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

FORM 20-F

(Mark One)

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

OR

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

For the fiscal year ended December 31, 2020

OR

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

OR

☐ **SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
Date of event requiring this shell company report: Not applicable

For the transition period from _____ to _____

Commission file number 001-32458

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)

Mr. Ioannis Zafirakis
Tel: + 30-210-9470-100, Fax: + 30-210-9470-101
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	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, $0.01 par value including the Preferred Stock Purchase Rights	DSX	New York Stock Exchange
8.875% Series B Cumulative Redeemable Perpetual Preferred Shares, $0.01 par value	DSXPRB	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

(Title of Class)

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

As of December 31, 2020, there were 89,275,002 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,"accelerated filer," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐ Accelerated filer ☑ Non-accelerated filer ☐

Emerging growth company ☐

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

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

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

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

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

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

☐ Item 17 ☐ Item 18

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

☐ Yes ☑ No

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

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

☐ Yes ☐ No

TABLE OF CONTENTS

FORWARD-LOOKING STATEMENTS

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

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 the Company or on its behalf may include forward-looking statements, which reflect its current views with respect to future events and financial performance, and are not intended to give any assurance as to future results. When used in this document, the words "believe", "anticipate," "intends," "estimate," "forecast," "project," "plan," "potential," "will," "may," "should," "expect," "targets," "likely," "would," "could," "seeks," "continue," "possible," "might," "pending," and similar expressions, terms or phrases may identify forward-looking statements.

Please note in this annual report, "we", "us", "our" and "the Company" all refer to 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 its records and other data available from third parties. Although the Company believes that these assumptions were reasonable when made, because these assumptions are inherently subject to significant uncertainties and contingencies which are difficult or impossible to predict and are beyond its control, the Company cannot assure you that it will achieve or accomplish these expectations, beliefs or projections.

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

In addition to these important factors and matters discussed elsewhere herein, including under the heading "Item 3. Key Information—D. Risk Factors," and in the documents incorporated by reference herein, important factors that, in its view, could cause actual results to differ materially from those discussed in the forward-looking statements include, but are not limited to:

- the strength of world economies;
- fluctuations in currencies and interest rates;
- general market conditions, including fluctuations in charter hire rates and vessel values;
- changes in demand in the dry-bulk shipping industry;
- changes in the supply of vessels, including when caused by new newbuilding vessel orders or changes to or terminations of existing orders, and vessel scrapping levels;
- changes in the Company's operating expenses, including bunker prices, crew costs, drydocking and insurance costs;

- the Company's future operating or financial results;
- availability of financing and refinancing and changes to the Company's financial condition and liquidity, including the Company's ability to pay amounts that it owes and obtain additional financing to fund capital expenditures, acquisitions and other general corporate activities and the Company's ability to obtain financing and comply with the restrictions and other covenants in the Company's financing arrangements;
- changes in governmental rules and regulations or actions taken by regulatory authorities;
- potential liability from pending or future litigation;
- compliance with governmental, tax, environmental and safety regulation, any non-compliance with the U.S. Foreign Corrupt Practices Act of 1977 (FCPA) or other applicable regulations relating to bribery;
- the impact of the discontinuance of LIBOR after 2021 on interest rates of any of the Company's debt that reference LIBOR;
- the failure of counter parties to fully perform their contracts with the Company;
- the Company's dependence on key personnel;
- adequacy of insurance coverage;
- the volatility of the price of the Company's common shares;
- the Company's incorporation under the laws of the Marshall Islands and the different rights to relief that may be available compared to other countries, including the United States;
- general domestic and international political conditions or labor disruptions;
- acts by terrorists or acts of piracy on ocean-going vessels;
- the length and severity of the recent novel coronavirus (COVID-19) outbreak and its impact in the dry-bulk shipping industry;
- 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.

This report may contain assumptions, expectations, projections, intentions and beliefs about future events.These statements are intended as forward-looking statements. The Company may also from time to time make forward-looking statements in other documents and reports that are filed with or submitted to the Commission, in other information sent to the Company's security holders, and in other written materials. The Company also cautions that assumptions, expectations, projections, intentions and beliefs about future events may and often do vary from actual results and the differences can be material. The Company undertakes no obligation to publicly update or revise any forward-looking statement contained in this report, whether as a result of new information, future events or otherwise, except as required by law.

PART I

Item 1. Identity of Directors, Senior Management and Advisers

Not Applicable.

Item 2. Offer Statistics and Expected Timetable

Not Applicable.

Item 3. Key Information

A. 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, 2020, 2019, 2018, 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 "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,				
	2020	2019	2018	2017	2016
	(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	$ 169,733	$ 220,728	$ 226,189	$ 161,897	$ 114,259
Operating income/(loss)	(112,675)	17,622	38,250	(483,987)	(88,321)
Net income/(loss)	(134,197)	(10,535)	16,580	(511,714)	(164,237)
Dividends on series B preferred shares	(5,769)	(5,769)	(5,769)	(5,769)	(5,769)
Income/(loss) attributed to common stockholders	(139,966)	(16,304)	10,811	(517,483)	(170,006)
Earnings/(loss) per common share, basic and diluted	(1.62)	(0.17)	0.10	(5.41)	(2.11)
Weighted average number of common shares, basic	86,143,556	95,191,116	103,736,742	95,731,093	80,441,517
Weighted average number of common shares, diluted	86,143,556	95,191,116	104,715,883	95,731,093	80,441,517

	As of and for the Year Ended December 31,				
	2020	2019	2018	2017	2016
	(in thousands of U.S. dollars, except for share and per share data and average daily results)				
Balance Sheet Data:					
Total assets	$ 872,410	$ 1,071,280	$ 1,187,796	$ 1,246,722	$ 1,668,663
Capital stock	1,021,083	1,022,571	1,063,709	1,071,587	986,044
Total stockholders' equity	428,570	570,064	627,684	624,758	1,056,589
Cash Flow Data:					
Net cash provided by/(used in) operating activities	$ 17,234	$ 49,882	$ 79,930	$ 23,413	$ (20,998)
Net cash provided by/(used in) investing activities	10,484	38,397	99,370	(152,333)	(41,619)
Net cash provided by/(used in) financing activities	(73,097)	(111,398)	(93,702)	73,587	(9,459)
Fleet Data:					
Average number of vessels (1)	40.8	45.0	49.9	49.6	45.2
Number of vessels at year-end	40.0	42.0	48.0	50.0	46.0
Weighted average age of vessels at year-end (in years)	10.2	9.5	9.1	8.4	8.2
Ownership days (2)	14,931	16,442	18,204	18,119	16,542
Available days (3)	14,318	16,192	17,964	17,890	16,447
Operating days (4)	14,020	15,971	17,799	17,566	16,354
Fleet utilization (5)	97.9%	98.6%	99.1%	98.2%	99.4%
Average Daily Results:					
Time charter equivalent (TCE) rate (6)	$ 10,910	$ 12,796	$ 12,179	$ 8,568	$ 6,106
Daily vessel operating expenses (7)	5,750	5,510	5,247	4,987	5,196

(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,				
	2020	2019	2018	2017	2016
	(in thousands of U.S. dollars, except for TCE rates, which are expressed in U.S. dollars, and available days)				
Time charter revenues	$ 169,733	$ 220,728	$ 226,189	$ 161,897	$ 114,259
Less: voyage expenses	(13,525)	(13,542)	(7,405)	(8,617)	(13,826)
Time charter equivalent revenues	$ 156,208	$ 207,186	$ 218,784	$ 153,280	$ 100,433
Available days	14,318	16,192	17,964	17,890	16,447
Time charter equivalent (TCE) rate	$ 10,910	$ 12,796	$ 12,179	$ 8,568	$ 6,106

(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

Summary of Risk Factors

The below bullets summarize the principal risk factors related to an investment in our Company.

Industry Specific Risk Factors

- *Charter hire rates for dry bulk carriers are volatile, which may adversely affect our earnings, revenue and profitability and our ability to comply with our loan covenants.*
- *The current state of the global financial markets and current economic conditions may adversely impact our results of operation, financial condition, cash flows, and ability to obtain additional financing or refinance our existing and future credit facilities on acceptable terms which may negatively impact our business.*
- *The U.K.'s withdrawal from the European Union may have a negative effect on global economic conditions, financial markets and our business.*
- *Regulations relating to ballast water discharge may adversely affect our revenues and profitability.*
- *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.*
- *Outbreaks of epidemic and pandemic diseases, including COVID-19, and governmental responses thereto 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 may adversely affect our profits.*
- *We are subject to complex laws and regulations, including environmental regulations that can adversely affect the cost, manner or feasibility of doing business.*
- *The operation of dry bulk carriers has certain unique operational risks which could affect our earnings and cash flow.*
- *If our vessels call on ports located in countries or territories that are the subject of sanctions or embargoes imposed by the U.S. government, the European Union, the United Nations, or other governmental authorities, it could lead to monetary fines or penalties and may adversely affect our reputation and the market for our securities.*
- *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.*
- *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.*

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

- *A cyber-attack could materially disrupt our business.*

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

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

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

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

- *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 recently underwent a transition with respect to certain of our directors and executive officers and this transition, along with the possibility that we may in the future be unable to retain and recruit qualified key executives, key employees or key consultants, may delay our development efforts or otherwise harm our business.*

- *Technological innovation and quality and efficiency requirements from our customers could reduce our charterhire income and the value of our vessels.*

- *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.*

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

- *Volatility of LIBOR and potential changes of the use of LIBOR as a benchmark 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.*

- *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 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.*

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.*

- *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.*

- *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.*

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

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

- *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.*

- *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.*

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.*

- *The Series B Preferred Shares represent perpetual equity interests.*

- *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.*

- *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.*

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

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

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, revenue and profitability and our ability to comply with our loan covenants.

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, about half of our vessels are scheduled to come off of their current charters in 2021, 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. A significant decrease in charter rates would affect asset values and adversely affect our profitability, cash flows and may cause asset values to decline, and we may have to record an impairment charge in our consolidated financial statements which could adversely affect our financial results.

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, terrorist activities, embargoes, strikes, tariffs and "trade wars,"
- economic slowdowns caused by public health events such as the recent COVID-19 outbreak;
- 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 and trade patterns;
- 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;
- the number of vessels that are out of service, namely those that are laid-up, dry-docked, awaiting repairs or otherwise not available for hire; and
- sanctions (in particular, sanctions on Iran and Venezuela, amongst others).

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 costs, the efficiency and age profile of the existing dry bulk fleet in the market and government and industry regulation of maritime transportation practices, particularly environmental protection laws and regulations. These factors

influencing the supply of and demand for shipping capacity are outside of our control, and we may not be able to correctly assess the nature, timing and degree of changes in industry conditions.

We anticipate that the future demand for our dry bulk 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 2020, the BDI ranged from a low of 393 in May to a high of 2097 in October 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.

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

Global financial markets and economic conditions have been, and continue to be, volatile. Beginning in February 2020, due in part to fears associated with the spread of COVID-19 (as more fully described below), global financial markets, and starting in late February, financial markets in the U.S., experienced even greater relative volatility and a steep and abrupt downturn, which volatility and downturn may continue as COVID-19 continues to spread. Credit markets and the debt and equity capital markets have been distressed and the uncertainty surrounding the future of the global credit markets has resulted in reduced access to credit worldwide, particularly for the shipping industry. These issues, along with significant write-offs in the financial services sector, the repricing of credit risk and the current weak economic conditions, have made, and will likely continue to make, it difficult to obtain additional financing. The current state of global financial markets and current economic conditions might adversely impact our

ability to issue additional equity at prices that will not be dilutive to our existing shareholders or preclude us from issuing equity at all. Economic conditions may also adversely affect the market price of our common shares.

Also, as a result of concerns about the stability of financial markets generally and the solvency of counterparties specifically, the availability and cost of obtaining money from the public and private equity and debt markets has become more difficult. Many lenders have increased interest rates, enacted tighter lending standards, refused to refinance existing debt at all or on terms similar to current debt and reduced, and in some cases ceased, to provide funding to borrowers and other market participants, including equity and debt investors, and some have been unwilling to invest on attractive terms or even at all. Due to these factors, we cannot be certain that additional financing will be available if needed and to the extent required, or that we will be able to refinance our existing and future credit facilities, on acceptable terms or at all. If financing or refinancing is not available when needed, or is available only on unfavorable terms, we may be unable to meet our obligations as they come due or we may be unable to meet our obligations as they come due or we may be unable to enhance our existing business, complete additional vessel acquisitions or otherwise take advantage of business opportunities as they arise.

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

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

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

The world economy faces a number of challenges, including the effects of volatile oil prices, trade tensions between the United States and China and between the United States and the European Union, continuing turmoil and hostilities in the Middle East, the Korean Peninsula, North Africa, Venezuela, Iran and other geographic areas and countries, continuing threat of terrorist attacks around the world, continuing instability and conflicts and other recent occurrences in the Middle East and in other geographic areas and countries, continuing economic weakness in the European Union, or the E.U., and stabilizing growth in China, as well as continued uncertainty regarding global economic impacts of the ongoing COVID-19 pandemic.

Our ability to secure funding is dependent on well-functioning capital markets and on an appetite to provide funding to the shipping industry. If global economic conditions worsen or lenders for any reason decide not to provide debt financing to us, we may, among other things, not be able to secure additional financing to the extent required, on acceptable terms or at all. If additional financing 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.

In Europe, large sovereign debts and fiscal deficits, low growth prospects and high unemployment rates in a number of countries have contributed to the rise of Eurosceptic parties, which would like their countries to leave the Euro. The exit of the United Kingdom, or the U.K., from the European Union, or the EU, as described more fully below, and potential new trade policies in the United States further increase the risk of additional trade protectionism.

