4 (*Clawback and pre-funding*) be made available by the Agent as soon as practicable after receipt to the Party entitled to receive payment in accordance with this Agreement (in the case of a Lender, for the account of its Facility Office), to such account as that Party may notify to the Agent by not less than five Business Days' notice with a bank specified by that Party in the principal financial centre of the country of that currency.

31.3 **Distributions to an Obligor** The Agent may (with the consent of an Obligor or in accordance with Clause 32 (*Set-Off*)) apply any amount received by it for that Obligor in or towards payment (on the date and in the currency and funds of receipt) of any amount due from that Obligor under the Finance Documents or in or towards purchase of any amount of any currency to be so applied.

31.4 Clawback and pre-funding

31.4.1 Where a sum is to be paid to the Agent under the Finance Documents for another Party, the Agent is not obliged to pay that sum to that other Party (or to enter into or perform any related exchange contract) until it has been able to establish to its satisfaction that it has actually received that sum.

31.4.2 Unless Clause 31.4.3 applies, if the Agent pays an amount to another Party and it proves to be the case that the Agent had not actually received that amount, then the Party to whom that amount (or the proceeds of any related exchange contract) was paid by the Agent shall on demand refund the same to the Agent together with interest on that amount from the date of payment to the date of receipt by the Agent, calculated by the Agent to reflect its cost of funds.

31.4.3 If the Agent is willing to make available amounts for the account of a Borrower before receiving funds from the Lenders then if and to the extent that the Agent does so but it proves to be the case that it does not then receive funds from a Lender in respect of a sum which it paid to a Borrower:

(a) the Agent shall notify the Borrowers of that Lender's identity and the Borrower to whom that sum was made available shall on demand refund it to the Agent; and

(b) the Lender by whom those funds should have been made available or, if that Lender fails to do so, the Borrower to whom that sum was made available, shall on demand pay to the Agent the amount (as certified by the Agent) which will indemnify the Agent against any funding cost incurred by it as a result of paying out that sum before receiving those funds from that Lender.

31.5 **Partial payments**

31.5.1 If the Agent receives a payment that is insufficient to discharge all the amounts then due and payable by an Obligor under the Finance Documents (other than the Master Agreement), the Agent shall apply that payment towards the obligations of that Obligor under the Finance Documents (other than the Master Agreement) in the following order:

(a) first, in or towards payment pro rata of any unpaid fees, costs and expenses of the Agent or the Security Agent under the Finance Documents;

(b) secondly, in or towards payment pro rata of any accrued interest, fee or commission due but unpaid under this Agreement;

(c) thirdly, in or towards payment pro rata of any principal due but unpaid under this Agreement; and

(d) fourthly, in or towards payment pro rata of any other sum due but unpaid under the Finance Documents,

Provided that any part of the Indebtedness arising out of the Master Agreement shall be satisfied only after every other part of the Indebtedness for the time being due and payable has been satisfied in full.

31.5.2 The Agent shall, if so directed by the Majority Lenders, vary the order set out in Clauses 31.5.1(b) to 31.5.1(d).

31.5.3 Clauses 31.5.1 and 31.5.2 will override any appropriation made by an Obligor.

31.6 **No set-off by Obligors** All payments to be made by an Obligor under the Finance Documents shall be calculated and be made without (and free and clear of any deduction for) set-off or counterclaim.

31.7 **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.

31.8 **Currency of account**

31.8.1 Subject to Clauses 31.8.2 to 31.8.5, dollars is the currency of account and payment for any sum due from an Obligor under any Finance Document.

31.8.2 A repayment or payment of all or part of a Vessel Loan or an Unpaid Sum shall be made in the currency in which that Vessel Loan or Unpaid Sum is denominated, pursuant to this Agreement, on its due date.

31.8.3 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.

31.8.4 Each payment in respect of costs, expenses or Taxes shall be made in the currency in which the costs, expenses or Taxes are incurred.

31.8.5 Any amount expressed to be payable in a currency other than dollars shall be paid in that other currency.

31.9 **Control account** The Agent shall open and maintain on its books a control account in the names of the Borrowers showing the advance of the Loan and the computation and payment of interest and all other sums due under this Agreement. The Borrowers' obligations to repay the Loan and to pay interest and all other sums due under this Agreement shall be evidenced by the entries from time to time made in the control account opened and maintained under this Clause 31.9 and those entries will, in the absence of manifest error, be conclusive and binding.

31.10 **Change of currency**

31.10.1 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 Agent (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 Agent (acting reasonably).

31.10.2 If a change in any currency of a country occurs, this Agreement will, to the extent the Agent (acting reasonably and after consultation with the 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.

31.11 **Disruption to payment systems etc.** If either the Agent determines that a Disruption Event has occurred or the Agent is notified by the Borrowers that a Disruption Event has occurred:

31.11.1 the Agent 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 Agent may deem necessary in the circumstances;

31.11.2 the Agent shall not be obliged to consult with the Borrowers in relation to any changes mentioned in Clause 31.11.1 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;

31.11.3 the Agent may consult with the Finance Parties in relation to any changes mentioned in Clause 31.11.1 but shall not be obliged to do so if, in its opinion, it is not practicable to do so in the circumstances;

31.11.4 any such changes agreed upon by the Agent and the Borrowers shall (whether or not it is finally determined that a Disruption Event has occurred) be binding upon the Parties as an amendment to (or, as the case may be, waiver of) the terms of the Finance Documents notwithstanding the provisions of Clause 37 (*Amendments and Waivers*);

31.11.5 the Agent shall not be liable for any damages, costs or losses to any person, any diminution in value or any liability whatsoever (including, without limitation, for negligence, gross negligence or any other category of liability whatsoever but not including any claim based on the fraud of the Agent) arising as a result of its taking, or failing to take, any actions pursuant to or in connection with this Clause 31.11; and

31.11.6 the Agent shall notify the Finance Parties of all changes agreed pursuant to Clause 31.11.4.

32. Set-Off

32.1 **Set-off** A Finance Party may set off any matured obligation due from an Obligor under the Finance Documents (to the extent beneficially owned by that Finance Party) against any matured obligation owed by that Finance Party to that Obligor, regardless of the place of payment, booking branch or currency of either obligation. If the obligations are in different currencies, the Finance Party may convert either obligation at a market rate of exchange in its usual course of business for the purpose of the set-off.

32.2 **Master Agreement rights** The rights conferred on the Swap Provider by this Clause 32 shall be in addition to, and without prejudice to or limitation of, the rights of netting and set off conferred on the Swap Provider by the Master Agreement.

33. NOTICES

33.1 **Communications in writing** Any communication to be made under or in connection with the Finance Documents shall be made in writing and, unless otherwise stated, may be made by fax or letter.

33.2 **Addresses** The address and fax number (and the department or officer, if any, for whose attention the communication is to be made) of each Party for any

communication or document to be made or delivered under or in connection with the Finance Documents is:

33.2.1 in the case of each Borrower, that identified with its name below;

33.2.2 in the case of each Guarantor, that identified with its name below;

33.2.3 in the case of each Lender, that notified in writing to the Agent on or prior to the date on which it becomes a Party; and

33.2.4 in the case of the Swap Provider, that identified with its name below; and

33.2.5 in the case of the Agent or the Security Agent, that identified with its name below,

or any substitute address, fax number, or department or officer as the Party may notify to the Agent (or the Agent may notify to the other Parties, if a change is made by the Agent) by not less than five Business Days' notice.

33.3 **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:

33.3.1 if by way of fax, when received in legible form; or

33.3.2 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 33.2 (*Addresses*), if addressed to that department or officer.

Any communication or document to be made or delivered to the Agent or the Security Agent will be effective only when actually received by the Agent or the Security Agent and then only if it is expressly marked for the attention of the department or officer identified with the Agent's or the Security Agent's signature below (or any substitute department or officer as the Agent or the Security Agent shall specify for this purpose).

All notices from or to an Obligor (save in respect of the Master Agreement) shall be sent through the Agent.

Any communication or document which becomes effective, in accordance with this Clause 33.3, after 5.00 p.m. in the place of receipt shall be deemed only to become effective on the following day.

33.4 **Notification of address and fax number** Promptly upon changing its address or fax number, the Agent shall notify the other Parties.

33.5 **Electronic communication**

33.5.1 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:

(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.

33.5.2 Any such electronic communication to be made between an Obligor and a Finance Party may only be made in that way to the extent that those two Parties agree that, unless and until notified to the contrary, this is to be an accepted form of communication.

33.5.3 Any such electronic communication made between any two Parties will be effective only when actually received (or made available) in readable form and in the case of any electronic communication made by a Party to the Agent or the Security Agent only if it is addressed in such a manner as the Agent or the Security Agent shall specify for this purpose.

33.5.4 Any electronic communication which becomes effective, in accordance with Clause 33.5.3, after 5.00 p.m. in the place in which the Party to whom the relevant communication is sent or made available has its address for the purpose of this Agreement shall be deemed only to become effective on the following day.

33.5.5 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 33.5.