In China, a transformation of the Chinese economy is underway, as China transforms from a production-driven economy towards a service or consumer-driven economy. The Chinese economic transition implies that we do not expect the Chinese economy to return to double digit GDP growth rates in the near term. The quarterly year-over-year growth rate of China's GDP decreased to 6.1% for the year ending December 31, 2019 as compared to 6.6% for the year ending December 31, 2018 and continues to remain below pre-2008 levels. The Chinese economy was significantly and adversely affected by the global COVID-19 pandemic. We cannot assure you that the Chinese economy will continue to grow in the future.

While the recent developments in Europe and China have been without significant immediate impact on our charter rates, an extended period of deterioration in the world economy could reduce the overall demand for our services. Such changes could adversely affect our future performance, results of operations, cash flows and financial position.

Further, governments may turn and have turned to trade barriers to protect their domestic industries against foreign imports, thereby depressing shipping demand. In particular, leaders in the United States and China have implemented certain increasingly protective trade measures. The results of the 2020 presidential election in the United States have created significant uncertainty about the future relationship between the United States, China and other exporting countries, including with respect to trade policies, treaties, government regulations and tariffs. However, it is not yet clear how the new United States administration under President Biden may deviate from the former administration's protectionist foreign trade policies. Protectionist developments, or the perception that they may occur, may have a material adverse effect on global economic conditions, and may significantly reduce global trade.

Prospective investors should consider the potential impact, uncertainty and risk associated with the development in the wider global economy. Further economic downturn in any of these countries could have a material effect on our future performance, results of operations, cash flows and financial position.

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

In June 2016, a majority of voters in the U.K. elected to withdraw from the EU in a national referendum (informally known as "Brexit"), a process that the government of the U.K. formally initiated in March 2017. Since then, the U.K. and the EU have been negotiating the terms of a withdrawal agreement, which was approved in October 2019 and ratified in January 2020. The U.K. formally exited the EU on January 31, 2020, although a transition period remained in place until December 2020, during which the U.K. was subject to the rules and regulations of the EU. On December 24, 2020, the U.K. and the EU entered into a trade and cooperation agreement (the "Trade and Cooperation Agreement"), which was applied on a provisional basis from January 1, 2021. While the new economic relationship does not match the relationship that existed during the time the U.K. was a member state of the EU, the Trade and Cooperation Agreement sets out preferential arrangements in certain areas such as trade in goods and in services, digital trade and intellectual property. Negotiations between the U.K. and the EU are expected to continue in relation to other areas which are not covered by the Trade and Cooperation Agreement. The long term effects of Brexit will depend on the effects of the implementation and application of the Trade and Cooperation Agreement and any other relevant agreements between the U.K. and EU. Brexit has also given rise to calls for the governments of other EU member states to consider withdrawal. These developments and uncertainties, or the perception that any of them

may occur, have had and may continue to have a material adverse effect on global economic conditions and the stability of global financial markets, and may significantly reduce global market liquidity and restrict the ability of key market participants to operate in certain financial markets. Any of these factors could depress economic activity and restrict our access to capital, which could have a material adverse effect on our business and on our consolidated financial position, results of operations and our ability to pay distributions. Additionally, Brexit or similar events in other jurisdictions, could impact global markets, including foreign exchange and securities markets; any resulting changes in currency exchange rates, tariffs, treaties and other regulatory matters could in turn adversely impact our business and operations.

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

Regulations relating to ballast water discharge may adversely affect our revenues and profitability.

The IMO has imposed updated guidelines for ballast water management systems specifying the maximum amount of viable organisms allowed to be discharged from a vessel's ballast water. Depending on the date of the International Oil Pollution Prevention ('IOPP') renewal survey, existing vessels constructed before September 8, 2017 must comply with the updated D-2 Discharge Performance Standard ('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 11 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 EPA develop national standards of performance for approximately 30 discharges, similar to those found in the VGP within two years. By approximately 2022, the U.S. Coast Guard must develop corresponding implementation, compliance, and enforcement regulations regarding ballast water. 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, about half of our vessels are scheduled to come off of their current charters in 2021, 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;
- acts of God;
- terrorism;
- environmental accidents;
- cargo and property losses or damage;
- business interruptions caused by mechanical failures, grounding, fire, explosions and collisions, human error, war, terrorism, piracy and other circumstances or events. In addition, changing economic, regulatory and political conditions in some countries, including political and military conflicts, have from time to time resulted in attacks on vessels, mining of waterways, piracy, terrorism, labor strikes or adverse weather conditions; and
- piracy.

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

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

World events could affect our results of operations and financial condition.

Continuing conflicts and recent developments in the Middle East, including increased tensions between the U.S. and Iran, which in January 2020 escalated into a U.S. airstrike in Baghdad that killed a high-ranking Iranian general, as well as the 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, and international commerce. Additionally, any further escalations of tension between the U.S. and Iran could result in retaliation from Iran that could potentially affect the shipping industry, through increased attacks on vessels in the Strait of Hormuz (which already experienced an increased number of attacks on and seizures of vessels in 2019). 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, in particular the Gulf of Guinea region off Nigeria, which experienced increased incidents of piracy in 2019, which have declined during 2020. Any of these occurrences could have a material adverse impact on our operating results. Additionally, Brexit, or similar events in other jurisdictions, could impact global markets, including foreign exchange and securities markets; any resulting changes in currency exchange rates, tariffs, treaties and other regulatory matters could in turn adversely impact our business and operations.

Outbreaks of epidemic and pandemic diseases, including COVID-19, and governmental responses thereto could adversely affect our business.

Global public health threats, such as COVID-19 (as described more fully below), influenza and other highly communicable diseases or viruses, outbreaks of which have from time to time occurred in various parts of the world in which we operate, including China, could adversely impact our operations, as well as the operations of our customers. The ongoing outbreak of COVID-19 that began in China and subsequently spread to other parts of the world has, among other things, caused delays and uncertainties relating to newbuildings, drydockings and other functions of shipyards.

The ongoing outbreak of the novel coronavirus (COVID-19), a virus causing potentially deadly respiratory tract infections first identified in China, has already caused severe global disruptions and may negatively affect economic conditions regionally as well as globally and otherwise impact our operations and the operations of our customers and suppliers. Governments in affected countries are imposing travel bans, quarantines and other emergency public health measures. In response to the virus, many countries have implemented lockdown measures, and other countries and local governments may enact similar policies. Companies are also taking precautions, such as requiring employees to work remotely, imposing travel restrictions and temporarily closing businesses. These restrictions, and future prevention and mitigation measures, are likely to have an adverse impact on global economic conditions, which could materially and adversely affect our future operations. Uncertainties regarding the economic impact of the COVID-19 outbreak is likely to result in sustained market turmoil, which could also negatively impact our business, financial condition and cash flows. As a result of these measures, our vessels may not be able to call on ports, or may be restricted from disembarking from ports, located in regions affected by the outbreak. In addition we may experience severe operational disruptions and delays, unavailability of normal port infrastructure and services including limited access to equipment, critical goods and personnel, disruptions to crew change, quarantine of ships and/or crew, counterparty solidity, closure of ports and custom offices, as well as disruptions in the supply chain and industrial production, which may lead to reduced cargo demand, amongst other potential consequences attendant to epidemic and pandemic diseases.

The COVID-19 pandemic and measures to contain its spread have negatively impacted regional and global economies and trade patterns in markets in which we operate, the way we operate our business, and the businesses of our charterers and suppliers. These negative impacts could continue or worsen, even after the pandemic itself diminishes or ends. Companies, including us, have also taken precautions, such as requiring employees to work remotely and imposing travel restrictions, while some other businesses have been required to close entirely. Moreover, we face significant risks to our personnel and operations due to the COVID-19 pandemic. Our crews face risk of exposure to COVID-19 as a result of travel to ports in which cases of COVID-19 have been reported. Our shore-based personnel likewise face risk of such exposure, as we maintain offices in areas that have been impacted by the spread of COVID-19.

Measures against COVID-19 in a number of countries have restricted crew rotations on our vessels, which may continue or become more severe. As a result, in 2020, we experienced and may continue to experience disruptions to our normal vessel operations caused by increased deviation time associated with positioning our vessels to countries in which we can undertake a crew rotation in compliance with such measures. Delays in crew rotations have led to issues with crew fatigue and may continue to do so, which may result in delays or other operational issues. We have had and expect to continue to have increased expenses due to incremental fuel consumption and days in which our vessels are unable to earn revenue in order to deviate to certain ports on which we would ordinarily not call during a typical voyage. We may also incur additional expenses associated with testing, personal protective equipment, quarantines, and travel expenses such as airfare costs in order to perform crew rotations in the current environment. In 2020, delays in crew rotations have also caused us to incur additional costs related to crew bonuses paid to retain the existing crew members on board and may continue to do so.

The COVID-19 pandemic and measures in place against the spread of the virus have led to a highly difficult environment in which to dispose of vessels given difficulty to physically inspect vessels. The impact of COVID-19 has also resulted in reduced industrial activity in China with temporary closures of factories and other facilities, labor shortages and restrictions on travel. We believe these disruptions along with other seasonal factors, including lower demand for some of the cargoes we carry such as iron ore and coal, have contributed to lower drybulk rates in 2020.

Epidemics may also affect personnel operating payment systems through which we receive revenues from the chartering of our vessels or pay for our expenses, resulting in delays in payments. Organizations across industries, including ours, are rightly focusing on their employees' well-being, while making sure that their operations continue undisrupted and at the same time, adapting to the new ways of operating. As such employees are encouraged or even required to operate remotely which significantly increases the risk of cyber security attacks.

At present, it is not possible to ascertain the overall impact of COVID-19 on our business. However, the occurrence of any of the foregoing events or other epidemics or an increase in the severity or duration of the COVID-19 or other epidemics could have a material adverse effect on our business, results of operations, cash flows, financial condition, value of our vessels, and ability to pay dividends.

The extent of the COVID-19 outbreak's effect on our operational and financial performance will depend on future developments, including the duration, spread and intensity of the outbreak, any resurgence or mutation of the virus, the availability of vaccines and their global deployment, the development of effective treatments, the imposition of effective public safety and other protective measures and the public's response to such measures. There continues to be a high level of uncertainty relating to how the pandemic will evolve, how governments and consumers will react and progress on the approval and distribution of vaccines, all of which are uncertain and difficult to predict considering the rapidly evolving landscape. As a result, the ultimate severity of the COVID-19 outbreak is uncertain at this time and therefore we cannot predict the impact it may have on our future operations, which impact could be material and adverse, particularly if the pandemic continues to evolve into a severe worldwide health crisis.

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, Sulu Sea and Celebes Sea and in particular the Gulf of Guinea region off Nigeria, which experienced increased incidents of piracy in 2019. 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 may adversely affect our 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 shipping 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, or OPEC and other oil and gas producers, war and unrest in oil producing countries and regions, regional production patterns and environmental concerns and regulations. In March 2020 the price of oil decreased significantly due to economic conditions and an increase in oil production. However, fuel prices have increased since then and may continue to increase in the future, including as a result of the continuing impact new regulations mandating a reduction in sulfur emissions to 0.5% as of January 2020. An increase in oil price in the future may reduce the profitability and competitiveness of our business versus other forms of transportation, such as truck or rail. Other future regulations may have a similar impact.

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.

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

If our vessels call on ports or operate in countries subject to sanctions and embargoes imposed by the U.S. government or other governmental authorities ("Sanctioned Jurisdictions") in violation of sanctions or embargoes laws, such activities may result in a sanctions violation and we could be subject to monetary fines, penalties, or other sanctions, and our reputation and the market for our ordinary shares could adversely affected. Although we endeavor to take precautions reasonably designed to mitigate such risks, it is possible that, in the future, our vessels may call on ports located in Sanctioned Jurisdictions on charterer's instructions and/or without our consent. If such activities

result in a violation of sanctions or embargo laws, we could be subject to monetary fines, penalties, or other sanctions, and our reputation and the market for our securities could be adversely affected.

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

Although we believe that we have been in compliance with all applicable sanctions and embargo laws and regulations, and intend to maintain such compliance, there can be no assurance that we will be in compliance in the future, particularly as the scope of certain laws may be unclear and may be subject to changing interpretations. Any such violation could result in fines, penalties or other sanctions that could negatively 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 that are not controlled by the governments of countries or territories that are the subject of certain U.S. sanctions or embargo laws, or engaging in operations associated with those countries or territories pursuant to contracts with third parties that are unrelated to those countries or territories or entities controlled by their governments. Investor perception of the value of our common stock may be adversely affected by the consequences of war, the effects of terrorism, civil unrest and governmental actions in the countries or territories that we operate in.

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

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

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

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

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

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 suspected to have a risk of corruption. We are committed to doing business in accordance with applicable anti-corruption laws and have adopted measures designed to ensure compliance with the U.S. Foreign Corrupt Practices Act of 1977, as amended (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 charterer 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 were to 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, 2020, 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 which provides management services to a limited number of vessels in our fleet and to affiliated companies, 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. As of December 31, 2020, our investment in Diana Wilhelmsen Management Limited, or DWM, turned to a liability due to increased costs incurred by DWM in relation to a pollution incident of one of the managed vessels.

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. Our systems were the subject of a malicious attack in September 2020 that resulted in disruptions to our computer networks for a period of several days. Although, we were able to successfully fully restore our systems with interruption to our business or operations, we have upgraded our security infrastructure and reformed network architecture and security policies, we cannot assure you that we will be able to successfully thwart all future attacks with causing material and adverse effect on our business.

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

Due to concern over the risk of climate change, a number of countries and the IMO have adopted, or are considering the adoption of, regulatory frameworks to reduce greenhouse gas emissions. These regulatory measures may include, among others, adoption of cap and trade regimes, carbon taxes, increased efficiency standards and incentives or mandates for renewable energy. More specifically, on October 27, 2016, the International Maritime Organization's Marine Environment Protection Committee ("MEPC") announced its decision concerning the implementation of regulations mandating a reduction in sulfur emissions from 3.5% currently to 0.5% as of the beginning of January 1, 2020. Additionally, in April 2018, nations at the MEPC 72 adopted an initial strategy to reduce greenhouse gas emissions from ships. The initial strategy identifies —levels of ambition to reducing greenhouse gas emissions, including (1) decreasing the carbon intensity from ships through implementation of further phases of the EEDI for new ships; (2) reducing carbon dioxide emissions per transport work, as an average across international shipping, by at least 40% by 2030, pursuing efforts towards 70% by 2050, compared to 2008 emission levels; and (3) reducing the total annual greenhouse emissions by at least 50% by 2050 compared to 2008 while pursuing efforts towards phasing them out entirely.

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

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

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

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

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

Additionally, certain investors and lenders may exclude companies, such as us, from their investing portfolios altogether due to environmental, social and governance factors. These limitations in both the debt and equity capital markets may affect our ability to grow as our plans for growth may include accessing the equity and debt capital markets. If those markets are unavailable, or if we are unable to access alternative means of financing on acceptable terms, or at all, we may be unable to implement our business strategy, which would have a material adverse effect on our financial condition and results of operations and impair our ability to service our indebtedness. Further, it is likely that we will incur additional costs and require additional resources to monitor, report and comply with wide ranging ESG requirements. The occurrence of any of the foregoing could have a material adverse effect on our business and financial condition.

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 growth, which may adversely affect our earnings.

Since the completion of our initial public offering in March 2005, we have increased our fleet to 51 vessels in operation in 2017, and decreased it to 38, 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 any future 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, 2020, we had $423.1 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 recently underwent a transition with respect to certain of our directors and executive officers and this transition, along with the possibility that we may in the future be unable to retain and recruit qualified key executives, key employees or key consultants, may delay our development efforts or otherwise harm our business.

Effective March 1, 2021, our board of directors has appointed Mrs. Semiramis Paliou as our Chief Executive Officer. Accordingly, she no longer serves in her previous positions as Chief Operating Officer and Deputy Chief Executive Officer. Mr. Simeon Palios' position as Chairman of the Board of Directors remains unchanged and he serves in such capacity as non-executive Chairman. Mr. Ioannis Zafirakis, who served as an interim Chief Financial Officer since February 2020, has been appointed Chief Financial Officer on a permanent basis. Mr. Zafirakis also remains the Chief Strategy Officer, Treasurer and Secretary of the Company. Mr. Eleftherios Papatrifon has joined the Company and has been appointed to the position of Chief Operating Officer.

Our future development and prospects depend to a large degree on the experience, performance and continued service of our senior management team. Retention of these services or the identification of suitable replacements in case of future vacancies cannot be guaranteed. There can be no guarantee that the services of the current directors and senior management team will be retained, or that suitably skilled and qualified individuals can be identified and employed, which may adversely impact our ability to commercial and financial performance. The loss of the services of any of the directors or other members of the senior management team and the costs of recruiting replacements may have a material adverse effect on our commercial and financial performance as well. If we are unable to hire, train and retain such personnel in a timely manner, our operations could be delayed and our ability to grow our business will be impaired and the delay and inability may have a detrimental effect upon our performance.

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 Mrs. Semiramis Paliou; our President, Mr. Anastasios Margaronis; our Chief Financial Officer, Chief Strategy Officer, Treasurer and Secretary Mr. Ioannis Zafirakis and our Chief Operating Officer Mr. Eleftherios Papatrifon. 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.

Technological innovation and quality and efficiency requirements from our customers could reduce our charterhire income and the value of our vessels.

Our customers, have a high and increasing focus on quality and compliance standards with their suppliers across the entire supply chain, including the shipping and transportation segment. Our continued compliance with these standards and quality requirements is vital for our operations. The charterhire rates and the value and operational life of a vessel are determined by a number of factors including the vessel's efficiency, operational flexibility and physical life. Efficiency includes speed, fuel economy and the ability to load and discharge cargo quickly. Flexibility includes the ability to enter harbors, utilize related docking facilities and pass through canals and straits. The length of a vessel's physical life is related to its original design and construction, its maintenance and the impact of the stress of operations. If new vessels are built that are more efficient or more flexible or have longer physical lives than our vessels, competition from these more technologically advanced vessels could adversely affect the amount of charterhire payments we receive for our vessels and the resale value of our vessels could significantly decrease. This could have an adverse effect on our results of operations, cash flows, financial condition and ability to pay dividends.

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 38 vessels in operation, having a combined carrying capacity of 4.8 million dead weight tons, or dwt, and a weighted average age of 10.2 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 of LIBOR and potential changes of the use of LIBOR as a benchmark could affect our profitability, earnings and cash flow.

The London Interbank Offered Rate ("LIBOR") is the subject of recent national, international and other regulatory guidance and proposals for reform. These reforms and other pressures may cause LIBOR to be eliminated or to perform differently than in the past. On November 30, 2020, ICE Benchmark Administration ("IBA"), the administrator of LIBOR, with the support of the United States Federal Reserve and the United Kingdom's Financial Conduct Authority, announced plans to consult on ceasing publication of U.S. Dollar LIBOR on December 31, 2021 for only the one-week and two-month U.S. Dollar LIBOR tenors, and on June 30, 2023 for all other U.S. Dollar LIBOR tenors. The United States Federal Reserve concurrently issued a statement advising banks to stop new U.S. Dollar LIBOR issuances by the end of 2021. Such announcements indicate that the continuation of LIBOR on the current basis will not be guaranteed after 2021.

The consequences of these developments cannot be entirely predicted, but could include an increase in the cost of our variable rate indebtedness and obligations. LIBOR has been volatile in the past, with the spread between LIBOR and the prime lending rate widening significantly at times. Because the interest rates borne by a majority of our outstanding indebtedness fluctuate with changes in LIBOR, significant changes in LIBOR would have a material effect on the amount of interest payable on our debt, which in turn, could have an adverse effect on our financial condition.

Furthermore, the calculation of interest in most financing agreements in our industry has been based on published LIBOR rates. Due in part to uncertainty relating to the LIBOR calculation process, in recent years, as discussed above it is likely that LIBOR will be phased out in the future. As a result, 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 financing agreements, our lending costs could increase significantly, which would 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, a committee convened by the 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 from LIBOR to SOFR could be significant for us.

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

We 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 2020, 2019, and 2018, approximately 34%, 60% and 56%, respectively, of our revenues were derived from two, four 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 2020 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 2020 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, Mrs. Semiramis Paliou, our Chief Executive Officer and Director, beneficially owns 16,062,285 shares, or approximately 17.5% of our outstanding common stock, which is held indirectly through entities over which she 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. In September 2020, these shares were transferred to a company controlled by Mrs. Paliou. The Series C Preferred Stock vote with our common shares and each share of the Series C Preferred Stock entitles the holder thereof to 1,000 votes on all matters submitted to a vote of the common stockholders of the Issuer. Through her beneficial ownership of common shares and shares of Series C Preferred Stock, Mrs. Paliou controls 26.2% 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 Mrs. Paliou and the entities controlled by Mrs. Paliou 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 Chief Executive Officer continues to own a significant amount of our equity, even though the amount held by her represents

less than 50% of our voting power, she 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, 2020, 89,275,002 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, 5,000,000 shares have been designated Series B Preferred Shares, and 10,675 are designated as Series C 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

A. 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 July 2018, the Company signed a term loan facility with BNP Paribas ("BNP") 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 then existing credit facility with BNP dated June 22, 2015 which had maturity date on July 24, 2020.

In September 2018, the Company issued $100 million of senior unsecured bond, or the Bond, maturing in September 2023 and callable beginning three years after issuance. 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 is payable semi-annually in arrears in March and September of each year. 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 unaffiliated third parties, 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 repurchased in a tender offer 4,166,666 shares of its outstanding common stock using funds available from cash and cash equivalents at a price of $3.60 per share, for an aggregate purchase price of $15 million.

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, 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 September 2020, the Series C Preferred Shares were transferred from an affiliate of Mr. Simeon Palios to an affiliate of the Company's Chief Executive Officer, Mrs. Semiramis Paliou.

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. Both vessels were delivered to their new buyers in April, 2019.

In March 2019, the Company purchased in a tender offer 3,889,386 shares of its outstanding common, par value of $0.01 per share, at a price of $2.80 per share, for an aggregate purchase price of $10.9 million.

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.

In April 2019, the Company signed, through a separate wholly-owned subsidiary, a Memorandum of Agreement to sell to an unaffiliated third party, the 2004-built vessel *Erato*, for a sale price of $7.0 million before commissions. The vessel was delivered to the buyer in June 2019.

In May 2019, the Company purchased in a tender offer 3,125,000 shares of its outstanding common stock, par value of $0.01 per share, at a price of $3.40 per share, for an aggregate purchase price of $10.6 million.

In June 2019, the Company signed, through a separate wholly-owned subsidiary, a Memorandum of Agreement to sell to an unaffiliated third party, the 2004-built vessel *Thetis*, for a sale price of $6.4 million before commissions. The vessel was delivered to the buyer in July 2019.

In June 2019, the Company, through two wholly-owned subsidiaries entered into a term loan agreement with ABN AMRO Bank N.V. for a loan of $25.0 million, to refinance the vessels *Selina, Ismene* and *Houston*, for repayment in June 2024. The loan bears interest at LIBOR plus a margin of 2.25%.

In July 2019, the Company purchased in a tender offer 2,000,000 shares of its outstanding common stock, par value of $0.01 per share, at a price of $3.75 per share, for an aggregate purchase price of $7.5 million.

In July 2019, the Company signed, through a separate wholly-owned subsidiary, a Memorandum of Agreement to sell to an unaffiliated third party, the 2001-built vessel Nirefs, for a sale price of $6.71 million before commissions. The vessel was delivered to the buyer in September 2019.

In October 2019, the Company purchased in a tender offer 2,816,900 shares of its outstanding common stock, par value of $0.01 per share, at a price of $3.55 per share, for an aggregate purchase price of $10.0 million.

In November 2019, the Company through a separate wholly-owned subsidiary entered into a Memorandum of Agreement to sell to an unaffiliated third party the vessel *Clio*, for a sale price of $7.4 million before commissions. The vessel was delivered to the buyer in November 2019.

In December 2019, the Company purchased in a tender offer 2,739,726 shares of its outstanding common stock, par value of $0.01 per share, at a price of $3.65 per share, for an aggregate purchase price of 10.0 million.

In December 2019, the Company signed, through a separate wholly-owned subsidiary, a Memorandum of Agreement to sell to an unaffiliated third party, the 2005-built vessel *Calipso*, with delivery to the buyer latest by January 30, 2020, for a sale price of $7.275 million before commissions. In February 2020, the buyers elected to exercise their right to cancel the Contract as a result of vessel's missing the cancelling date stipulated therein, due to unforeseen events, unrelated to the condition of the vessel. In March 2020, the Company decided to withdraw the vessel from the market.

In January 2020, the Company signed, through a separate wholly-owned subsidiary, a Memorandum of Agreement to sell to an unaffiliated third party, the 2002-built vessel *Norfolk*, with delivery to the buyer latest by January 30, 2020, for a sale price of $9.35 million before commissions. In February 2020, the buyers elected to exercise their right to cancel the contract as a result of vessel's missing the cancelling date stipulated therein, due to unforeseen events, unrelated to the condition of the vessel. In February 2020, the Company signed another Memorandum of Agreement to sell the vessel to an unaffiliated third party, for a sale price of $8.75 million before commissions. The vessel was delivered to the buyer in March 2020.

In February 2020, the Company purchased in a tender offer 3,030,303 shares of its outstanding common stock, par value of $0.01 per share at a price of $3.30 per share, for an aggregate purchase price of 10.0 million.

In February 2020, the Company received an offer from Performance Shipping to redeem the Series C Preferred Stock

owned by the Company for an aggregate price of $1.5 million. The Company's Board of Directors formed a special committee to evaluate the transaction with the assistance of an independent financial advisor. The transaction was recommended by the special committee to the Board of Directors, which resolved to accept the offer. Performance Shipping acquired the shares for $1.5 million, as agreed, and the sale closed on March 27, 2020 with the receipt of the related funds by Performance Shipping.

In March 2020, the Company purchased through its share repurchase program 1,088,034 shares of its outstanding common stock, par value of $0.01 per share at an average price of $1.72 per share, or $1.9 million.

On May 7, 2020, the Company signed a term loan facility with Nordea Bank Abp, or Nordea, through eight wholly-owned subsidiaries for $55.848 million, to refinance its then outstanding loan with Nordea, so as to extend the repayment of the loan until March 2022. The Borrowers will have the option to extend the repayment of the facility by two additional years until March 2024, by providing extension requests for each additional year, subject to the acceptance by the Lender at each time.

On May 22, 2020, the Company signed a term loan facility with ABN AMRO Bank N.V., or ABN, through six wholly-owned subsidiaries for $52.885 million, divided into two tranches. The purpose of the loan facility was to combine the two loans outstanding with the Lender and extend the maturity of the loan maturing in March 2021 to the maturity of the other loan, maturing in June 2024.

On June 29, 2020, the Company signed, through two wholly-owned subsidiaries, a supplemental agreement to the existing loan agreement with BNP Paribas, to extend by 2.5 years the maturity of the existing loan facility until May 19, 2024.

On June 30, 2020, the Company signed, through a separate wholly-owned subsidiary, a Memorandum of Agreement to sell to an unaffiliated third party, the 2007-built vessel "Arethusa", for a sale price of $7.85 million before commissions, delivered to the buyer in August 2020.

In July 2020, the Company, repurchased an aggregate amount equal to $8.0 million of the nominal amount of the Bond. Following this buyback the Company holds bonds equal to $8.0 million of the nominal amount of the outstanding Bond.

In September 2020, the Company signed, through a separate wholly-owned subsidiary, a Memorandum of Agreement to sell to an unaffiliated third party, the 2006-built vessel *Coronis*, for a sale price of US$7.1 million before commissions, delivered to the buyer in January 2021. In the same month the Company, also signed through a separate wholly-owned subsidiary, a Memorandum of Agreement to sell to an unaffiliated third party, the 2006-built vessel "*Sideris GS*", for a sale price of US$11.5 million before commissions, delivered to the buyer in January 2021.