33.6 **Use of websites**

33.6.1 Each Borrower may satisfy its obligations under this Agreement to deliver any information in relation to those Lenders (the "**Website Lenders**") who accept this method of communication by posting this information onto an electronic website designated by the Borrowers and the Agent (the "**Designated Website**") if:

(a) the Agent expressly agrees (after consultation with each of the Lenders) that it will accept communication of the information by this method;

(b) both the Borrowers and the Agent are aware of the address of and any relevant password specifications for the Designated Website; and

(c) the information is in a format previously agreed between the Borrowers and the Agent.

If any Lender (a "**Paper Form Lender**") does not agree to the delivery of information electronically then the Agent shall notify the Borrowers accordingly and each Borrower shall at its own cost supply the information to the Agent (in sufficient copies for each Paper Form Lender) in paper form. In any event each Borrower shall at its own cost supply the Agent with at

least one copy in paper form of any information required to be provided by it.

33.6.2 The Agent shall supply each Website Lender with the address of and any relevant password specifications for the Designated Website following designation of that website by the Borrowers and the Agent.

33.6.3 Each Borrower shall promptly upon becoming aware of its occurrence notify the Agent if:

(a) the Designated Website cannot be accessed due to technical failure;

(b) the password specifications for the Designated Website change;

(c) any new information which is required to be provided under this Agreement is posted onto the Designated Website;

(d) any existing information which has been provided under this Agreement and posted onto the Designated Website is amended; or

(e) that Borrower becomes aware that the Designated Website or any information posted onto the Designated Website is or has been infected by any electronic virus or similar software.

If a Borrower notifies the Agent under Clause 33.6.3(a) or Clause 33.6.3(e), all information to be provided by a Borrower under this Agreement after the date of that notice shall be supplied in paper form unless and until the Agent and each Website Lender is satisfied that the circumstances giving rise to the notification are no longer continuing.

33.6.4 Any Website Lender may request, through the Agent, one paper copy of any information required to be provided under this Agreement which is posted onto the Designated Website. Each Borrower shall at its own cost comply with any such request within ten Business Days.

33.7 **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:

33.7.1 in English; or

33.7.2 if not in English, and if so required by the Agent, accompanied by a certified English translation and, in this case, the English translation will prevail unless the document is a constitutional, statutory or other official document.

34. Calculations and Certificates

34.1 **Accounts** In any litigation or arbitration proceedings arising out of or in connection with a Finance Document, the entries made in the accounts maintained by the Agent pursuant to Clause 31.9 (*Control account*) are *prima facie* evidence of the matters to which they relate.

34.2 **Certificates and determinations** Any certification or determination by the Agent of a rate or amount under any Finance Document is, in the absence of manifest error, conclusive evidence of the matters to which it relates.

34.3 **Day count convention** Any interest, commission or fee accruing under a Finance Document will accrue from day to day and is calculated on the basis of the actual number of days elapsed and a year of 360 days or, in any case where the practice in the Relevant Market differs, in accordance with that market practice.

35. Partial Invalidity

If, at any time, any provision of the Finance Documents is or becomes illegal, invalid or unenforceable in any respect under any law of any jurisdiction, neither the legality, validity or enforceability of the remaining provisions nor the legality, validity or enforceability of such provision under the law of any other jurisdiction will in any way be affected or impaired.

36. Remedies and Waivers

No failure to exercise, nor any delay in exercising, on the part of any Finance Party or 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 any Finance Party or 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 this Agreement are cumulative and not exclusive of any rights or remedies provided by law.

37. Amendments and Waivers

37.1 **Required consents**

37.1.1 Subject to Clause 37.2 (*Exceptions*) any term of the Finance Documents (other than the Master Agreement) may be amended or waived only with the consent of the Majority Lenders and the Borrowers and any such amendment or waiver will be binding on all Parties.

37.1.2 The Agent may effect, on behalf of any Finance Party, any amendment or waiver permitted by this Clause 37.

37.1.3 Without prejudice to the generality of Clauses 27.7.3, 27.7.4 and 27.7.5 (*Rights and discretions of the Agent*), the Agent may engage, pay for and rely on the services of lawyers in determining the consent level required for and effecting any amendment, waiver or consent under this Agreement.

37.1.4 Clause 25.9.3 (*Pro rata interest settlement*) shall apply to this Clause 37.

37.2 **Exceptions**

37.2.1 An amendment, waiver or (in the case of a Security Document) a consent of, or in relation to, any term of any Finance Document that has the effect of changing or which relates to:

(a) the definition of "**Majority Lenders**" in Clause 1.1 (*Definitions*);

(b) an extension to the date of payment of any amount under the Finance Documents;

(c) a reduction in the Margin or a reduction in the amount of any payment of principal, interest, fees or commission payable;

(d) an increase in any Commitment, an extension of the Availability Period or any requirement that a cancellation of Commitments reduces the Commitments of the Lenders rateably;

(e) a change to a Guarantor other than in accordance with Clause 26 (*Changes to the Obligors*);

(f) any provision which expressly requires the consent of all the Lenders;

(g) Clause 2.2 (*Finance Parties' rights and obligations*), Clause 5.1 (*Delivery of a Utilisation Request*), Clause 7.1 (*Illegality*), Clause 7.5 (*Mandatory prepayment on sale or Total Loss*), Clause 25 (*Changes to the Lenders*), Clause 26 (*Changes to the Obligors*), this Clause 37, Clause 42 (*Governing Law*) or Clause 43.1 (*Jurisdiction of English courts*);

(h) (other than as expressly permitted by the provisions of any Finance Document) the nature or scope of:

(i) any Guarantee;

(ii) the Charged Property; or

(iii) the manner in which the proceeds of enforcement of the Security Documents are distributed; or

(i) the release of any Guarantee or of any Encumbrance created or expressed to be created or evidenced by the Security Documents unless permitted under this Agreement or any other Finance Document or relating to a sale or disposal of an asset which is the subject of any Encumbrance created or expressed to be created or evidenced by the Security Documents where such sale or disposal is expressly permitted under this Agreement or any other Finance Document;

shall not be made, or given, without the prior consent of all the Lenders.

37.2.2 An amendment or waiver which relates to the rights or obligations of the Agent, the Security Agent or the Arranger (each in their capacity as such) may not be effected without the consent of the Agent, the Security Agent or, as the case may be, the Arranger.

37.2.3 **Replacement of Screen Rate**

Subject to paragraph (a) of Clause 37.2 (Exceptions), if a Screen Rate Replacement Event has occurred in relation to any Screen Rate for a currency which can be selected for a Loan, 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 Agent (acting on the instructions of the Majority Lenders) and the Original Guarantor.

"**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 Benchmark**" means a benchmark rate which is:

(a) formally designated, nominated or recommended as the replacement for a Screen Rate by:

(i) the administrator of that Screen Rate (provided that the market or economic reality that such benchmark rate measures is the same as that measured by that Screen Rate); or

(ii) any Relevant Nominating Body,

and if replacements have, at the relevant time, been formally designated, nominated or recommended under both paragraphs, the "Replacement Benchmark" will be the replacement under paragraph (ii) above;

(b) in the opinion of the Majority Lenders and the Original Guarantor, generally accepted in the international or any relevant domestic syndicated loan markets as the appropriate successor to a Screen Rate; or

(c) in the opinion of the Majority Lenders and the Original Guarantor, an appropriate successor to a Screen Rate.

"**Screen Rate Replacement Event**" means, in relation to a Screen Rate:

(a) the methodology, formula or other means of determining that Screen Rate has, in the opinion of the Majority Lenders, and the Original Guarantor materially changed;

(b)

(i)

(A) the administrator of that Screen Rate or its supervisor publicly announces that such administrator is insolvent; or

(B) information is published in any order, decree, notice, petition or filing, however described, of or filed with a court, tribunal, exchange, regulatory authority or similar administrative, regulatory or judicial body which reasonably confirms that the administrator of that Screen Rate is insolvent,

provided that, in each case, at that time, there is no successor administrator to continue to provide that Screen Rate;

(ii) the administrator of that Screen Rate publicly announces that it has ceased or will cease, to provide that Screen Rate permanently or indefinitely and, at that time, there is no successor administrator to continue to provide that Screen Rate;

(iii) the supervisor of the administrator of that Screen Rate publicly announces that such Screen Rate has been or will be permanently or indefinitely discontinued; or

(iv) the administrator of that Screen Rate or its supervisor announces that that Screen Rate may no longer be used; or

(c) the administrator of that Screen Rate determines that that Screen Rate should be calculated in accordance with its reduced submissions or other contingency or fallback policies or arrangements and the circumstance(s) or event(s) leading to such determination are not (in the opinion of the Majority Lenders and the Borrowers) temporary; or

(d) in the opinion of the Majority Lenders and the Borrowers, that Screen Rate is otherwise no longer appropriate for the purposes of calculating interest under this Agreement.

37.3 **Excluded Commitments**

If:

37.3.1 any Defaulting Lender fails to respond to a request for a consent, waiver, amendment of or in relation to any term of any Finance Document or any other vote of Lenders under the terms of this Agreement within 5 Business Days of that request being made; or

37.3.2 any Lender which is not a Defaulting Lender fails to respond to such a request or such a vote within 5 Business Days of that request being made,

(unless, in either case, the Borrowers and the Agent agree to a longer time period in relation to any request):

(a) its Commitment(s) shall not be included for the purpose of calculating the Total Commitments when ascertaining whether any relevant percentage (including, for the avoidance of doubt, unanimity) of Total Commitments has been obtained to approve that request; and

(b) its status as a Lender shall be disregarded for the purpose of ascertaining whether the agreement of any specified group of Lenders has been obtained to approve that request.

37.4 **Replacement of Lender**

37.4.1 If:

(a) any Lender becomes a Non-Consenting Lender (as defined in Clause 37.4.4); or

(b) a Borrower or any other Obligor becomes obliged to repay any amount in accordance with Clause 7.1 (Illegality) or to pay additional amounts pursuant to Clause 12.2 (*Tax gross-up*), Clause 12.3 (*Tax Indemnity*) or Clause 13.1 (*Increased costs*) to any Lender,

then the Borrowers may, on ten Business Days' prior written notice to the Agent and such Lender, replace such Lender by requiring such Lender to (and, to the extent permitted by law, such Lender shall) transfer pursuant to Clause 25 (*Changes to the Lenders*) all (and not part only) of its rights and obligations under this Agreement to a Lender or other bank, financial institution, trust, fund or other entity (a "**Replacement Lender**") selected by the Borrowers, which confirms its willingness to assume and does assume all the obligations of the transferring Lender in accordance with Clause 25 (*Changes to the Lenders*) for a purchase price in cash payable at the time of transfer in an amount equal to the outstanding principal amount of such Lender's participation in the outstanding Loan and all accrued interest (to the extent that the Agent has not given a notification under

Clause 25.9 (*Pro rata interest settlement*)), Break Costs and other amounts payable in relation thereto under the Finance Documents.

37.4.2 The replacement of a Lender pursuant to this Clause 37.4 shall be subject to the following conditions:

(a) the Borrowers shall have no right to replace the Agent or Security Agent;

(b) neither the Agent nor the Lender shall have any obligation to the Borrowers to find a Replacement Lender;

(c) in the event of a replacement of a Non-Consenting Lender such replacement must take place no later than 5 days after the date on which that Lender is deemed a Non-Consenting Lender;

(d) in no event shall the Lender replaced under this Clause 37.4 be required to pay or surrender to such Replacement Lender any of the fees received by such Lender pursuant to the Finance Documents; and

(e) the Lender shall only be obliged to transfer its rights and obligations pursuant to Clause 37.4.1 once it is satisfied that it has complied with all necessary "know your customer" or other similar checks under all applicable laws and regulations in relation to that transfer.

37.4.3 A Lender shall perform the checks described in Clause 37.4.2(e) as soon as reasonably practicable following delivery of a notice referred to in Clause 37.4.1 and shall notify the Agent and the Borrowers when it is satisfied that it has complied with those checks.

37.4.4 In the event that:

(a) the Borrowers or the Agent (at the request of the Borrowers) have requested the Lenders to give a consent in relation to, or to agree to a waiver or amendment of, any provisions of the Finance Documents;

(b) the consent, waiver or amendment in question requires the approval of all the Lenders; and

(c) Lenders whose Commitments aggregate more than 85 per cent of the Total Commitments (or, if the Total Commitments have been reduced to zero, aggregated more than 85 per cent of the Total Commitments prior to that reduction) have consented or agreed to such waiver or amendment,

then any Lender who does not and continues not to consent or agree to such waiver or amendment shall be deemed a "**Non-Consenting Lender**".

37.5 **Disenfranchisement of Defaulting Lenders**

37.5.1 For so long as a Defaulting Lender has any Commitment, in ascertaining:

(a) the Majority Lenders; or

(b) whether:

(i) any given percentage (including, for the avoidance of doubt, unanimity) of the Total Commitments; or

(ii) the agreement of any specified group of Lenders,

has been obtained to approve any request for a consent, waiver, amendment or other vote of Lenders under the Finance Documents, that Defaulting Lender's Commitment will be reduced by the amount of its participation in the Loan it has failed to make available and, to the extent that that reduction results in that Defaulting Lender's Commitment being zero, that Defaulting Lender shall be deemed not to be a Lender for the purposes of (i) and (ii).

37.5.2 For the purposes of this Clause 37.5, the Agent may assume that the following Lenders are Defaulting Lenders:

(a) any Lender which has notified the Agent that it has become a Defaulting Lender;

(b) any Lender in relation to which it is aware that any of the events or circumstances referred to in (a), (b) or (c) of the definition of "Defaulting Lender" has occurred,

unless it has received notice to the contrary from the Lender concerned (together with any supporting evidence reasonably requested by the Agent) or the Agent is otherwise aware that the Lender has ceased to be a Defaulting Lender.

37.6 **Replacement of a Defaulting Lender**

37.6.1 The Borrowers may, at any time a Lender has become and continues to be a Defaulting Lender, by giving ten Business Days' prior written notice to the Agent and such Lender, replace such Lender by requiring such Lender to (and, to the extent permitted by law, such Lender shall) transfer pursuant to Clause 25 (*Changes to the Lenders*) all (and not part only) of its rights and obligations under this Agreement to a Lender or other bank, financial institution, trust, fund or other entity (a "**Replacement Lender**") selected by the Borrowers which confirms its willingness to assume and does assume all the obligations, or all the relevant obligations, of the transferring Lender in accordance with Clause 25 (*Changes to the Lenders)* for a purchase price in cash payable at the time of transfer which is either:

(a) in an amount equal to the outstanding principal amount of such Lender's participation in the outstanding Loan and all accrued interest (to the extent that the Agent has not given a notification under Clause 25.9 (*Pro rata interest settlement*), Break Costs and other amounts payable in relation thereto under the Finance Documents; or

(b) in an amount agreed between that Defaulting Lender, the Replacement Lender and the Borrowers and which does not exceed the amount described in (a).

37.6.2 Any transfer of rights and obligations of a Defaulting Lender pursuant to this Clause 37.6 shall be subject to the following conditions:

(a) the Borrowers shall have no right to replace the Agent or Security Agent;

(b) neither the Agent nor the Defaulting Lender shall have any obligation to the Borrowers to find a Replacement Lender;

(c) the transfer must take place no later than 10 Business Days after the notice referred to in Clause 37.6.1;

(d) in no event shall the Defaulting Lender be required to pay or surrender to the Replacement Lender any of the fees received by the Defaulting Lender pursuant to the Finance Documents; and

(e) the Defaulting Lender shall only be obliged to transfer its rights and obligations pursuant to 37.6.1 once it is satisfied that it has complied with all necessary "know your customer" or other similar checks under all applicable laws and regulations in relation to that transfer to the Replacement Lender.

37.6.3 The Defaulting Lender shall perform the checks described in Clause 37.6.2(e) as soon as reasonably practicable following delivery of a notice referred to in Clause 37.6.1 and shall notify the Agent and the Borrowers when it is satisfied that it has complied with those checks.

38. Confidentiality

38.1 **Confidential Information** Each Finance Party agrees to keep all Confidential Information confidential and not to disclose it to anyone, save to the extent permitted by Clause 38.2 (*Disclosure of Confidential Information*) and Clause 38.3 (*Disclosure to numbering service providers*), and to ensure that all Confidential Information is protected with security measures and a degree of care that would apply to its own confidential information.

38.2 **Disclosure of Confidential Information** Any Finance Party may disclose:

38.2.1 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 that Finance Party shall consider appropriate if any person to whom the Confidential Information is to be given pursuant to this Clause 38.2.1 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;

38.2.2 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 or which succeeds (or which may potentially succeed) it as Agent or Security Agent and, in each case, to any of that person's Affiliates, 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 any Finance Party or by a person to whom Clause 38.2.2(a) or 38.2.2(b) applies to receive communications, notices, information or documents delivered pursuant to the Finance Documents on its behalf (including, without limitation, any person appointed under Clause 27.16.2 (*Relationship with the Lenders*));

(d) who invests in or otherwise finances (or may potentially invest in or otherwise finance), directly or indirectly, any transaction referred to in Clause 38.2.2(a) or 38.2.2(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 that Finance Party charges, assigns or otherwise creates Security (or may do so) pursuant to Clause 25.8 (*Security over Lenders' rights*);

(h) who is a Party; or

(i) with the consent of the Borrowers;

in each case, such Confidential Information as that Finance Party shall consider appropriate if:

(i) in relation to Clauses 38.2.2(a), 38.2.2(b) and 38.2.2(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 38.2.2(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 38.2.2(e), 38.2.2(f) and 38.2.2(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 that Finance Party, it is not practicable so to do in the circumstances; and

38.2.3 to any person appointed by that Finance Party or by a person to whom Clause 38.2.2(a) or 38.2.2(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 38.2.3 if the service provider to whom the Confidential Information is to be given has entered into a Confidentiality Undertaking; and

38.2.4 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 and/or the Group.