In December 2020, the Company, signed through a separate wholly-owned subsidiary, a Memorandum of Agreement to sell to an unaffiliated third party, the 2001-built vessel *Oceanis*, for a sale price of $5.75 million before commissions with estimated delivery to the buyer in March 2021.

In January 2021, the Company amended and restated its 2014 Equity Incentive Plan, or the Plan, to increase the number of common shares available for issuance under the Plan by 20 million shares. All other material provisions of the Plan remain unchanged.

In February 2021, the Company repurchased in the tender offer 6,000,000 shares of its outstanding common stock, par value of $0.01 per share at an average price of $2.5 per share, for an aggregate purchase price of $15 million.

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

As of December 31, 2020, our operating fleet consisted of 40 dry bulk carriers, of which 13 were Panamax, five were Kamsarmax, five were Post-Panamax, 13 were Capesize and four were Newcastlemax vessels, having a combined carrying capacity of approximately 5.0 million dwt and a weighted average age of 10.2 years and 10.2 years. As of December 31, 2020, the Company had agreed to sell the vessels *Coronis, Sideris G.S.* and *Oceanis,* of which as of the date of this report, *Coronis* and *Sideris GS* were delivered to their buyers in January 2021 and Oceanis is expected be delivered in March 2021. As of the date of this report our fleet consisted of 38 dry bulk carriers, of which twelve were Panamax, five were Kamsarmax, five were Post-Panamax, twelve were Capesize and four were Newcastlemax vessels, having a combined carrying capacity of approximately 4.8 million dwt and a weighted average age of 10.2 years.

As of December 31, 2019, our operating fleet consisted of 42 dry bulk carriers, of which 14 were Panamax, five were Kamsarmax, five were Post-Panamax, 14 were Capesize and four were Newcastlemax vessels, having a combined carrying capacity of approximately 5.2 million dwt and a weighted average age of 9.5 years.

As of December 31, 2018, our operating fleet consisted of 48 dry bulk carriers, of which 20 were Panamax, five were Kamsarmax, five were Post-Panamax, 14 were Capesize and four were Newcastlemax vessels, having a combined carrying capacity of approximately 5.7 million dwt and a weighted average age of 9.1 years.

During 2020, 2019 and 2018, we had a fleet utilization of 97.9%, 98.6% and 99.1%, respectively, our vessels achieved daily time charter equivalent rates of $10,910, $12,796 and $12,179, respectively, and we generated revenues of $169.7 million, $220.7 million and $226.2 million, respectively.

The following table presents certain information concerning the dry bulk carriers in our fleet, as of March 11, 2021.

	Vessel BUILT DWT	Sister Ships*	Gross Rate (USD Per Day)	Com**	Charterers	Delivery Date to Charterers***	Redelivery Date to Owners****	Notes
	12 Panamax Bulk Carriers							
1	OCEANIS 2001 75,211		$9,200	5.00%	Phaethon International Company AG	9-Jan-20	27-Feb-21	1,2
2	PROTEFS	A	$9,900	5.00%	Phaethon International Company AG	30-Nov-19	8-Feb-21	
	2004 73,630		$10,650	5.00%	Reachy International (HK) Co., Limited	8-Feb-21	10-Mar-22 - 20-May-22	
3	CALIPSO	A	$8,250	5.00%	Uniper Global Commodities SE, Düsseldorf	13-Apr-20	22-Jan-21	3
			$10,400	5.00%	Viterra Chartering B.V., Rotterdam	22-Jan-21	1-Oct-21 - 15-Dec-21	

	2005 73,691							
4	NAIAS	A	$10,000	5.00%	Phaethon International Company AG	26-Jan-19	27-Jan-21	
			$11,000	4.75%	Cargill International S.A., Geneva	27-Jan-21	3-Apr-21	4
	2006 73,546							
-	CORONIS		$8,000	5.00%	Koch Shipping Pte. Ltd., Singapore	20-Feb-20	31-Dec-20	5
	2006 74,381							
5	MELIA		$10,000	5.00%	Ausca Shipping Limited, Hong Kong	20-Aug-20	5-Apr-21 - 20-Jun-21	6
	2005 76,225							
6	ARTEMIS		$10,250	5.00%	Glencore Agriculture B.V., Rotterdam	30-Nov-20	5-Jan-22 - 30-Mar-22	
	2006 76,942							
7	LETO		$9,000	4.75%	Cargill International S.A., Geneva	21-May-20	15-Jul-21 - 30-Sep-21	
	2010 81,297							
8	SELINA	B	$11,000	5.00%	ST Shipping and Transport Pte. Ltd., Singapore	5-Jul-20	5-Jul-21 - 5-Sep-21	
	2010 75,700							
9	MAERA	B	$8,600	5.00%	Ausca Shipping Limited, Hong Kong	11-Jun-20	1-Jul-21 - 30-Sep-21	
	2013 75,403							
10	ISMENE		$10,800	5.00%	Phaethon International Company AG	10-Jan-20	11-Mar-21	
			$16,500	5.00%	Tongli Shipping Pte. Ltd.	11-Mar-21	15-Oct-21 - 15-Dec-21	
	2013 77,901							
11	CRYSTALIA	C	$8,750	5.00%	Glencore Agriculture B.V., Rotterdam	22-May-20	1-Jul-21 - 30-Sep-21	
	2014 77,525							
12	ATALANDI	C	$9,300	5.00%	Uniper Global Commodities SE, Düsseldorf	14-Jun-20	14-Jul-21 - 14-Oct-21	
	2014 77,529							
	5 Kamsarmax Bulk Carriers							
13	MAIA	D	$11,200	5.00%	Aquavita International S.A.	31-Jan-20	31-Mar-21 - 15-Jun-21	
	2009 82,193							
14	MYRSINI	D	$11,500	5.00%	Ausca Shipping Limited, Hong Kong	4-Dec-19	19-Mar-21	7
	2010 82,117							
15	MEDUSA	D	$11,000	4.75%	Cargill International S.A., Geneva	19-Nov-20	10-Jan-22 - 20-Mar-22	
	2010 82,194							
16	MYRTO	D	$10,000	4.75%	Cargill International S.A., Geneva	3-Apr-20	1-Jul-21 - 15-Sep-21	
	2013 82,131							
17	ASTARTE		$11,750	5.00%	Aquavita International S.A.	18-Jan-20	22-Mar-21 - 2-Jun-21	7
	2013 81,513							
	5 Post-Panamax Bulk Carriers							

18	ALCMENE 2010 93,193		$8,500	4.75%	Cargill International S.A., Geneva	2-Apr-20	17-Apr-21 - 2-Jul-21	
19	AMPHITRITE 2012 98,697	E	$10,250	5.00%	SwissMarine Pte. Ltd., Singapore	21-Mar-20	6-Apr-21 - 21-Jun-21	
20	POLYMNIA 2012 98,704	E	$12,100	5.00%	CLdN Cobelfret SA, Luxembourg	22-Nov-20	15-Oct-21 - 25-Dec-21	
21	ELECTRA 2013 87,150	F	$10,250	5.00%	Oldendorff Carriers GMBH & Co. KG, Lübeck, Germany	21-Nov-19	4-Jan-21	8
			$12,500	5.00%	SwissMarine Pte. Ltd., Singapore	4-Jan-21	30-Mar-21	
22	PHAIDRA 2013 87,146	F	$9,400	5.00%	Uniper Global Commodities SE, Düsseldorf	29-May-20	29-Apr-21 - 29-Jul-21	
	12 Capesize Bulk Carriers							
23	ALIKI 2005 180,235		$11,300	5.00%	Koch Shipping Pte. Ltd., Singapore	23-Apr-20	19-Mar-21	9, 10
			$20,500	5.00%	Solebay Shipping Cape Company Limited, Hong Kong	19-Mar-21	15-Jan-22 - 15-Mar-22	11
24	BALTIMORE 2005 177,243		$13,000	5.00%	Koch Shipping Pte. Ltd., Singapore	21-Dec-20	20-Jul-21 - 5-Oct-21	
25	SALT LAKE CITY 2005 171,810		$9,750	4.75%	Cargill International S.A., Geneva	24-Mar-19	9-Jan-21	
			$13,000	5.00%	C Transport Maritime Ltd., Bermuda	9-Jan-21	1-Apr-22 - 30-Jun-22	
-	SIDERIS GS 2006 174,186	G	$12,700	5.00%	Oldendorff Carriers GMBH & Co. KG, Lübeck, Germany	7-Mar-20	15-Jan-21	12, 13
26	SEMIRIO 2007 174,261	G	$16,000	4.75%	Cargill International S.A., Geneva	30-Jun-19	1-Jan-21	
			$13,500	5.00%	SwissMarine Pte. Ltd., Singapore	1-Jan-21	5-Oct-21 - 20-Dec-21	
27	BOSTON 2007 177,828	G	$15,300	5.00%	Oldendorff Carriers GMBH & Co. KG, Lübeck, Germany	7-Jun-19	1-Apr-21 - 30-Jun-21	
28	HOUSTON 2009 177,729	G	$12,400	5.00%	C Transport Maritime Ltd., Bermuda	13-Apr-20	1-Jul-21 - 30-Sep-21	
29	NEW YORK 2010 177,773	G	$14,000	5.00%	EGPN Bulk Carrier Co., Limited, Hong Kong	29-Dec-20	16-Apr-22 - 30-Jun-22	
30	SEATTLE 2011 179,362	H	$12,300	5.00%	Pacbulk Shipping Pte. Ltd., Singapore	27-Apr-20	1-Oct-21 - 31-Dec-21	

31	P. S. PALIOS 2013 179,134	H	$12,050	5.00%	C Transport Maritime Ltd., Bermuda	24-Mar-20	9-Apr-21 - 24-Jun-21	
32	G. P. ZAFIRAKIS 2014 179,492	I	$13,200	5.00%	Koch Shipping Pte. Ltd., Singapore	31-May-20	1-Oct-21 - 31-Dec-21	
33	SANTA BARBARA	I	$17,250	5.00%	Pacbulk Shipping Pte. Ltd., Singapore	28-Dec-19	9-Jan-21	
			$17,250	4.75%	Cargill International S.A., Geneva	9-Jan-21	5-Jan-22 - 5-Mar-22	
	2015 179,426							
34	NEW ORLEANS		$15,500	5.00%	Nippon Yusen Kabushiki Kaisha	3-Dec-20	25-Jan-22 - 25-Mar-22	
	2015 180,960							
	4 Newcastlemax Bulk Carriers							
35	LOS ANGELES 2012 206,104	J	$14,250	5.00%	Engelhart CTP Freight (Switzerland) SA	6-Jun-20	1-Oct-21 - 31-Dec-21	
36	PHILADELPHIA 2012 206,040	J	$14,500	5.00%	BHP Billiton Freight Singapore Pte. Ltd	5-Feb-20	5-Apr-21 - 5-Jul-21	
37	SAN FRANCISCO	K	$16,000	5.00%	Koch Shipping Pte. Ltd., Singapore	5-Mar-19	11-Feb-21	14
			$17,750	5.00%	Olam International Limited, Singapore	11-Feb-21	27-May-21	
			$24,700	5.00%		27-May-21	15-Jan-22 - 15-Mar-22	
	2017 208,006							
38	NEWPORT NEWS 2017 208,021	K	$18,400	5.00%	Koch Shipping Pte. Ltd., Singapore	8-Sep-20	16-Oct-21 - 30-Dec-21	

* 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 April 16, 2021.

2 Currently without an active charterparty.

3 The compensation for the overlapping period from December 31, 2020 until January 22, 2021, which is beyond the maximum contractual period, is still pending to be agreed between Owners and Uniper Global Commodities SE, Düsseldorf.

4 Redelivery date based on an estimated time charter trip duration of about 67 days.

5 "Coronis" sold and delivered to her new owners on January 13, 2021.

6 Charter includes a one time ballast bonus payment of US$500,000.

7 Based on latest information.

8 Charterers have agreed to pay the average of the daily published rates for p3a-82 route of the baltic panamax index for the days that index was published (i.e. 21/12-24/12 and 04/12) for the excess period commencing from December 21, 2020 till January 4, 2021.

9 The compensation for the overlapping period from March 15, 2021 until the actual redelivery date, which is beyond the maximum contractual period, is still pending to be agreed between Owners and Koch Shipping Pte. Ltd., Singapore.

10 Estimated redelivery date from the charterers.

11 Estimated delivery date to the charterers.

12 "Sideris GS" sold and delivered to her new owners on January 20, 2021.

13 The compensation for the overlapping period from December 31, 2020 until January 15, 2021, which is beyond the maximum contractual period, is still pending to be agreed between Owners and Oldendorff Carriers GMBH & Co. KG, Lübeck, Germany.

14 Charterers have agreed to pay US$18,000 per day, for the excess period commencing from January 20, 2021 till February 11, 2021.

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, through DSS, to 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 and commissions deriving from the agreements with DWM are included in our statement of operations as "Management fees to related party".

Since June 1, 2010, Steamship Shipbroking Enterprises Inc., or Steamship, a related party controlled by our 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 July 1, 2020.

Our Customers

Our customers include regional and international companies, such as Cargill International S.A., Glencore Grain B.V., Koch Shipping Pte Ltd and Swissmarine Services S.A. During 2020, two of our charterers accounted for 34% of our revenues: Cargill (18%) and Koch (16%). During 2019, four of our charterers accounted for 60% of our revenues: Swissmarine (18%), Cargill (16%), Koch (14%), and Glencore (12%). During 2018, four of our charterers accounted for 56% of our revenues: Swissmarine (16%), Cargill (14%), Koch (15%), and Glencore (11%).

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 2020, 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 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 27 years in 2020, 29 years in 2019, and 28 years in 2018.

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 2018, the BDI ranged from a low of 948 in April to a high of 1,774 in July. In 2019, BDI ranged from a low of 595 in February to a high of 2,518 in September. In 2020, the BDI ranged from a low of 393 in May to a high of 2097 in October.