38.3 **Disclosure to numbering service providers**

38.3.1 Any Finance Party may disclose to any national or international numbering service provider appointed by that Finance Party to provide identification numbering services in respect of this Agreement, the Loan and/or one or more Obligors the following information:

(a) names of Obligors;

(b) country of domicile of Obligors;

(c) place of incorporation of Obligors;

(d) date of this Agreement;

(e) Clause 42 (*Governing law*);

(f) the names of the Agent and the Arranger;

(g) date of each amendment and restatement of this Agreement;

(h) amount of Total Commitments;

(i) currencies of the Loan;

(j) type of Loan;

(k) ranking of the Loan;

(l) Termination Date;

(m) changes to any of the information previously supplied pursuant to (a) to (l); and

(n) such other information agreed between such Finance Party and that Obligor,

to enable such numbering service provider to provide its usual syndicated loan numbering identification services.

38.3.2 The Parties acknowledge and agree that each identification number assigned to this Agreement, the Loan and/or one or more Obligors by a numbering service provider and the information associated with each such number may be disclosed to users of its services in accordance with the standard terms and conditions of that numbering service provider.

38.3.3 Each Borrower represents that none of the information set out in Clauses 38.3.1(a) to 38.3.1(n) is, nor will at any time be, unpublished price-sensitive information.

38.3.4 The Agent shall notify the Borrowers and the other Finance Parties of:

(a) the name of any numbering service provider appointed by the Agent in respect of this Agreement, the Loan and/or one or more Obligors; and

(b) the number or, as the case may be, numbers assigned to this Agreement, the Loan and/or one or more Obligors by such numbering service provider.

38.4 **Entire agreement** This Clause 38 constitutes the entire agreement between the Parties in relation to the obligations of the Finance Parties under the Finance Documents regarding Confidential Information and supersedes any previous agreement, whether express or implied, regarding Confidential Information.

38.5 **Inside information** Each of the Finance Parties acknowledges that some or all of the Confidential Information is or may be price-sensitive information and that the use of such information may be regulated or prohibited by applicable legislation including securities law relating to insider dealing and market abuse and each of the Finance Parties undertakes not to use any Confidential Information for any unlawful purpose.

38.6 **Notification of disclosure** Each of the Finance Parties agrees (to the extent permitted by law and regulation) to inform the Borrowers:

38.6.1 of the circumstances of any disclosure of Confidential Information made pursuant to Clause 38.2.2(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

38.6.2 upon becoming aware that Confidential Information has been disclosed in breach of this Clause 38.

38.7 **Continuing obligations** The obligations in this Clause 38 are continuing and, in particular, shall survive and remain binding on each Finance Party for a period of 12 months from the earlier of:

38.7.1 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

38.7.2 the date on which such Finance Party otherwise ceases to be a Finance Party.

39. Disclosure of Lender Details by Agent

39.1 **Supply of Lender details to Borrowers** The Agent shall provide to the Borrowers within seven Business Days of a request by the Borrowers (but no more frequently than once per calendar month) a list (which may be in electronic form) setting out the names of the Lenders as at the date of that request, their respective Commitments, the address and fax number (and the department or officer, if any, for whose attention any communication is to be made) of each Lender for any communication to be made or document to be delivered under or in connection with the Finance Documents, the electronic mail address and/or any other information required to enable the sending and receipt of information by electronic mail or other electronic means to and by each Lender to whom any communication under or in connection with the Finance Documents may be made by that means and the account details of each Lender for any payment to be distributed by the Agent to that Lender under the Finance Documents.

39.2 **Supply of Lender details at Borrowers' direction**

39.2.1 The Agent shall, at the request of the Borrowers, disclose the identity of the Lenders and the details of the Lenders' Commitments to any:

(a) other Party or any other person if that disclosure is made to facilitate, in each case, a refinancing of the Financial Indebtedness arising under the Finance Documents or a material waiver or amendment of any term of any Finance Document; and

(b) Obligor or any other member of the Group.

39.2.2 Subject to Clause 39.2.3, the Borrowers shall procure that the recipient of information disclosed pursuant to Clause 39.2.1 shall keep such information confidential and shall not disclose it to anyone and shall ensure that all such information

is protected with security measures and a degree of care that would apply to the recipient's own confidential information.

39.2.3 The recipient may disclose such information to any of its officers, directors, employees, professional advisers, auditors and partners as it shall consider appropriate if any such person is informed in writing of its confidential nature, except that there shall be no such requirement to so inform if that person is subject to professional obligations to maintain the confidentiality of the information or is otherwise bound by duties of confidentiality in relation to the information.

39.3 **Supply of Lender details to other Lenders**

39.3.1 If a Lender (a "**Disclosing Lender**") indicates to the Agent that the Agent may do so, the Agent shall disclose that Lender's name and Commitment to any other Lender that is, or becomes, a Disclosing Lender.

39.3.2 The Agent shall, if so directed by the Requisite Lenders, request each Lender to indicate to it whether it is a Disclosing Lender.

39.4 **Lender enquiry** If any Lender believes that any entity is, or may be, a Lender and:

39.4.1 that entity ceases to have an Investment Grade Rating; or

39.4.2 an Insolvency Event occurs in relation to that entity,

the Agent shall, at the request of that Lender, indicate to that Lender the extent to which that entity has a Commitment.

39.5 **Lender details definitions** In this Clause 39:

"**Investment Grade Rating**" means, in relation to an entity, a rating for its long-term unsecured and non-credit-enhanced debt obligations of BBB- or higher by Standard & Poor's Rating Services or Fitch Ratings Ltd or Baa3 or higher by Moody's Investors Service Limited or a comparable rating from an internationally recognised credit rating agency.

"**Requisite Lenders**" means a Lender or Lenders whose Commitments aggregate 15 per cent (or more) of the Total Commitments (or if the Total Commitments have been reduced to zero, aggregated 15 per cent (or more) of the Total Commitments immediately prior to that reduction).

40. 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.

41. Joint and Several Liability

41.1 **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:

41.1.1 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;

41.1.2 any amendment, variation, novation or replacement of any other Finance Document;

41.1.3 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;

41.1.4 the winding-up or dissolution of any other Borrower or any other Obligor;

41.1.5 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

41.1.6 any other act, omission, thing or circumstance which would or might, but for this provision, operate to discharge, impair or otherwise affect such liability.

41.2 **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 a Finance Party 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:

41.2.1 exercise any rights of subrogation in relation to any rights, security or moneys held or received or receivable by a Finance Party or any other person; or

41.2.2 exercise any right of contribution from any other Borrower or any other Obligor under any Finance Document; or

41.2.3 exercise any right of set-off or counterclaim against any other Borrower or any other Obligor; or

41.2.4 receive, claim or have the benefit of any payment, distribution, security or indemnity from any other Borrower or any other Obligor; or

41.2.5 unless so directed by the Agent (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 any Finance Party

and each Borrower shall hold in trust for the Finance Parties and forthwith pay or transfer (as appropriate) to the Agent 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.

Section 12 Governing Law and Enforcement

42. Governing Law

This Agreement and any non-contractual obligations arising out of or in connection with it are governed by English law.

43. Enforcement

43.1 **Jurisdiction of English courts**

43.1.1 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**"). Each Party agrees that the courts of England are the most appropriate and convenient courts to settle Disputes and accordingly no Party will argue to the contrary.

43.1.2 Notwithstanding Clause 43.1.1, no Finance Party shall be prevented from taking proceedings relating to a Dispute in any other courts with jurisdiction. To the extent allowed by law, any Finance Party may take concurrent proceedings in any number of jurisdictions.

43.2 **Service of process**

43.2.1 Without prejudice to any other mode of service allowed under any relevant law, each Borrower and each Guarantor:

(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 or that Guarantor (as the case may be) of the process will not invalidate the proceedings concerned.

43.2.2 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 or relevant Guarantor (as the case may be) must immediately (and in any event within five days of such event taking place) appoint another agent on terms acceptable to the Agent. Failing this, the Agent may appoint another agent for this purpose.

This Agreement has been entered into on the date stated at the beginning of this Agreement.

Schedule 1
The Original Lenders

Name of Original Lender	**Commitment**	**Treaty Passport scheme reference number and jurisdiction of residence (if applicable)**
DNB (UK) Limited	100%	

Schedule 2
Part I
Conditions Precedent

1 **Obligors**

(a) **Constitutional documents** Copies of the constitutional documents of each Obligor together with such other evidence as the Agent may reasonably require that each Obligor is duly incorporated in its country of incorporation and remains in existence with power to enter into, and perform its obligations under, the Relevant Documents to which it is or is to become a party.

(b) **Certificates of good standing** A certificate of good standing in respect of each Obligor (if such a certificate can be obtained).

(c) **Board resolutions** A copy of a resolution of the board of directors of each Obligor (other than the Original Guarantor) and a copy of a resolution of the executive committee of the board of directors of the Original Guarantor:

(i) approving the terms of, and the transactions contemplated by, the Relevant Documents to which it is a party and resolving that it execute those Relevant Documents; and

(ii) authorising a specified person or persons to execute those Relevant Documents (and all documents and notices to be signed and/or dispatched under those documents) on its behalf.

(d) **Specimen signatures or Copy passports** A specimen of the signature or copy of the passport (as the Agent may require) of each person actually executing any of the Relevant Documents pursuant to the resolutions referred to in (c).

(e) **Shareholder resolutions** A copy of a resolution signed by all the holders of the issued shares in each Obligor (other than the Original Guarantor), approving the terms of, and the transactions contemplated by, the Relevant Documents to which that Obligor is a party.