Vessel Prices

Dry bulk vessel values in 2020 generally were lower as compared to 2019. 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 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.
- 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 none of our vessels made port calls to Iran in 2020 and to the date of this annual report.

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

The International Maritime Organization, the United Nations agency for maritime safety and the prevention of pollution by vessels (the "IMO"), has adopted the International Convention for the Prevention of Pollution from Ships,

1973, as modified by the Protocol of 1978 relating thereto, collectively referred to as MARPOL 73/78 and herein as "MARPOL," the International Convention for the Safety of Life at Sea of 1974 ("SOLAS Convention"), and the International Convention on Load Lines of 1966 (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 and 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; new emissions standards, titled IMO-2020, took effect on January 1, 2020.

Air Emissions

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

The Marine Environment Protection Committee, or "MEPC", adopted amendments to Annex VI regarding emissions of sulfur oxide, nitrogen oxide, particulate matter and ozone depleting substances, which entered into force on July 1, 2010. The amended Annex VI seeks to further reduce air pollution by, among other things, implementing a progressive reduction of the amount of sulfur contained in any fuel oil used on board ships. On October 27, 2016, at its 70th session, the MEPC agreed to implement a global 0.5% m/m sulfur oxide emissions limit (reduced from 3.50%) starting from January 1, 2020. This limitation can be met by using low-sulfur compliant fuel oil, alternative fuels, or certain exhaust gas cleaning systems. Ships are now required to obtain bunker delivery notes and International Air Pollution Prevention ("IAPP") Certificates from their flag states that specify sulfur content. Additionally, at MEPC 73, amendments to Annex VI to prohibit the carriage of bunkers above 0.5% sulfur on ships were adopted and took effect 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% m/m. Amended Annex VI establishes procedures for designating new ECAs. Currently, the IMO has designated four ECAs, including specified portions of the Baltic Sea area, North Sea area, North American area and United States Caribbean area. Ocean-going vessels in these areas will be subject to stringent emission controls and may cause us to incur additional costs. Other areas in China are subject to local regulations that impose stricter emission controls. If other ECAs are approved by the IMO, or other new or more stringent requirements relating to emissions from marine diesel engines or port operations by vessels are adopted by the U.S. Environmental Protection Agency ("EPA") or the 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 on or after January 1, 2021. The EPA promulgated equivalent (and in some senses stricter) emissions standards in 2010. As a result of these designations or similar future designations, we may be required to incur additional operating or other costs.

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

As of January 1, 2013, MARPOL made mandatory certain measures relating to energy efficiency for ships. All ships are now required to develop and implement a Ship Energy Efficiency Management Plans ("SEEMPs"), and new ships must be designed in compliance with minimum energy efficiency levels per capacity mile as defined by the Energy Efficiency Design Index ("EEDI"). Under these measures, by 2025, all new ships built will be 30% more energy efficient than those built in 2014. Additionally, MEPC 75 adopted amendments to MARPOL Annex VI which brings forward the effective date of the EEDI's "phase 3" requirements from January 1, 2025 to April 1, 2022 for several ship types, including gas carriers, general cargo ships, and LNG carriers.

Additionally, MEPC 75 introduced draft amendments to Annex VI which impose new regulations to reduce greenhouse gas emissions from ships. These amendments introduce requirements to assess and measure the energy efficiency of all ships and set the required attainment values, with the goal of reducing the carbon intensity of international shipping. The requirements include (1) a technical requirement to reduce carbon intensity based on a new Energy Efficiency Existing Ship Index ("EEXI"), and (2) operational carbon intensity reduction requirements, based on a new operational carbon intensity indicator ("CII"). The attained EEXI is required to be calculated for ships of 400 gross tonnage and above, in accordance with different values set for ship types and categories. With respect to the CII, the draft amendments would require ships of 5,000 gross tonnage to document and verify their actual annual operational CII achieved against a determined required annual operational CII. Additionally, MEPC 75 proposed draft amendments requiring that, on or before January 1, 2023, all ships above 400 gross tonnage must have an approved SEEMP on board. For ships above 5,000 gross tonnage, the SEEMP would need to include certain mandatory content. MEPC 75 also approved draft amendments to MARPOL Annex I to prohibit the use and carriage for use as fuel of heavy fuel oil ("HFO") by ships in Arctic waters on and after July 1, 2024. The draft amendments introduced at MEPC 75 may be adopted at the MEPC 76 session, to be held during 2021.

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 documents 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. Amendments which took effect on January 1, 2020 also reflect the latest material from the UN Recommendations on the Transport of Dangerous Goods, including (1) new provisions regarding IMO type 9 tank, (2) new abbreviations for segregation groups, and (3) special provisions for carriage of lithium batteries and of vehicles powered by flammable liquid or gas.

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

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

constructed after January 1, 2017, and after January 1, 2018, ships constructed before January 1, 2017 are required to meet the relevant requirements by the earlier of their first intermediate or renewal survey.

Furthermore, recent action by the IMO's Maritime Safety Committee and United States agencies indicates that cybersecurity regulations for the maritime industry are likely to be further developed in the near future in an attempt to combat cybersecurity threats. 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 8, 2017. The BWM Convention requires ships to manage their ballast water to remove, render harmless, or avoid the uptake or discharge of new or invasive aquatic organisms and pathogens within ballast water and sediments. The BWM Convention's implementing regulations call for a phased introduction of mandatory ballast water exchange requirements, to be replaced in time with mandatory concentration limits, and require all ships to carry a ballast water record book and an international ballast water management certificate.

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

Once mid-ocean 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.

In November 2020, MEPC 75 approved draft amendments to the Anti-fouling Convention to prohibit anti-fouling systems containing cybutryne, which would apply to ships from January 1, 2023, or, for ships already bearing such an anti-fouling system, at the next scheduled renewal of the system after that date, but no later than 60 months following the last application to the ship of such a system. These amendments may be formally adopted at MEPC 76 in 2021.

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

CERCLA contains a similar liability regime whereby owners and operators of vessels are liable for cleanup, removal and remedial costs, as well as damages for injury to, or destruction or loss of, natural resources, including the reasonable costs associated with assessing the same, and health assessments or health effects studies. There is no liability if the discharge of a hazardous substance results solely from the act or omission of a third party, an act of God or an act of war. Liability under CERCLA is limited to the greater of $300 per gross ton or $5.0 million for vessels carrying a hazardous substance as cargo and the greater of $300 per gross ton or $500,000 for any other vessel. These limits do not apply (rendering the responsible person liable for the total cost of response and damages) if the release or threat of release of a hazardous substance resulted from willful misconduct or negligence, or the primary cause of

the release was a violation of applicable safety, construction or operating standards or regulations. The limitation on liability also does not apply if the responsible person fails or refused to provide all reasonable cooperation and assistance as requested in connection with response activities where the vessel is subject to OPA.

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

The 2010 *Deepwater Horizon* oil spill in the Gulf of Mexico resulted in additional regulatory initiatives or statutes, including higher liability caps under OPA, new regulations regarding offshore oil and gas drilling, and a pilot inspection program for offshore facilities. However, several of these initiatives and regulations have been or may be revised. For example, the U.S. Bureau of Safety and Environmental Enforcement's ("BSEE") revised Production Safety Systems Rule ("PSSR"), effective December 27, 2018, modified and relaxed certain environmental and safety protections under the 2016 PSSR. Additionally, the BSEE amended the Well Control Rule, effective July 15, 2019, which rolled back certain reforms regarding the safety of drilling operations, and the former U.S. President Trump had proposed leasing new sections of U.S. waters to oil and gas companies for offshore drilling. The effects of these proposals and changes are currently unknown, and recently, current U.S. President Biden signed an executive order temporarily blocking new leases for oil and gas drilling in federal waters. . 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 proposed rule was published in the Federal Register on February 14, 2019 and was subject to public comment. On October 22, 2019, the agencies published a final rule repealing the 2015 Rule defining "waters of the United States" and recodified the regulatory text that existed prior to the 2015 Rule. The final rule became effective on December 23, 2019. On January 23, 2020, the EPA published the "Navigable Waters Protection Rule," which replaces the rule published on October 22, 2019, and redefines "waters of the United States." This rule became effective on June 22, 2020, although the effective date has been stayed in at least one U.S. state pursuant to court order. The effect of this rule is currently 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 replaces the 2013 Vessel General Permit ("VGP") program (which authorizes discharges incidental to operations of commercial vessels and contains numeric ballast water discharge limits for most vessels to reduce the risk of invasive species in U.S. waters, stringent requirements for exhaust gas scrubbers, and requirements for the use of environmentally acceptable lubricants) and current Coast Guard ballast water management regulations adopted under the U.S. National Invasive Species Act ("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, 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 the Baltic, the North Sea and the English Channel (the so called "SOx-Emission Control Area"). As of January 2020, EU member states must also ensure that ships in all EU waters, except the SOx-Emission Control Area, use fuels with a 0.5% maximum sulfur content.

On September 15, 2020, the European Parliament voted to include greenhouse gas emissions from the maritime sector in the European Union's carbon market from 2022. This will require shipowners to buy permits to cover these emissions. Contingent on another formal approval vote, specific regulations are forthcoming and are expected to be proposed by 2021.

International Labour Organization

The International Labour Organization (the "ILO") is a specialized agency of the UN that has adopted the Maritime Labor Convention 2006 ("MLC 2006"). A Maritime Labor Certificate and a Declaration of Maritime Labor Compliance is required to ensure compliance with the MLC 2006 for all ships that are 500 gross tonnage or over and are either engaged in international voyages or flying the flag of a Member and operating from a port, or between ports, in another country. 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. The U.S. initially entered into the agreement, but on June 1, 2017, the former U.S. President Trump announced that the United States intends to withdraw from the Paris Agreement, and the withdrawal became effective on November 4, 2020. On January 20, 2021, U.S. President Biden signed an executive order to rejoin the Paris Agreement. It will take 30 days for the United States to rejoin.

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 over 5,000 gross tonnage calling at EU ports are required to collect and publish data on carbon dioxide emissions and other information. As previously discussed, regulations relating to the inclusion of greenhouse gas emissions from the maritime sector in the European Union's carbon market are also forthcoming.

In the United States, the EPA issued a finding that greenhouse gases endanger the public health and safety, adopted regulations to limit greenhouse gas emissions from certain mobile sources, and proposed regulations to limit greenhouse gas emissions from large stationary sources. However, in March 2017, the former U.S. President Trump signed an executive order to review and possibly eliminate the EPA's plan to cut greenhouse gas emissions, and in August 2019, the Administration announced plans to weaken regulations for methane emissions, and on August 13, 2020, the EPA released rules rolling back standards to control methane and volatile organic compound emissions from new oil and gas facilities. However, U.S. President Biden recently directed the EPA to publish a proposed rule suspending, revising, or rescinding certain of these rules. 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 Facility Security Code ("the ISPS Code"). The ISPS Code is designed to enhance the security of ports and ships against terrorism. To trade internationally, a vessel must attain an International Ship Security Certificate ("ISSC") from a recognized security organization approved by the vessel's flag state. Ships operating without a valid certificate may be detained, expelled from, or refused entry at port until they obtain an ISSC. The various requirements, some of which are found in the SOLAS Convention, include, for example, on-board installation of automatic identification systems to provide a means for the automatic transmission of safety-related information from among similarly equipped ships and shore stations, including information on a ship's identity, position, course, speed and navigational status; on-board installation of ship security alert systems, which do not sound on the vessel but only alert the authorities on shore; the development of vessel security plans;

ship identification number to be permanently marked on a vessel's hull; a continuous synopsis record kept onboard showing a vessel's history including the name of the ship, the state whose flag the ship is entitled to fly, the date on which the ship was registered with that state, the ship's identification number, the port at which the ship is registered and the name of the registered owner(s) and their registered address; and compliance with flag state security certification requirements.

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

The cost of vessel security measures has also been affected by the escalation in the frequency of acts of piracy against ships, notably off the coast of Somalia, 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 BMP5 industry standard.

Inspection by Classification Societies

The hull and machinery of every commercial vessel must be classed by a classification society authorized by its country of registry. The classification society certifies that a vessel is safe and seaworthy in accordance with the applicable rules and regulations of the country of registry of the vessel and SOLAS. Most insurance underwriters make it a condition for insurance coverage and lending that a vessel be certified "in class" by a classification society which is a member of the International Association of Classification Societies, the IACS. The IACS has adopted harmonized Common Structural Rules, or "the Rules", which apply to oil tankers and bulk carriers contracted for construction on or after July 1, 2015. The Rules attempt to create a level of consistency between IACS Societies. 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. In all cases, the interval between any two such examinations is not to exceed 36 months. 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," and covers our third-party liabilities in connection with our shipping activities. This includes third-party liability and other related expenses of injury or death of crew, passengers and other third parties, loss or damage to cargo, claims arising from collisions with other vessels, damage to other third-party property, pollution arising from oil or other substances, and salvage, towing and other related costs, including wreck removal. 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 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 vessels' operating expenses, including the cost of crewing, insuring, repairing and maintaining the vessel, the costs of spares and consumable stores, tonnage taxes, environmental and safety expenses, and we also pay commissions to one or more unaffiliated ship brokers, to in-house brokers associated with the charterer for the arrangement of the relevant charter and to DWM.

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,		
	2020	2019	2018
Ownership days	14,931	16,442	18,204
Available days	14,318	16,192	17,964
Operating days	14,020	15,971	17,799
Fleet utilization	97.9%	98.6%	99.1%
Time charter equivalent (TCE) rate (1)	$10,910	$12,796	$12,179

(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 2021, we expect our revenues to decrease compared to 2020, due to the decrease in the number of vessels in the fleet, as in 2020 we sold five vessels of which two were delivered to their new owners in 2020, two in January 2021 and one is expected to be delivered by April 2021.

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 4.75% 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 2021, we expect our voyage expenses to remain at the same levels compared to 2020, or decrease, 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 generally represent fixed costs. For 2021, we expect our operating expenses to decrease compared to 2020 as a result of the sale vessels.

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 and decreased further in 2019 and 2020 due to the sale of two vessels in December 2018, six vessels in 2019, five vessels in 2020 and vessel cost impairment we recorded in the first quarter of 2020. For 2021, we expect depreciation expense to decrease as a result of the impairment charge of the first quarter of 2020 and the sale of five vessels.

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 2021, we expect our general and administrative expenses to remain at the same levels, as they are not affected by the size of the fleet. However, they are affected by the exchange rate of Euro to US Dollars, as about half of the administrative expenses are in Euro.

Interest and Finance Costs

We have historically incurred interest expense and financing costs in connection with vessel-specific debt, senior unsecured Notes and since September 2018 in connection with our Bond. As at December 31, 2020 our debt amounted to $423.1 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 2021, we expect interest and finance expenses to decrease due to decreased average debt and decreased interest rates.

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 2019 we recorded impairment for three vessels for which the same test indicated that their carrying value would not be recoverable. Additionally, in 2019, we recorded impairment for four additional vessels which met the criteria as held for sale and were measured at the lower of their carrying value and fair value (sale price) less costs to sell. Similarly, in 2020, we recorded impairment for nine vessels for which their carrying value would not be recoverable and additional impairment for four of the vessels we sold during the year, which met the criteria as held for sale and were measured at the lower of their carrying value and fair value (sale price) less costs to sell.

Based on: (i) the carrying value of each of our vessels as of December 31, 2020 and 2019, 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, 2020 and 2019, the aggregate carrying value of 29 and 31 of the vessels in our fleet as of December 31, 2020 and 2019, respectively, exceeded their aggregate charter-free market value by approximately $149 million and $150 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, 2020 and 2019, 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 29 and 31 vessels would be sold at a price that reflects our estimate of their charter-free market values as of December 31, 2020 and 2019, 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;
- 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)	
				2020	2019
1	Alcmene	93,193	2010	11.1	14.2 *
2	Aliki	180,235	2005	15.8 *	15.3 *
3	Amphitrite	98,697	2012	15.4	18.0
4	Arethusa	73,593	2007	-	10.3 *
5	Artemis	76,942	2006	14.8 *	14.2 *
6	Astarte	81,513	2013	19.5 *	20.4 *
7	Atalandi	77,529	2014	18.0 *	18.8
8	Baltimore	177,243	2005	19.3 *	19.8 *
9	Boston	177,828	2007	17.5 *	18.5 *
10	Calipso	73,691	2005	7.9 *	7.1
11	Coronis[1]	74,381	2006	6.9	9.5 *
12	Crystalia	77,525	2014	17.7 *	18.5
13	Electra	87,150	2013	14.5	17.1
14	G.P. Zafirakis	179,492	2014	24.8 *	47.9 *
15	Houston	177,729	2009	22.2 *	23.3 *
16	Ismene	77,901	2013	11.8	12.5
17	Leto	81,297	2010	15.8 *	15.8 *
18	Los Angeles	206,104	2012	24.8 *	43.3 *
19	Maera	75,403	2013	11.4	11.9
20	Maia	82,193	2009	15.1 *	16.3 *
21	Medusa	82,194	2010	15.4 *	14.7
22	Melia	76,225	2005	12.7 *	13.0 *
23	Myrsini	82,117	2010	17.8 *	17.2 *
24	Myrto	82,131	2013	19.2 *	20.2 *
25	Naias	73,546	2006	9.1 *	9.7 *
26	New Orleans	180,960	2015	36.7 *	37.3 *
27	New York	177,773	2010	16.5 *	40.6 *
28	Newport News	208,021	2017	45.2 *	47.0
29	Norfolk	164,218	2002	-	9.4 *
30	Oceanis[1]	75,211	2001	5.5	8.0 *
31	P.S. Palios	179,134	2013	38.8 *	40.6 *
32	Phaidra	87,146	2013	14.2	18.1 *
33	Philadelphia	206,040	2012	25.5 *	44.1 *
34	Polymnia	98,704	2012	15.7	18.3
35	Protefs	73,630	2004	9.2 *	9.9 *
36	Salt Lake City	171,810	2005	15.9 *	15.6 *
37	San Francisco	208,006	2017	45.3 *	47.1 *
38	Santa Barbara	179,426	2015	40.2 *	42.1 *
39	Seattle	179,362	2011	23.2 *	24.1 *
40	Selina	75,700	2010	10.9	10.2
41	Semirio	174,261	2007	16.5 *	17.5 *
42	Sideris GS[1]	174,186	2006	11.3	16.5 *
	Total	**5,239,440**		**749**	**894**

(1) Vessels held for sale as of December 31, 2020

*****Indicates dry bulk vessels for which we believe, as of December 31, 2020 and 2019, 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 $149 million and $150 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 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 an asset 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 an asset over its remaining useful life and its eventual disposition is less than its carrying amount, the Company evaluates the asset for impairment loss. Measurement of the impairment loss is based on the fair value of the asset, determined mainly by third party valuations.

For vessels, the Company calculates undiscounted projected net operating cash flows by considering the historical and estimated vessels' performance and utilization with the significant assumption being future charter rates for the unfixed days, using 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. Other assumptions used in developing estimates of future undiscounted cash flow are charter rates calculated for the fixed days using the fixed charter rate of each vessel from existing time charters; the expected outflows for scheduled vessels' maintenance; vessel operating expenses; fleet utilization, and the vessels' residual value if sold for scrap. Assumptions are in line with the Company's historical performance and its expectations for future fleet utilization under its current fleet deployment strategy. This calculation is then compared with the vessels' net book value plus unamortized dry-docking costs. The difference between the carrying amount of the vessel plus unamortized dry-docking costs and their fair value is recognized in the Company's accounts as impairment loss.

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 of these three years for which the rates were well above the average and which were not considered sustainable for the foreseeable future. Similarly, the Company performed the exercise discussed above, for 2018, by excluding from the 10-year average of 1 year time charters the years 2009-2010 and for 2019, by excluding the rates for the year 2010. Following this reassessment, our test of cash flows resulted in impairment loss of $3.4 million in 2019 and $93.3 million in 2020. Our 2018 test 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	$10,644	$9,144
Capesize/Newcastlemax	$14,789	$11,371

Our impairment test exercise is sensitive to variances in the time charter rates. Our current analysis, which also involved a sensitivity analysis by assigning possible alternative values to this significant input, indicated that with only a 3% reduction in time charter rates would result in 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	$10,530	-	$11,812	-	$10,473	-
Capesize/Newcastlemax	$13,808	-	$16,103	-	$13,930	-

Results of Operations

Year ended December 31, 2020 compared to the year ended December 31, 2019

Time charter revenues. Time charter revenues decreased by $51.0 million, or 23%, to $169.7 million in 2020, compared to $220.7 million in 2019. The decrease was mainly due to decreased revenues resulting from the sale of six vessels in 2019 and five vessels in 2020, of which however three were held for sale on December 31, 2020. In 2020, we had total operating days of 14,020 and fleet utilization of 97.9%, compared to 15,971 total operating days and a fleet utilization of 98.6% in 2019. Additionally, there was a 15% decrease in time charter rates from $12,796 in 2019 to $10,910 in 2020.

Voyage expenses. Voyage expenses amounted to $13.5 million in 2020 and were the same compared to 2019. Commissions, which is the main part of voyage expenses decreased in 2020 to $8.3 million compared to $11.1 million in 2019 due to the decrease in revenues. This decrease was offset by increased loss from bunkers amounting to $3.7 million in 2020 compared to $1.5 million in 2019 and other expenses. The increase in loss from bunkers was due to increased off hire days during 2020 compared to 2019 and also due to the differences in the prices of bunkers of the vessels which entered into new charter parties during the year.

Vessel operating expenses. Vessel operating expenses decreased by $4.8 million, or 5%, to $85.8 million in 2020 compared to $90.6 million in 2019. The decrease in operating expenses is attributable to the sale of six vessels in 2019 and five vessels in 2020 which however only two were delivered to their new owners and three were held for sale. This decrease was partly offset by increased average expenses in insurances, spares and repairs, operations and annual taxes. Daily operating expenses were $5,750 in 2020 compared to $5,510 in 2019, representing a 4% increase.

Depreciation and amortization of deferred charges. Depreciation and amortization of deferred charges decreased by $5.9 million, or 12%, to $43.0 million in 2020, compared to $48.9 million in 2019. This decrease was due to the sale of six vessels in 2019, the impairment charges recorded in the first quarter of 2020 for nine vessels whose carrying value was not considered recoverable and the sale of five vessels in 2020, of which three were held for sale on December 31, 2020. This decrease was partly offset by an increase in the amortization of deferred cost relating to dry-dockings.

General and administrative expenses. General and Administrative Expenses increased by $4.2 million, or 15%, to $32.8 million in 2020 compared to $28.6 million in 2019. The increase is mainly attributable to increased compensation cost on restricted stock resulting from the early vesting of restricted shares of board members following the Company's restructuring in 2020, increased bonuses and directors and officers insurance. This increase was partly offset by decreased salaries, travelling and training costs.

Management fees to related party. Management fees to a related party amounted to $2.0 million in 2020 compared to $2.2 million in 2019. The decrease is attributable to decreased average number of vessels managed by DWM in 2020 compared to 2019, due to the sale of vessels.

Vessel Impairment charges. Vessel Impairment amounted to $104.4 million in 2020 compared to $14.0 million in 2019, of which $11.3 million in 2020 and $10.6 million in 2019 was due to the sale of vessels measured at the lower of their carrying value and fair value (sale price) less costs to sell, resulting from their classification as held for sale. Additionally, $93.3 million in 2020 and $3.4 million in 2019, resulted from the Company's estimated undiscounted projected net operating cash flows, expected to be generated by the use of nine and three vessels, respectively, over their remaining useful lives and their eventual disposition being less than carrying amount of these vessels. Vessel impairment charges for 2020 were partly offset by a gain of $0.2 million, following the withdrawal from the market, of the vessel Calipso, which as of December 31, 2019 was held for sale.

Loss from sale of vessels. Loss from sale of vessels amounted to $1.1 million compared to $6.2 million in 2019 and is the result from the sale of the vessels *Norfolk* and *Arethusa* in 2020 and the sale of *Erato, Nirefs* and *Clio* in 2019.

Interest and finance costs. Interest and finance costs decreased by $7.9 million, or 27%, to $21.5 million in 2020 compared to $29.4 million in 2019. The decrease is primarily attributable to decreased average interest rates and to decreased average long-term debt outstanding during 2020 compared to 2019. Interest expense in 2020 amounted to $20.2 million compared to $28.0 million 2019. In 2020, interest expense decreased even further due to repurchase of $8.0 million of our Bond in July 2020.

Interest and other income. Interest and other income decreased by $2.2 million, or 76%, to $0.7 million in 2020 compared to $2.9 million in 2019. The decrease is attributable to the decrease in cash at hand and decreased interest rates.

Gain on extinguishment of debt relates to gain realized from the repurchase of $8 million of nominal value of our $100 million bond in July 2020.

Gain/(loss) from related party investments. In 2020, loss from related party investments relates to loss from our 50% interest in DWM. In 2019, $1.5 million of the loss was related to our investment in the Preferred Stock of Performance Shipping as, based on our qualitative assessment, it was considered that its carrying amount at December 31, 2019 would not be recoverable.

Year ended December 31, 2019 compared to the year ended December 31, 2018

Time charter revenues. Time charter revenues decreased by $5.5 million, or 2%, to $220.7 million in 2019, compared to $226.2 million in 2018. The decrease was mainly due to decreased revenues due to the sale of six vessels during 2019 and two vessels in December 2018. In 2019 we had total operating days of 15,971 and fleet utilization of 98.6%, compared to 17,799 total operating days and a fleet utilization of 99.1% in 2018. This decrease was partly offset by increased time charter rates which resulted in a 5% increase in our average charter rates from $12,179 in 2018 to $12,796 in 2019.

Voyage expenses. Voyage expenses increased by $6.1 million, or 82%, to $13.5 million in 2019 compared to $7.4 million in 2018. This increase in voyage expenses is primarily attributable to bunkers which resulted in loss of $1.5 million compared to gain of $4.8 million in 2018.

Vessel operating expenses. Vessel operating expenses decreased by $4.9 million, or 5%, to $90.6 million in 2019 compared to $95.5 million in 2018. The decrease in operating expenses is attributable to the sale of six vessels in 2019 and two vessels in December 2018 and was partly offset by increased average expenses in all expense categories but primarily in spares and repairs, to prepare the vessels for the change of fuel, beginning in 2020. Daily operating expenses were $5,510 in 2019 compared to $5,247 in 2018, representing a 5% increase.

Depreciation and amortization of deferred charges. Depreciation and amortization of deferred charges decreased by $3.3 million, or 6%, to $48.9 million in 2019, compared to $52.2 million in 2018. This decrease was due to the sale of six vessels in 2019 and two vessels in 2018. This decrease was partly offset by an increase in the amortization of deferred cost relating to dry-dockings.

General and administrative expenses. General and Administrative Expenses decreased by $0.9 million, or 3%, to $28.6 million in 2019 compared to $29.5 million in 2018. The decrease is mainly attributable to decreased bonus taxation and the exchange rate of Euro to US Dollar and was partly offset by increased payroll and training cost, and directors' and officers' insurance.

Management fees to related party. Management fees to a related party amounted to $2.2 million in 2019 compared to $2.4 million in 2018. The decrease is attributable to decreased average number of vessels managed by DWM in 2019 compared to 2018, due to the sale of vessels.