(f) **Officer's certificates** An original certificate of a duly authorised officer of each Obligor:

(i) certifying that each copy document relating to it specified in this Part I of Schedule 2 is correct, complete and in full force and effect;

(ii) setting out the names of (a) the directors and officers of that Obligor and (b) the shareholders of that Obligor (other than the Original Guarantor) and the proportion of shares held by each shareholder; and

(iii) confirming that borrowing or guaranteeing or securing, as appropriate, the Loan would not cause any borrowing, guarantee, security or similar limit binding on that Obligor to be exceeded.

(g) **Evidence of registration** Where such registration is required or permitted under the laws of the relevant jurisdiction, evidence that the names of the directors, officers and shareholders of each Obligor are duly registered in the companies registry or other registry in the country of incorporation of that Obligor.

(h) **Powers of attorney** The original notarially attested and legalised power of attorney of each of the Obligors under which the Relevant Documents to which it is or is to become a party are to be executed or transactions undertaken by that Obligor.

2 **Security and related documents**

(a) **Vessel documents** Photocopies, certified as true, accurate and complete by a director or the secretary or the legal advisers of the Borrower, of:

(i) any charterparty or other contract of employment of the Vessel which will be in force on the Utilisation Date including, without limitation, any Charter

(ii) the on hire certificate pursuant to the Charter (if the Charter is a time charter) or the protocol of delivery and acceptance evidencing the unconditional physical delivery of the Vessel by the Borrower to a Charterer pursuant to a Charter (if the Charter is a bareboat charter);

(iii) the Management Agreements;

(iv) the Vessel's current Safety Construction, Safety Equipment, Safety Radio and Load Line Certificates;

(v) evidence of the Vessel's current Certificate of Financial Responsibility issued pursuant to the United States Oil Pollution Act 1990;

(vi) the Vessel's current SMC;

(vii) the ISM Company's current DOC;

(viii) the Vessel's current ISSC;

(ix) the Vessel's current IAPPC;

(x) the Vessel's current Tonnage Certificate;

in each case together with all addenda, amendments or supplements.

(b) **Evidence of Borrower's title** Evidence that on the Utilisation Date (i) the Vessel will be permanently registered under the flag of the Hellenic Republic

in the ownership of the Borrower and (ii) the Mortgage will be capable of being registered against the Vessel with first priority.

(c) **Evidence of insurance** Evidence that the Vessel is insured in the manner required by the Security Documents and that letters of undertaking will be issued in the manner required by the Security Documents, together with (if required by the Agent) the written approval of the Insurances by an insurance adviser appointed by the Agent.

(d) **Confirmation of class** A Certificate of Confirmation of Class for hull and machinery confirming the Vessel is classed with the highest class applicable to vessels of her type with Lloyd's Register or such other classification society as may be acceptable to the Agent.

(e) **Valuation** A valuation of the Vessel addressed to the Agent from a broker acceptable to the Agent certifying the Market Value for the Vessel, acceptable to the Agent and in compliance with Clause 18 (*Additional security*) and dated not earlier that 30 Business Days prior to the proposed Utilisation Date.

(f) **Security Documents** The Mortgage and the Assignments in respect of the Vessel, each Guarantee, the Account Security Deed, the Share Securities and any other Credit Support Documents, together with all other documents required by any of them, including, without limitation, (i) all notices of assignment and/or charge and evidence that those notices will be duly acknowledged by the recipients and (ii) (pursuant to the Share Securities) all share certificates, certified copy share registers or registers of members, transfer forms, proxy forms, letters of resignation and letters of undertaking.

(g) **Mandates** Such duly signed forms of mandate, and/or other evidence of the opening of the Earnings Accounts, as the Security Agent may require.

(h) **No disputes** The written confirmation of the Borrowers that there is no dispute under any of the Relevant Documents as between the parties to any such document.

(i) **Account Holder's confirmation** The written confirmation of the Account Holder that the Earnings Accounts have been opened with the Account Holder and to its actual knowledge are free from Encumbrances other than as created by or pursuant to the Security Documents and rights of set off in favour of the Account Holder as account holder.

(j) **Master Agreement** The Master Agreement.

(k) **Other Relevant Documents** Copies of each of the Relevant Documents not otherwise comprised in the documents listed in this Part I of Schedule 2.

3 **Legal opinions**

The following legal opinions, each addressed to the Agent, or confirmation satisfactory to the Agent that such opinions will be given:

(a) a legal opinion of Stephenson Harwood LLP, legal advisers to the Agent as to English law substantially in the form distributed to the Lenders prior to signing this Agreement;

(b) a legal opinion of the following legal advisers to the Agent:

(i) Ince & Co as to Marshall Islands law;

(ii) Stephenson Harwood LLP as to Greek law; and

(iii) Patton Moreno & ASVAT as to Panamanian law.

4 **Other documents and evidence**

(a) **Utilisation Request** A duly completed Utilisation Request.

(b) **Process agent** Evidence that any process agent referred to in Clause 43.2 (*Service of process*) and any process agent appointed under any other Finance Document has accepted its appointment.

(c) **Other Authorisations** A copy of any other Authorisation or other document, opinion or assurance which the Agent considers to be necessary or desirable (if it has notified the Borrowers accordingly) in connection with the entry into and performance of the transactions contemplated by any Relevant Document or for the validity and enforceability of any Relevant Document.

(d) **Financial statements** A copy of each of the Original Financial Statements.

(e) **Fees** The Fee Letter and evidence that the fees, costs and expenses then due from the Borrowers under Clause 11 (*Fees*) and Clause 16 (*Costs and Expenses*) or, if applicable, any withholding tax have been paid or will be paid by the relevant Utilisation Date.

(f) **"Know your customer" documents** Such documentation and other evidence as is reasonably requested by the Agent (including specimen signatures) in order for the Lenders to comply with all necessary "know your customer" or similar identification procedures in relation to the transactions contemplated in the Finance Documents, and each Obligors signatories, directors and ultimate beneficial owners.

(g) **Group Structure Chart** A chart showing the structure of the Group up to the level of the Original Guarantor.

(h) **Ownership Side Letter** The Ownership Side Letter.

Part II
Conditions Subsequent

1 **Evidence of Borrower's title** Certificate of ownership and encumbrance (or equivalent) issued by the Registrar of Ships (or equivalent official) of the flag of the Hellenic Republic confirming that (a) the Vessel is permanently registered under that flag in the ownership of the Borrower, (b) the Mortgage has been registered with first priority against the Vessel and (c) there are no further Encumbrances registered against the Vessel.

2 **Letters of undertaking** Letters of undertaking in respect of the Insurances as required by the Security Documents together with copies of the relevant policies or cover notes or entry certificates duly endorsed with the interest of the Finance Parties.

3 **Acknowledgements of notices** Acknowledgements of all notices of assignment and/or charge given pursuant to any Security Documents received by the Agent pursuant to Part I of this Schedule 2.

4 **Legal opinions** Such of the legal opinions specified in Part I of this Schedule 2 as have not already been provided to the Agent.

5 **Companies Act registrations** If applicable, evidence that the prescribed particulars of any Security Documents received by the Agent pursuant to Part I of this Schedule 2 have been delivered to the relevant Registry of Companies/Corporations within the statutory time limit.

6 **Master's receipt** The master's receipt for the Mortgage.

Schedule 3
Utilisation Request

From: Erikub Shipping Company Inc.
Wotho Shipping Company Inc.
To: **DNB Bank ASA**

Dated:

Dear Sirs

Erikub Shipping Company Inc. and Wotho Shipping Company Inc. – $19,000,000 Loan Agreement dated [ ] (the "Agreement")

1 We refer to the Agreement. This is a Utilisation Request. Terms defined in the Agreement have the same meaning in this Utilisation Request unless given a different meaning in this Utilisation Request.

2 We wish to borrow the Vessel Loan in respect of the Vessel specified below on the following terms:

Proposed Utilisation Date:	[ ] (or, if that is not a Business Day, the next Business Day)
Currency of Vessel Loan:	dollars
Amount:	[ ]
Interest Period:	[ ]
Vessel:	[ ]

3 We confirm that each condition specified in Clause 4.2 (*Further conditions precedent*) is satisfied on the date of this Utilisation Request.

4 The proceeds of the Vessel Loan should be paid as follows:

[•]

5 This Utilisation Request is irrevocable.

Yours faithfully

……

authorised signatory for

Erikub Shipping Company Inc.
Wotho Shipping Company Inc.

Schedule 4
Form of Transfer Certificate

To: [ ] as Agent

From: [*The Existing Lender*] (the "**Existing Lender**") and [*The New Lender*] (the "**New Lender**")

Dated:

Erikub Shipping Company Inc. and Wotho Shipping Company Inc. – $19,000,000 Loan Agreement dated [ ] (the "Loan Agreement")

1 We refer to the Loan Agreement. This agreement (the "**Agreement**") shall take effect as a Transfer Certificate for the purposes of the Loan Agreement. Terms defined in the Loan Agreement have the same meaning in this Agreement unless given a different meaning in this Agreement.