Impairment loss. Impairment loss in 2019 amounted to $14.0 million of which $10.6 million was due to the sale of three vessels which were measured at the lower of their carrying value and fair value (sale price) less costs to sell resulting from their classification as held for sale and one vessel classified as held for sale at December 31, 2019, the *Calipso*. Additionally, the Company's estimated undiscounted projected net operating cash flows, excluding interest charges, expected to be generated by the use of three vessels over their remaining useful lives and their eventual disposition was less than their carrying amount. This resulted to impairment loss, net loss and net loss attributed to common stockholders of $3.4 million.

Loss from sale of vessels. Loss from sale of vessels amounted to $6.2 million in 2019 and is the result from the sale of the vessels *Erato, Nirefs* and *Clio* during the year, compared to $1.4 million in 2018 from the sale of two vessels.

Interest and finance costs. Interest and finance costs decreased by $1.1 million, or 4%, to $29.4 million in 2019 compared to $30.5 million in 2018. The decrease is primarily attributable to decreased average interest rates and to decreased average long-term debt outstanding during 2019 compared to 2018. Interest expense in 2019 amounted to $28.0 million compared to $28.3 million 2018.

Interest and other income. Interest and other income decreased by $5.9 million, or 67%, to $2.9 million in 2019 compared to $8.8 million in 2018. The decrease is attributable to decreased interest income due to the settlement in 2018, of the loan to Performance Shipping.

Gain/(loss) from related party investments. Gain/loss from investments relates to the gain/loss from our 50% interest in DWM. Also, in 2019 a $1.5 million loss was recognized from our investment in the Preferred Stock of Performance Shipping as, based on our qualitative assessment, it was considered that its carrying amount at December 31, 2019 would not be recoverable.

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.

B. 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, a bond and since 2018 through the sale of vessels. 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 repurchase of our common stock. 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, 2020 and 2019, working capital, which is current assets minus current liabilities, including the current portion of long-term debt, amounted to $43.1 million and $71.6 million, respectively. The decrease in working capital was mainly due to decreased earnings in 2020 compared to 2019, due to weak economic conditions, beginning in February 2020 with the spread of COVID-19, which resulted in low time charter rates throughout the year and also due to less operating days of the fleet due to the sale of vessels. For 2021, 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 or refinance existing 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 $82.9 million as at December 31, 2020 and $128.3 million as at December 31, 2019. Restricted cash mainly consists of the amount kept against the Company's loan facilities. As at December 31, 2020 and 2019, restricted cash amounted to $20.0 million and $21.0 million, respectively. We consider highly liquid investments such as time deposits and certificates of deposit with an original maturity of around three months or less to be cash equivalents. Cash and cash equivalents are primarily held in U.S. dollars.

Net Cash Provided by Operating Activities

Net cash provided by operating activities decreased by $32.7 million to $17.2 million in 2020 compared to $49.9 million in 2019. This decrease in cash from operating activities was attributable to decreased revenues, increased dry-docking costs and increased off hire days for our fleet, mainly resulting from the market conditions as a result of COVID-19, and also due to an increased number of vessels that underwent dry-docking surveys in 2020 compared to 2019.

Net cash provided by operating activities decreased by $30.0 million to $49.9 million in 2019 compared to $49.9 million in 2019. This decrease was mainly attributable to the decreased revenues due to the sale of six vessels in 2019 compared to two vessels in December 2018 and increased dry-docking costs. This decrease was partly offset by increased average time charter rates.

Net Cash Provided by Investing Activities

Net cash provided by investing activities was $10.5 million for 2020, which consists of $6.0 million paid for vessel improvements due to new regulations; $15.6 million of proceeds from the sale of two vessels in 2020; $1.5 million proceeds from the sale of our investment in preferred stock of Performance Shipping; $0.5 million investment in DWM; and $0.1 million relating to the acquisition of office equipment.

Net cash provided by investing activities was $38.4 million for 2019, which consists of $2.8 million paid for vessel improvements due to new regulations; $41.3 million of proceeds from the sale of six vessels in 2019 and $0.1 million relating to the acquisition of office equipment.

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 two vessel in 2018; $87.6 million of proceeds received from Performance Shipping, and $0.3 million relating to the acquisition of office equipment.

Net Cash Used In Financing Activities

Net cash used in financing activities was $73.1 million for 2020, which consists of $54.8 million of indebtedness that we repaid; $5.8 million of dividends paid on our Series B Preferred Stock; $12.0 million paid for repurchase of common stock; and $0.5 million of finance costs paid in relation to new loan agreements.

Net cash used in financing activities was $111.4 million for 2019, which consists of $44.0 million of proceeds from new loan agreements; $100.6 million of indebtedness that we repaid; $5.8 million of dividends paid on our Series B Preferred Stock; $49.7 million paid for repurchase of common stock; $1.0 million received in relation to the acquisition by Mr. Palios of our Series C Preferred Stock; and $0.4 million of finance costs paid in relation to new loan agreements.

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 Stock; $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.

Loan Facilities, Senior Unsecured Notes and Senior Bond

As at December 31, 2020, we had $423.1 million of long term debt outstanding under our facilities and Bond, which as of the date of this annual report was 470.3 million, and consists of the agreements described below.

Secured Term Loans:

On October 2, 2010, two of our 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 $72.1 million. The *Los Angeles* 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 *Philadelphia* 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. The loan bears interest at LIBOR plus a margin of 2.50% per annum.

On September 13, 2011, one of our wholly-owned subsidiaries entered into a loan agreement with Emporiki Bank of Greece S.A. for a loan of up to $15.0 million to refinance part of the acquisition cost of the *Arethusa*. On December 13, 2012, the outstanding loan balance was transferred to Credit Agricole Corporate and Investment Bank. On July 17, 2020, the Company prepaid the outstanding balance of the loan at that date, amounting to $6.5 million. The loan was prepaid using a cash pledge maintained with the bank. The loan was repayable in 20 equal semiannual installments of $0.5 million each and a balloon payment of $5.0 million. The loan bore interest at LIBOR plus a margin of 2.5% per annum, or 1% for such loan amount that was equivalently secured by cash pledged in favor of the bank.

On January 9, 2014, two of our wholly-owned subsidiaries entered into a loan agreement with Commonwealth Bank of Australia, London Branch, for a loan facility of $18.0 million to finance part of the acquisition cost of the *Melite* and *Artemis*. 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 was repaid in full in October 2017, after grounding of the *Melite*. 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. The loan bears interest at LIBOR plus a margin of 2.25%.

On December 18, 2014, two of our wholly-owned subsidiaries entered into a loan agreement with BNP for a loan facility of $53.5 million to finance part of the acquisition cost of the *G. P. Zafirakis* and the *P. S. Palios*. The loan 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 June 29, 2020, the Company entered into a loan agreement to refinance the loan, so that the balloon of $31.5 million, payable on November 30, 2021, be payable in five equal semi-annual installments of approximately $1.6 million and a balloon of $23.6 million payable together with the last installment on May 19, 2024. The refinanced loan bears interest at LIBOR plus a margin of 2.5%, increased from a margin of 2% of the original loan.

On March 17, 2015, eight of our wholly-owned subsidiaries entered into a loan facility with Nordea for an amount of $93.1 million. The loan was 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. On May 7, 2020, the Company entered into a new loan agreement to refinance the balance of the existing loan, whereas the balance is payable in eight equal quarterly installments of approximately $1.9 million each and a balloon of approximately $41 million payable together with the last installment on March 19, 2022. The borrowers have the option to request additional extensions until March 2023 and March 2024 subject to approval by the lender. The refinanced loan bears interest at LIBOR plus a margin of 2.25%, increased from a margin of 2.1% of the original loan.

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 June 27, 2019, two of our wholly-owned subsidiaries entered into a term loan agreement with ABN AMRO Bank N.V. for a loan of $25.0 million, to refinance the vessels *Selina, Ismene* and *Houston*. The loan is payable in 20 consecutive quarterly installments of $0.8 million each and a balloon installment of $9 million payable together with the last installment June 28, 2024. The loan bears interest at LIBOR plus a margin of 2.25%.

On May 22, 2020, the Company signed a term loan facility with ABN, in the amount of $52.9 million, divided into two tranches. The purpose of the loan facility was to combine the above two loans outstanding with ABN and extend the maturity of the loan maturing on March 30, 2021 (tranche B) to the maturity of the other loan, maturing in June 30, 2024 (tranche A). The refinanced loan bears interest at LIBOR plus a margin of 2.25% for tranche A and LIBOR plus a margin of 2.4% for tranche B.

On April 29, 2015, one of our wholly-owned subsidiaries 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 September 30, 2015, two of our wholly-owned subsidiaries 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 July 13, 2018, we entered into a loan agreement with BNP for a secured term loan facility of $75 million. The 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 March 14, 2019, two of our wholly-owned subsidiaries entered into a term loan agreement with DNB Bank ASA for a loan of $19.0 million, to refinance the loan of *Crystalia* and *Atalandi*, which was repaid in February 2019. The loan is repayable in 20 consecutive quarterly instalments of $477,280 and a balloon of $9.5 million payable together with the last installment on March 14, 2024. The loan bears interest at LIBOR plus a margin of 2.4%.

Under the secured term loans outstanding as of December 31, 2020, 30 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, 2019 and 2020, and the date of this report, we were in compliance with all of our loan covenants.

As at the date of this report, 30 vessels were provided as collateral to secure our loan facilities.

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 Chairman, 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 whole or in parts in three years at a price equal to 103% of nominal value; in four years at a price equal to 101.9% of the nominal value and in four and a half years at a price equal to 100% of nominal value. The bond includes financial and other covenants and is trading on the Oslo Stock Exchange under the ticker symbol "DIASH01". On July 7, 2020, the Company repurchased $8 million of nominal value of its $100 million 9.5% senior unsecured bonds, which the Company holds, realizing a net gain of $0.4 million.

As of December 31, 2020, 2019 and 2018 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.

C. 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 2018, the BDI ranged from a low of 948 in April to a high of 1,774 in July. In 2019, BDI ranged from a low of 595 in February to a high of 2,518 in September. In 2020, the BDI ranged from a low of 393 in May to a high of 2097 in October.

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. Global financial markets and economic conditions have been, and continue to be, volatile. Beginning in February 2020, due in part to fears associated with the spread of COVID-19, global financial markets, and starting in late February, financial markets in the U.S., experienced even greater relative volatility and a steep and abrupt downturn, which volatility and downturn may continue as COVID-19 continues to spread. Credit markets and the debt and equity capital markets have been distressed and the uncertainty surrounding the future of the global credit markets has resulted in reduced access to credit worldwide, particularly for the shipping industry. These issues, along with significant write-offs in the financial services sector, the repricing of credit risk and the current weak economic conditions, have made, and will likely continue to make, it difficult to obtain additional financing. The current state of global financial markets and current

economic conditions might adversely impact our ability to issue additional equity at prices that will not be dilutive to our existing shareholders or preclude us from issuing equity at all. Economic conditions may also adversely affect the market price of our common shares.

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, 2020:

	Payments due by period				
Contractual Obligations	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)	$ 423,057	$ 40,242	$ 290,252	$ 68,713	$ 23,850
Estimated Interest Payments on Loan Agreements and Bond (1)	41,023	16,453	21,028	1,730	1,812
Broker services agreement (2)	4,963	3,309	1,654	-	-
Total	$ 469,043	$ 60,004	$ 312,934	$ 70,443	$ 25,662

(1) As of December 31, 2020, we had an aggregate principal amount of $423.1 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 2020 plus the margin of our loan agreements in 2020 and the fixed interest rate of our Bond.

(2) Our agreement with Steamship (formerly Diana Enterprises Inc.) dated July 1, 2020, expires on June 30, 2022.

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. Our Board of Directors consists of nine members and 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
Semiramis Paliou*	46	Class III Director, Chief Executive Officer
Simeon Palios*	79	Class I Director, and Chairman
Anastasios Margaronis	65	Class I Director and President
Ioannis Zafirakis**	49	Class I Director, Chief Financial Officer, Chief Strategy Officer, Treasurer and Secretary
William (Bill) Lawes	77	Class II Director
Konstantinos Psaltis	82	Class II Director
Kyriacos Riris	71	Class II Director
Apostolos Kontoyannis	72	Class III Director
Konstantinos Fotiadis	70	Class III Director
Eleftherios Papatrifon ***	50	Chief Operating Officer
Maria Dede	48	Chief Accounting Officer

* Effective March 1, 2021, Mr. Simeon Palios resigned as Chief Executive Officer and Mrs. Semiramis Paliou resigned as Chief Operating Officer and was appointed Chief Executive Officer. Mr. Palios remains Chairman of the Board of Directors.

** Effective March 1, 2021, Mr. Ioannis Zafirakis became Chief Financial Officer of the Company, having previously served as Interim Chief Financial Officer.

*** Mr. Papatrifon was appointed Chief Operating Officer effective March 1, 2021.

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 2023.

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.

Semiramis Paliou has served as a Director since March 2015. She has served as Chief Executive Officer, Chairperson of the Executive Committee and a member of the Sustainability Committee since March 1, 2021. She previously served as Deputy Chief Executive Officer of the Company from October 2019 until February 2021. Ms. Paliou also served as member of the Executive Committee and the Chief Operating Officer of the Company from August 2018 until February, 2021. Mrs. Paliou also serves as Chief Executive Officer of Diana Shipping Services S.A. From November 2018 to February 2020 Ms. Paliou also served as Chief Operating Officer of Performance Shipping Inc. Mrs. Paliou has

over 20 years of experience in shipping operations, technical management and crewing. Ms. 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. Ms. Paliou obtained her BSc in Mechanical Engineering from Imperial College, London and her MSc in Naval Architecture from University College, London. Ms. Paliou completed courses in Finance for Senior Executives and in Authentic Leader Development at Harvard Business School. She is the daughter of Simeon Palios, the Company's 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, Ms. Paliou has served on the board of directors of the Hellenic Marine Environment Protection Association (HELMEPA) and in June 2020 was appointed President of the Association.