2 We refer to Clause 25.5 (*Procedure for transfer*) of the Loan Agreement:

(a) The Existing Lender and the New Lender agree to the Existing Lender transferring to the New Lender by novation and in accordance with Clause 25.5 (*Procedure for transfer*) all of the Existing Lender's rights and obligations under the Loan Agreement and the other Finance Documents which relate to that portion of the Existing Lender's Commitment(s) and participations in the Loan under the Loan Agreement as specified in the Schedule.

(b) The proposed Transfer Date is [].

(c) The Facility Office and address, fax number and attention details for notices of the New Lender for the purposes of Clause 33.2 (*Addresses*) of the Loan Agreement are set out in the Schedule.

3 The New Lender expressly acknowledges the limitations on the Existing Lender's obligations set out in Clause 25.4.1(c) (*Limitation of responsibility of Existing Lenders*) of the Loan Agreement.

4 The New Lender confirms, for the benefit of the Agent and without liability to any Obligor, that it is:

(d) [a Qualifying Lender other than a Treaty Lender;]

(e) [a Treaty Lender;]

(f) [not a Qualifying Lender].

[5] [The New Lender confirms that the person beneficially entitled to interest payable to that Lender in respect of an advance under a Finance Document is either:

(g) a company resident in the United Kingdom for United Kingdom tax purposes;

(h) a partnership each member of which is:

(iv) a company so resident in the United Kingdom; or

(v) 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

(i) 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.]

[5] [The New Lender confirms that it holds a passport under the HMRC DT Treaty Passport scheme (reference number [ ]) and is tax resident in [ ], so that interest payable to it by borrowers is generally subject to full exemption from UK withholding tax, and requests that the Agent notify the Borrowers that it wishes that scheme to apply to the Agreement.]

[5/6] This Agreement may be executed in any number of counterparts and this has the same effect as if the signatures on the counterparts were on a single copy of this Agreement.

[6/7] This Agreement and any non-contractual obligations arising out of or in connection with it are governed by English law.

[7/8] This Agreement has been entered into on the date stated at the beginning of this Agreement.

Note: **The execution of this Transfer Certificate may not transfer a proportionate share of the Existing Lender's interest in any Encumbrance created or expressed to be created or evidenced by the Security Documents in all jurisdictions. It is the responsibility of the New Lender to ascertain whether any other documents or other formalities are required to perfect a transfer of such a share in any jurisdiction and, if so, to arrange for execution of those documents and completion of those formalities.**

The Schedule

Commitment/rights and obligations to be transferred

[*insert relevant details*]

[*Facility Office address, fax number and attention details for notices and account details for payments,*]

[Existing Lender]	[New Lender]
By:	By:

This Agreement is accepted as a Transfer Certificate for the purposes of the Loan Agreement by the Agent[, and as a Creditor Accession Undertaking for the purposes of the Intercreditor Agreement by the Security Agent,][31] and the Transfer Date is confirmed as [ ].

DNB Bank ASA

By:

Schedule 5
Form of Assignment Agreement

To: [ ] as Agent and [ ] and [ ] as Borrowers, for and on behalf of each Obligor

From: [the *Existing Lender*] (the "**Existing Lender**") and [the *New Lender*] (the "**New Lender**")

Dated:

Erikub Shipping Company Inc. and Wotho Shipping Company Inc. - [ ] Loan Agreement dated [ ] (the "Loan Agreement")

1 We refer to the Loan Agreement. This is an Assignment Agreement. This agreement (the "**Agreement**") shall take effect as an Assignment Agreement for the purpose of the Loan Agreement. Terms defined in the Loan Agreement have the same meaning in this Agreement unless given a different meaning in this Agreement.

2 We refer to Clause 25.6 (*Procedure for assignment*) of the Loan Agreement:

(a) The Existing Lender assigns absolutely to the New Lender all the rights of the Existing Lender under the Loan Agreement, the other Finance Documents and in respect of any Encumbrance created or expressed to be created or evidenced by the Security Documents which correspond to that portion of the Existing Lender's Commitment(s) and participations in the Loan under the Loan Agreement as specified in the Schedule.

(b) The Existing Lender is released from all the obligations of the Existing Lender which correspond to that portion of the Existing Lender's Commitment(s) and participations in the Loan under the Loan Agreement specified in the Schedule.

(c) The New Lender becomes a Party as a Lender and is bound by obligations equivalent to those from which the Existing Lender is released under paragraph (b).

3 The proposed Transfer Date is [ ].

4 On the Transfer Date the New Lender becomes:

(a) Party to the relevant Finance Documents as a Lender

5 The Facility Office and address, fax number and attention details for notices of the New Lender for the purposes of Clause 33.2 (*Addresses*) of the Loan Agreement are set out in the Schedule.

6 The New Lender expressly acknowledges the limitations on the Existing Lender's obligations set out in Clause 25.4.3 (*Limitation of responsibility of Existing Lenders*) of the Loan Agreement.

7 The New Lender confirms, for the benefit of the Agent and without liability to any Obligor, that it is:

(a) [a Qualifying Lender (other than a Treaty Lender);]

(b) [a Treaty Lender;]

(c) [not a Qualifying Lender].

8 [The New Lender confirms that the person beneficially entitled to interest payable to that 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.]

9 [The New Lender confirms that it holds a passport under the HMRC DT Treaty Passport scheme (reference number [ ]) and is tax resident in [ ]*, so that interest payable to it by borrowers is generally subject to full exemption from UK withholding tax and hereby notifies the Borrowers that it wishes that scheme to apply to the Loan Agreement.]**

[9/10] This Agreement acts as notice to the Agent (on behalf of each Finance Party) and, upon delivery in accordance with Clause 25.7 (*Copy of Transfer Certificate or Assignment Agreement to Borrowers*), to the Borrowers (on behalf of each Obligor) of the assignment referred to in this Agreement.

[10/11] This Agreement may be executed in any number of counterparts and this has the same effect as if the signatures on the counterparts were on a single copy of this Agreement.

[11/12] This Agreement and any non-contractual obligations arising out of or in connection with it are governed by English law.

* Insert jurisdiction of tax residence.

** Include if the New Lender holds a passport under the HMRC DT Treaty Passport scheme and wishes that scheme to apply to the Loan Agreement.

[12/13] This Agreement has been entered into on the date stated at the beginning of this Agreement.

Note: **The execution of this Assignment Agreement may not transfer a proportionate share of the Existing Lender's interest in any Encumbrance created or expressed to be created or evidenced by the Security Documents in all jurisdictions. It is the responsibility of the New Lender to ascertain whether any other documents or other formalities are required to perfect a transfer of such a share in any jurisdiction and, if so, to arrange for execution of those documents and completion of those formalities.**

The Schedule

Commitment/rights and obligations to be transferred by assignment, release and accession

[*insert relevant details*]

[*Facility office address, fax number and attention details for notices and account details for payments*]

[Existing Lender]	[New Lender]
By:	By:

This Agreement is accepted as an Assignment Agreement for the purposes of the Loan Agreement by the Agent and the Transfer Date is confirmed as [ ].

Signature of this Agreement by the Agent constitutes confirmation by the Agent of receipt of notice of the assignment referred to in this Agreement, which notice the Agent receives on behalf of each Finance Party.

DNB Bank ASA

By:

Schedule 6
Form of Accession Deed

To: [ ] as Agent and [ ] as Security Agent for itself and each of the other Finance Parties

From: [*Affiliate of a Borrower*] and [*Borrowers*][*Original Guarantor*]

Dated:

Dear Sirs

Erikub Shipping Company Inc. and Wotho Shipping Company Inc. – $19,000,000 Loan Agreement dated [ ] (the "Agreement")

1 We refer to the Agreement. This deed (the "**Accession Deed**") shall take effect as an Accession Deed for the purposes of the Agreement. Terms defined in the Agreement have the same meaning in paragraphs 1-3 of this Accession Deed unless given a different meaning in this Accession Deed.

2 [*Affiliate of a Borrower*] agrees to become an Additional Guarantor and to be bound by the terms of the Agreement and the other Finance Documents as an Additional Guarantor pursuant to Clause 26.2 (*Additional Guarantors*) of the Agreement. *Affiliate of a Borrower* is a company duly incorporated under the laws of [*name of relevant jurisdiction*] and is a limited liability company and registered number [ ].

3 *Affiliate of a Borrower's* administrative details for the purposes of the Agreement are as follows:

Address:

Fax No.:

Attention:

This Accession Deed and any non-contractual obligations arising out of or in connection with it are governed by English law.

This Accession Deed has been signed on behalf of the [Borrowers][Original Guarantor] and executed as a deed by [*Affiliate of a Borrower*] and is delivered on the date stated above.

[Affiliate of a Borrower]

[Executed as a Deed)
By: **[Affiliate of a Borrower]**)
)

Director

_____

_____ Director/Secretary]

or

[**Executed as a Deed**

By: **[Affiliate of a Borrower]**

Signature of Director

_____

_____ Name of Director

in the presence of

_____ Signature of witness

_____ Name of witness

_____ Address of witness

_____

_____

_____

_____ Occupation of witness]

The [Borrowers][Original Guarantor]

[*Borrowers*][*Original Guarantor*]

_____

By:

Schedule 7
Form of Compliance Certificate

To: DNB Bank ASA

From: Diana Shipping Inc.

Dated:

Dear Sirs

Wotho Shipping Company Inc. and Erikub Shipping Company Inc. – $19,000,000 Loan Agreement dated [ ] (the "Agreement")

1 We refer to the Agreement. This is a Compliance Certificate. Terms defined in the Agreement have the same meaning when used in this Compliance Certificate unless given a different meaning in this Compliance Certificate.

2 We confirm that:

2.1 we maintain Cash of not less than the higher of (i) $500,000 multiplied by the number of the Fleet Vessels and (ii) $10,000,000; and

2.2 the Market Value Adjusted Net Worth in an amount not less than $150,000,000; and

2.3 the Market Value Adjusted Net Worth in excess of 25% of the Total Assets;

2.4 each Borrower maintains in the relevant Earnings Account a credit balance of not less than two hundred thousand Dollars ($200,000).

3 [We confirm that no Default is continuing.][*]

Signed: ……
Chief Financial Officer
of
Diana Shipping Inc.

[*] If this statement cannot be made, the certificate should identify any Default that is continuing and the steps, if any, being taken to remedy it.

Signatures

The Borrowers

Erikub Shipping Company Inc.)
)
By:)
)
Address: c/o Diana Shipping Services S.A.)
Pendelis 16, 175 64 Palaio Faliro, Athens,)
Greece)
Fax no.: +30 210 9470101)
Department/Officer: Mr Andreas Michalopoulos)

Wotho Shipping Company Inc.)
)
By:)
)
Address: c/o Diana Shipping Services S.A.)
Pendelis 16, 175 64 Palaio Faliro, Athens,)
Greece)
Fax no.: +30 210 9470101)
Department/Officer: Mr Andreas Michalopoulos)

The Original Guarantor
Diana Shipping Inc.)
)
By:)
)
Address: c/o Diana Shipping Services S.A.)
Pendelis 16, 175 64 Palaio Faliro, Athens,)
Greece)
Fax no.: +30 210 9470101)
Department/Officer: Mr Andreas Michalopoulos)

The Arranger
DNB Bank ASA)
)
By:)
)
Address: 8th floor, The Walbrook Building)
25 Walbrook, London EC4N 8AF)
England)
Fax no.: +44 207 283 5935)
Department/Officer: Shipping Offshore)

The Agent
DNB Bank ASA)
)
By:)
)
Address: 8th floor, The Walbrook Building)
25 Walbrook, London EC4N 8AF)
England)
Fax no.: +44 207 283 5935)
Department/Officer: Shipping Offshore)

The Security Agent
DNB Bank ASA)
)
By:)
)
Address: 8th floor, The Walbrook Building)
25 Walbrook, London EC4N 8AF)
England)
Fax no.: +44 207 283 5935)
Department/Officer: Shipping Offshore)

The Original Lenders
DNB (UK) Limited)
)
By:)

The Swap Provider
DNB Bank ASA)
)
By:)
)
Address: 8th floor, The Walbrook Building)
25 Walbrook, London EC4N 8AF)
England)
Fax no.: +44 207 283 5935)
Department/Officer: Shipping Offshore)

Exhibit 8.1

SUBSIDIARIES AS AT DECEMBER 31, 2018

Subsidiary	Country of Incorporation
Aerik Shipping Company Inc.	Marshall Islands
Ailuk Shipping Company Inc.	Marshall Islands
Aster Shipping Company Inc.	Marshall Islands
Bikar Shipping Company Inc.	Marshall Islands
Bikini Shipping Company Inc.	Marshall Islands
Bokak Shipping Company Inc.	Marshall Islands
Ebadon Shipping Company Inc.	Marshall Islands
Erikub Shipping Company Inc.	Marshall Islands
Fayo Shipping Company Inc.	Marshall Islands
Gala Properties Inc.	Marshall Islands
Guam Shipping Company Inc.	Marshall Islands
Houk Shipping Company Inc.	Marshall Islands
Jabat Shipping Company Inc.	Marshall Islands
Jaluit Shipping Company Inc.	Marshall Islands
Jemo Shipping Company Inc.	Marshall Islands
Kaben Shipping Company Inc.	Marshall Islands
Kili Shipping Company Inc.	Marshall Islands
Knox Shipping Company Inc.	Marshall Islands
Lae Shipping Company Inc.	Marshall Islands
Lelu Shipping Company Inc.	Marshall Islands
Lib Shipping Company Inc.	Marshall Islands
Majuro Shipping Company Inc.	Marshall Islands
Makur Shipping Company Inc.	Marshall Islands
Mandaringina Inc.	Marshall Islands
Mejato Shipping Company Inc.	Marshall Islands
Namu Shipping Company Inc.	Marshall Islands
Palau Shipping Company Inc.	Marshall Islands
Pulap Shipping Company Inc.	Marshall Islands
Rairok Shipping Company Inc.	Marshall Islands
Rakaru Shipping Company Inc.	Marshall Islands
Taka Shipping Company Inc.	Marshall Islands
Taroa Shipping Company Inc.	Marshall Islands
Toku Shipping Company Inc.	Marshall Islands
Tuvalu Shipping Company Inc.	Marshall Islands
Ujae Shipping Company Inc.	Marshall Islands
Wake Shipping Company Inc.	Marshall Islands
Weno Shipping Company Inc.	Marshall Islands
Wotho Shipping Company Inc.	Marshall Islands
Buenos Aires Compania Armadora S.A.	Panama
Cerada International SA	Panama
Changame Compania Armadora S.A.	Panama
Chorrera Compania Armadora S.A.	Panama
Cypres Enterprises Corp.	Panama
Darien Compania Armadora S.A.	Panama
Diana Ship Management Inc.	Panama
Diana Shipping Services S.A.	Panama
Eaton Marine S.A.	Panama
Husky Trading, S.A.	Panama
Panama Compania Armadora S.A.	Panama
Skyvan Shipping Company S.A.	Panama
Texford Maritime S.A.	Panama
Urbina Bay Trading, S.A.	Panama
Vesta Commercial, S.A.	Panama
Marfort Navigation Company Limited	Cyprus
Silver Chandra Shipping Company Limited	Cyprus
Bulk Carriers (USA) LLC	United States (Delaware)

Exhibit 11.1

DIANA SHIPPING INC.

CODE OF ETHICS

The Board of Directors of Diana Shipping Inc. (the "Company") has adopted this Code of Ethics (the "Code") for all of the Company's employees, directors, officers and agents ("Employees"). All Employees are required to be familiar with the Code, comply with its provisions and report any suspected violations as described below in the section entitled "Internal Reporting".

This Code outlines the ethical principles that are to govern the decisions and behavior of the Company's Employees and is designed to help Employees conduct business honestly, respectfully and with integrity. This Code outlines the core values of the Company, with respect to how Employees are generally supposed to approach problems. For the avoidance of doubt, this Code does not purport to describe all of the Company's policies in detail.

I. Conflicts of Interest

A conflict of interest occurs when an Employee's private interests interfere, or even appears to interfere, with the interests of the Company as a whole. While it is not possible to describe every situation in which a conflict of interest may arise, Employees must never use or attempt to use their position with the Company to obtain improper personal benefits. Any Employee who is aware of a conflict of interest, or is concerned that a conflict might develop, should discuss the matter with the Audit Committee or counsel to the Company immediately.

II. Corporate Opportunities

Employees owe a duty to advance the legitimate interests of the Company when the opportunities to do so arise. Employees may not take for themselves personally opportunities that are discovered through the use of corporate property, information or position.

III. Confidentiality and Personal Data Privacy

It is important that Employees protect the confidentiality of Company information. Employees may have access to proprietary and confidential information concerning the Company's business, clients and suppliers. Confidential information includes such items as non-public information concerning the Company's business, financial results and prospects and potential corporate transactions. Employees are required to keep such information confidential during employment as well as thereafter, and not to use, disclose, or communicate that confidential information other than in the course of employment. The consequences to the Company and the Employee concerned can be severe where there is unauthorized disclosure of any non-public, privileged or proprietary information.

To ensure the confidentiality of any personal information collected and to comply with applicable laws, any Employee in possession of non-public, personal information about the Company's customers, potential customers, or Employees, must maintain the highest degree of confidentiality and must not disclose any personal information unless authorization is obtained.

The Company respects and takes seriously the protection of the personal data of all natural persons who use the Company's facilities, services and websites. The Company also strives to take all appropriate technical and organizational measures required to protect the personal data it collects and processes.

IV. Honest and Fair Dealing

Employees must endeavor to deal honestly, ethically and fairly with the Company's customers, suppliers, competitors and other Employees. No Employee should take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any other unfair-dealing practice. Honest conduct is considered to be conduct that is free from fraud or deception. Ethical conduct is considered to be conduct conforming to accepted professional standards of conduct.

V. Freedom from discrimination and harassment

Our Company is committed to creating an environment in which all individuals are able to make the best of their skills, free from discrimination or harassment and bullying. The Company is committed to providing a working environment free from discrimination against staff on the basis of sex or sexual orientation, marital or civil partner status, gender reassignment, race (which includes colour, nationality, ethnic or national origin), religion or belief, disability, age and pregnancy or maternity (collectively known as "protected characteristics"), as well as one where harassment and bullying does not occur. It should be noted that all Employees are required to work in a manner that facilitates the fostering of such a working environment and to report any known or suspected breaches or violations as described below in the section entitled "Internal Reporting". Discrimination, harassment and bullying are violations of the Company's ethical principles, and may subject the Company and any Employee guilty of such behaviors to liability, both criminal and civil. Complaints of discrimination, harassment and bullying will be investigated promptly, sensitively and confidentially.

VI. Health and Safety

The Company strives to provide its Employees with a safe and healthy work environment. Each Employee has the responsibility to maintain a safe and healthy workplace for all Employees by following all applicable safety and health rules, regulations and laws and by reporting accidents, injuries and unsafe equipment, practices or conditions.

Threats or acts of violence and physical intimidation are not permitted. As further explained in the section below, the use of illegal drugs in the workplace will not be tolerated.

VII. Drugs and Alcohol

Company policy prohibits the illegal use, sale, purchase, transfer, possession or consumption of controlled substances, other than medically prescribed drugs, while on the Company premises. Company policy also prohibits the use, sale, purchase, transfer or possession of alcoholic beverages by Employees while on Company premises, except as authorized by the Company. This policy requires the Company to abide by applicable laws and regulations relative to the use of alcohol or other controlled substances. The Company, in its discretion, reserves the right to randomly test Employees for the use of alcohol or other controlled substances unless prohibited by prevailing local law.

VIII. Environmental Compliance

All Employees hereby agree to comply with the Company's policy for environmental compliance and to work towards achieving continual environmental protection improvement. No violation of prevailing local or national environmental rules, regulations or laws whatsoever is to the benefit of the Company and therefore the Company has zero tolerance against any such violations.

IX. Anti-corruption, Gifts and Hospitality

The Company is committed to complying with all applicable anti-corruption laws, to denying any form of bribery and to conducting its worldwide business in an ethical, fair and transparent manner.

It is strictly prohibited for Employees to offer to pay, pay, authorize payment or promise to pay money or anything of value, directly or indirectly, to a government official, an existing or potential business partner or any other party, when such payment is intended to influence latter's act or decision, to award or retain business, or to induce or reward unethical or illegal behavior or a breach of duty.

Employees are not to request, receive, solicit, agree to receive, directly or indirectly, money or anything of value that may reasonably be regarded as a bribe or as an improper incentive for the Company's business activities.

Gifts and hospitality must never be offered or provided with a purpose of trying to improperly influence business conduct.

DIANA SHIPPING INC.

X. Protection and Proper Use of Company Assets

The Company's assets are only to be used for legitimate business purposes and only by authorized Employees or their designees. This applies to tangible assets (such as office equipment, telephone, copy machines, etc.) and intangible assets (such as trade secrets and confidential information). Employees have a responsibility to protect the Company's assets from theft and loss and to ensure their efficient use. Theft, carelessness and waste have a direct impact on the Company's profitability. If you become aware of theft, waste or misuse of the Company's assets you should report this to your manager.

XI. Compliance with Laws, Rules and Regulations

It is the Company's policy to comply with all applicable laws, rules and regulations. It is the personal responsibility of each Employee to adhere to the standards and restrictions imposed by those laws, rules and regulations, and in particular, those relating to accounting and auditing matters.

Any Employee who is unsure whether a situation violates any applicable law, rule, regulation or Company policy should contact the Company's outside legal counsel.

XII. Corporate communications policy

Only certain designated Employees may discuss the Company with the news media, securities analysts and investors. All inquiries from regulatory authorities or government representatives should be referred to the appropriate designated Employee. Employees exposed to media contact during their course of employment must not comment on rumors or speculation regarding the Company's activities.

XIII. Electronic communication

"Electronic communications" include all aspects of voice, video, and data communications, such as voice mail, e-mail, fax, and Internet. Employees should use electronic communications for business purposes and refrain from personal use while on Company premises or when performing Company duties. Among other things, Employees should not participate in any online forum where the business of the Company or its customers or suppliers is discussed; such participation may give rise to a violation of the Company's confidentiality policy or subject the Company to legal action for defamation. The Company reserves the right to inspect all electronic communications involving the use of the Company's equipment, software, systems, or other facilities ("Systems") within the confines of applicable local law and Employees should not have an expectation of privacy when using Company Systems.

XIV. Securities Trading

Because we are a public company we are subject to a number of laws concerning the purchase of our shares and other publicly traded securities. Company policy prohibits Employees and their family members from trading securities while in possession of material, non-public information relating to the Company or any other Company, including a customer or supplier that has a significant relationship with the Company.

Information is "material" when there is a substantial likelihood that a reasonable investor would consider the information important in deciding whether to buy, hold or sell securities. In short, any information that could reasonably affect the price of securities is material. Information is considered to be "public" only when it has been released to the public through appropriate channels and enough time has elapsed to permit the investment market to absorb and evaluate the information. If you have any doubt as to whether you possess material nonpublic information, you should contact a manager and the advice of legal counsel may be sought.

DIANA SHIPPING INC.

XV. Disclosure

Employees are responsible for ensuring that the disclosure in the Company's periodic reports is full, fair, accurate, timely and understandable. In doing so, Employees shall take such action as is reasonably appropriate to (i) establish and comply with disclosure controls and procedures and accounting and financial controls that are designed to ensure that material information relating to the Company is made known to them; (ii) confirm that the Company's periodic reports comply with applicable law, rules and regulations; and (iii) ensure that information contained in the Company's periodic reports fairly presents in all material respects the financial condition and results of operations of the Company.

Employees will not knowingly (i) make, or permit or direct another to make, materially false or misleading entries in the Company's, or any of its subsidiaries, financial statements or records; (ii) fail to correct materially false and misleading financial statements or records; (iii) sign, or permit another to sign, a document containing materially false and misleading information; or (iv) falsely respond, or fail to respond, to specific inquiries of the Company's independent auditor or outside legal counsel.

XVI. Procedures Regarding Waivers

Because of the importance of the matters involved in this Code, waivers will be granted only in limited circumstances and where such circumstances would support a waiver. Waivers of the Code may only be made by the Audit Committee and will be disclosed by the Company.

XVII. Internal Reporting

Employees shall take all appropriate action to stop any known misconduct by fellow Employees or other Company personnel that violate this Code. Employees shall report any known or suspected misconduct to the Chairman of the Audit Committee or the Company's outside legal counsel. The Company will not retaliate or allow retaliation for reports made in good faith.

XVIII. Ethics Hotline and Whistleblower Program

Employees may call the following number +30-210-9470195 and leave a voice message with our whistleblower hotline answering service if they wish to ask questions, seek guidance on specific situations or report violations of this Code, including but not limited to accounting, internal controls and auditing matters. Employees may choose to remain anonymous but even if they identify themselves, their contact with the whistleblower hotline will remain strictly confidential.

Employees may also report violations in writing to the following email address whistleblower@dianashippinginc.com. Employees may choose to be anonymous, however, it will not be possible to obtain follow-up details necessary to investigate the matter. In either case, employee information will be kept strictly confidential, thus there should be no fear of any form of retaliation. The whistleblower hotline answering service and email will be accessible only to the Chairman of the Audit Committee and the Company’s Internal Auditor.

Exhibit 12.1

CERTIFICATION OF THE PRINCIPAL EXECUTIVE OFFICER

I, Simeon Palios, certify that:

1. I have reviewed this annual report on Form 20-F of Diana 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: March 12, 2019

/s/ Simeon Palios

_____

Simeon Palios
Chief Executive Officer (Principal Executive Officer)

Exhibit 12.2

CERTIFICATION OF THE PRINCIPAL FINANCIAL OFFICER

I, Andreas Michalopoulos, certify that:

1. I have reviewed this annual report on Form 20-F of Diana 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: March 12, 2019

/s/ Andreas Michalopoulos

_____

Andreas Michalopoulos
Chief Financial Officer and Treasurer (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 Diana Shipping Inc. (the "Company") on Form 20-F for the year ended December 31, 2018 as filed with the Securities and Exchange Commission (the "SEC") on or about the date hereof (the "Report"), I, Simeon Palios, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

A signed original of this written statement has been provided to the Company and will be retained by the Company and furnished to the SEC or its staff upon request.

Date: March 12, 2019

/s/ Simeon Palios
_____
Simeon Palios
Chief Executive Officer (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 Diana Shipping Inc. (the "Company") on Form 20-F for the year ended December 31, 2018 as filed with the Securities and Exchange Commission (the "SEC") on or about the date hereof (the "Report"), I, Andreas Michalopoulos, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

A signed original of this written statement has been provided to the Company and will be retained by the Company and furnished to the SEC or its staff upon request.

Date: March 12, 2019

/s/ Andreas Michalopoulos
_____
Andreas Michalopoulos
Chief Financial Officer and Treasurer (Principal Financial Officer)

Exhibit 15.1

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the Registration Statement (Form F-3 No. 333-225964) of Diana Shipping Inc. and in the related Prospectus of our reports dated March 12, 2019, with respect to the consolidated financial statements of Diana Shipping Inc., and the effectiveness of internal control over financial reporting of Diana Shipping Inc., included in this Annual Report (Form 20-F) for the year ended December 31, 2018.

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

Athens, Greece
March 12, 2019