Simeon P. Palios has served as the Chairman of the Board of Directors of Diana Shipping Inc. since February 21, 2005 and as a Director since March 9, 1999, and served as the Company's Chief Executive Officer until February 2021. Mr. Palios also has served as the Chairman of the Board of Directors of Performance Shipping Inc. since January 13, 2010 and served as Chief Executive Officer until October 2020. Mr. Palios also serves currently as the President of Diana Shipping Services S.A., our management company, which was formed in 1986. Mr. Palios was the founder of Diana Shipping Agencies S.A., where he served as Managing Director until November 2004, having the 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. Mr. Margaronis is a Deputy President of Diana Shipping Services S.A., where he also serves as a Director and Secretary. Mr. Margaronis is also member of the Executive Committee of the Company. 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. From January 2010 to February 2020 he served as Director and President of Performance Shipping Inc. 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 was a member of the board of directors of the United Kingdom Mutual Steam Ship Assurance Association (Europe) Limited from October 2005 to October 2019. 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.

Mr. Ioannis Zafirakis has served as a Director and Secretary of the Company since February 2005 and Chief Financial Officer (Interim Chief Financial Officer until February, 2021) and Treasurer since February 2020 and he is also the Chief Strategy Officer of the Company. Mr. Zafirakis is also member of the Executive Committee of the Company. Mr. Zafirakis has held various executive positions such as Chief Operating Officer, Executive Vice-President and Vice-President. In addition, Mr. Zafirakis is the Chief Financial Officer of Diana Shipping Services S.A., where he also serves as Director and Treasurer. From June 1997 to February 2005, Mr. Zafirakis was employed by Diana Shipping Agencies

S.A., where he held a number of positions in finance and accounting. From January 2010 to February 2020 he also served as Director and Secretary of Performance Shipping Inc., where he held various executive positions such as Chief Operating Officer and Chief Strategy Officer. 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.

Eleftherios (Lefteris) A. Papatrifon has served as the Chief Operating Officer of the Company and Diana Shipping Services S.A. since March 2021. Mr. Papatrifon participates on a non-voting basis in the Executive Committee of the Company. He was Chief Executive Officer, Co-Founder and Director of Quintana Shipping Ltd, a provider of dry bulk shipping services, from 2010 until the company's successful sale of assets and consequent liquidation in 2017. Previously, for a period of approximately six years, he served as the Chief Financial Officer and a Director of Excel Maritime Carriers Ltd. Prior to that, Mr. Papatrifon served for approximately 15 years in a number of corporate finance and asset management positions, both in the USA and Greece. Mr. Papatrifon holds undergraduate (BBA) and graduate (MBA) degrees from Baruch College (CUNY). He is also a member of the CFA Institute and a CFA charterholder.

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. From December 2007 to March 2019, he 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 Chairperson of our Compensation Committee and a member of our Audit Committee since March 2005. Since March 2021, Mr. Kontoyannis also serves as the Chairperson of the Sustainability Committee of the Company. 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. from the completion of Performance Shipping Inc.'s private offering 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.

B. Compensation

Aggregate executive compensation (including amounts paid to Steamship pursuant to the Brokerage Services Agreements) for 2020 was $4.5 million. Since June 1, 2010, Steamship, 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 2020, fees for 2020 amounted to $2.7 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 2021.

Non-employee directors receive annual compensation in the amount of $52,000 plus reimbursement of out-of-pocket expenses. In addition, each director serving as chairman of a committee receives additional annual compensation of $26,000, plus reimbursement for out-of-pocket expenses with the exception of the chairman of the audit and compensation committee who receive annual compensation of $40,000. Each director serving as member of a committee receives additional annual compensation of $13,000, plus reimbursement for out-of-pocket expenses with the exception of the member of the audit committee who receives annual compensation of $26,000, plus reimbursement for out-of-pocket expenses. For 2020, 2019 and 2018 fees and expenses of our non-executive directors amounted to $0.4 million, $0.5 million and $0.5 million, respectively.

Since 2008 and until the date of this annual report, our board of directors has awarded an aggregate amount of 24,135,241 shares of restricted common stock, of which 20,172,656 shares were awarded to senior management, including 260,000 shares awarded in February 2021 to Mr. Eleftherios Papatrifon, who has been appointed as the Company's Chief Operating Officer effective March 1, 2021 and 3,962,585 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, 1,314,000 shares awarded in 2014 which vested ratably over a period of

six years until 2020 and 5,600,000 shares awarded in February 2021 which will vest ratably over a period of five years until 2026. The restricted shares are subject to forfeiture until they become vested. Unless they forfeit, 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 2020, compensation costs relating to the aggregate amount of restricted stock awards amounted to $10.5 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. The 2014 Equity Incentive Plan was further amended as of January 8, 2021 to increase the number of common shares available for the issuance of equity awards by 20 million shares. Currently, 16,664,759 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) non-qualified stock options, (b) stock appreciation rights, (c) restricted stock, (d) restricted stock units, (e) unrestricted stock, (f) other equity-based or equity-related awards, (g) dividend equivalents and (h) cash awards. No options or stock appreciation rights can be exercisable 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. No Awards may be granted under the Plan following the tenth anniversary of the date on which the Plan, as amended and restated, was adopted by the Board (i.e., January 8, 2031).

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 a Sustainability Committee as of February 18, 2021, comprised of Mrs. Semiramis Paliou (member) and Mr. Apostolos Kontoyannis (Chairman) which, as directed by its written charter, is responsible for Identifying, evaluating and making recommendations to the Board with respect to significant policies and performance on matters relating to sustainability, including environmental risks and opportunities, social responsibility and impact and the health and safety of all of our stakeholders.

We have established an Executive Committee comprised of the three directors, Mrs. Semiramis Paliou (Chairperson), Mr. Anastasios Margaronis (member), Mr. Ioannis Zafirakis (member), and Mr. Eleftherios Papatrifon (participating on a non-voting basis). 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, 2020, 2019 and 2018.

	Year Ended December 31,		
	2020	2019	2018
Shoreside	107	111	115
Seafaring	811	914	926
Total	918	1,025	1,041

E. Share Ownership

With respect to the total amount of common shares, Series B Preferred Shares and Series C 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, 2021, 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	Semiramis Paliou (1)	16,062,285	17.5%
	Anastasios Margaronis (2)	7,791,234	8.5%
	Kopernik Global Investors, LLC (3)	7,384,879	8.9%
	Hosking Partners LLP (4)	5,724,407	6.9%
	All other officers and directors as a group	7,425,098	8.1%

* Based on 91,535,002 common shares outstanding as of March 12, 2021.

(1) Mrs. Semiramis Paliou indirectly may be deemed to beneficially own 17.5% beneficially owned through Tuscany Shipping Corp., or Tuscany, and through 4 Sweet Dreams S.A., as the result of her ability to control the vote and disposition of such entities. As of December 31, 2018, 2019 and 2020, Mrs. Semiramis Paliou owned indirectly 0.5%, 1.2% and 17.8%, 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 Investments S.A., or Taracan, which in September 2020 were contributed to Tuscany. 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 her beneficial ownership of common shares and shares of Series C Preferred Stock, Paliou currently controls 26.2% 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 Anamar Investments Inc. and Coronis Investments Inc. as the result of his ability to control the vote and disposition of such entities, for an aggregate of 7,791,234 shares.

(3) This information is derived from a Schedule 13G/A filed with the SEC on February 12, 2021, 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 1, 2021, adjusting the percentage figure based on the common shares issued and outstanding as of the date of this report.

As of March 11, 2021, we had 116 shareholders of record, 98 of which were located in the United States and held an aggregate of 80,707,172 of our common shares, representing 88.17% of our outstanding common shares. However, one of the U.S. shareholders of record is CEDE & CO., a nominee of The Depository Trust Company, which held 80,436,829 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, Mr. Simeon Palios, for an aggregate purchase price of approximately $1.07 million. The Series C Preferred Stock 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 September 2020, the Series C Preferred Shares were transferred from an affiliate of Mr. Simeon Palios to an affiliate of the Company's Chief Executive Officer, Mrs. Semiramis Paliou.

Steamship Shipbroking Enterprises Inc.

Steamship, an affiliated entity that is controlled by our Chairman of the Board, Mr. Simeon Palios, provides to us brokerage services for an annual fee pursuant to a Brokerage Services Agreement. In 2020, brokerage fees amounted to $2.65 million. The terms of this relationship are currently governed by a Brokerage Services Agreement dated July 1, 2020 due to expire on June 30, 2022.

Altair Travel Agency S.A.

Altair Travel Agency S.A., or Altair, an affiliated entity that is controlled by our Chairman of the Board, Mr. Simeon Palios, provides us with travel related services. Travel related expenses in 2020, amounted to $1.9 million.

Performance Shipping, Series C Preferred Stock

On May 30, 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 a loan outstanding as of that date. 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 February 2020, we received an offer from Performance Shipping to redeem the Series C Preferred Stock owned by the Company for an aggregate price of $1.5 million. The Company's Board of Directors formed a special committee to evaluate the transaction with the assistance of an independent financial advisor. The transaction was recommended by the special committee to the Board of Directors, which resolved to accept the offer. The Series C Preferred Shares were transferred to Performance Shipping against the payment of the purchase price of $1.5 million and the sale closed on March 27, 2020 with the receipt of the related funds by Performance Shipping.

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.

Diana Wilhelmsen Management Limited

Diana Wilhelmsen Management Limited, or DWM, is a 50/50 joint venture which provides management services to certain vessels in our fleet for a fixed monthly fee and commercial services charged as a percentage of the vessels' gross revenues. Management fees for 2020 amounted to $2.0 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. On July 9, 2020, DWM and the ship-owning company of the vessel Protefs placed a security bond in the amount of $1.75 million for any potential fines or penalties for alleged violations of law concerning maintenance of books and records and the handling of oil wastes on the vessel Protefs. As of December 31, 2020, the Company determined that Protefs could be liable for part of a fine related to this incident and recorded an accrual of $1 million, representing the Company's best estimate for such amount at that date.

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 13 “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 in 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 91,535,002 as of March 12, 2021, 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 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," investors subject to the "base erosion and anti-avoidance" tax and investors that own, actually or under applicable constructive ownership rules, 10% or more of the Company's common 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, 2020, approximately 5.3% of the Company's shipping income was attributable to the transportation of cargoes either to or from a U.S. port. Accordingly, approximately 2.7% of the Company's shipping income would be treated as derived from U.S. sources for the year ended December 31, 2020. 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 $0.2 for the year ended December 31, 2020.

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 2020 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 2020 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 2020 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 2020 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 2020 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 2020 taxable year, and intends to take this position on its 2020 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 2020 taxable year and in the absence of exemption under Section 883 of the Code, the Company would be subject to $0.2 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) a court within the United States is able to exercise primary jurisdiction over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust or (b) it has an election in place to be treated as a United States person; 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.

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 2020, could have increased our interest cost from $20.2 million $23.8 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. Global financial markets and economic conditions have been, and continue to be, volatile. Specially, due to the Covid19 outbreak, credit markets and the debt and equity capital markets have been distressed, and the uncertainty surrounding the future of the global credit markets has resulted in reduced access to credit worldwide, particularly for the shipping industry. These issues, along with significant write-offs in the financial services sector, the repricing of credit risk and the current weak economic conditions, have made, and will likely continue to make, it difficult to obtain additional financing.

As of December 31, 2020, 2019 and 2018 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 33% in 2020 and around 36% in 2019) and about half of our general and administrative expenses (around 48% in 2020 and around 55% in 2019) 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 2020 and 2019, these non-US dollar expenses represented 26% and 22%, 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. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit the preparation of financial statements in accordance with U.S. GAAP, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Management has conducted an assessment of the effectiveness of the Company's internal control over financial reporting based on the framework established in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 Framework). Based on this assessment, management has determined that the Company's internal control over financial reporting as of December 31, 2020 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-4 of the financial statements filed as part of this annual report.

d) Changes in Internal Control over Financial Reporting

None.

Inherent Limitations on Effectiveness of Controls

Our management, including our Chief Executive Officer and our Chief Financial Officer, 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 2020 and 2019 amounted to € 400,000 and € 420,000, or approximately $440,000 and $485,819, 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

There were no such fees in 2020 and 2019.

c) Tax Fees

During 2020 and 2019, we received services for which fees amounted to $18,000 and $18,000, 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, 2020 and

the date of this report, there is an outstanding value of about $70 million of common shares that can be repurchased under the plan.

On November 21, 2018, we announced the commencement of a tender offer to purchase up to 4,166,666 shares, or about 3.86%, of our then outstanding common stock using funds available from cash and cash equivalents at a price of $3.60 per share ("Tender Offer No. 1"). On December 31, 2018, we announced that we purchased a total of 4,166,666 shares in connection with Tender Offer No. 1 for an aggregate purchase price of $15 million.

On February 27, 2019, we announced the commencement of a tender offer to purchase up to 5,178,571 shares, or about 4.9%, of our then outstanding common stock using funds available from cash and cash equivalents at a price of $2.80 per share ("Tender Offer No. 2"). On April 2, 2019, we announced that we purchased a total of 3,889,386.6175 shares in connection with Tender Offer No. 2 for an aggregate purchase price of $10.89 million.

On April 15, 2019, we announced the commencement of a tender offer to purchase up to 3,125,000 shares, or about 3.1%, of our then outstanding common stock using funds available from cash and cash equivalents at a price of $3.20 per share ("Tender Offer No. 3"). On May 14, 2019, we announced that we increased the purchase price to be paid in Tender Offer No. 3 to $3.40 per share and extended Tender Offer No. 3 to allow additional time for stockholders to tender their shares. On June 5, 2019, we announced that we purchased a total of 3,125,000 shares in connection with Tender Offer No. 3 for an aggregate purchase price of $10.625 million.

On June 14, 2019, we announced the commencement of a tender offer to purchase up to 2,000,000 shares, or about 2.0%, of our then outstanding common stock using funds available from cash and cash equivalents at a price of $3.25 per share ("Tender Offer No. 4"). On July 11, 2019, we announced that we increased the purchase price to be paid in Tender Offer No. 4 to $3.75 per share and extended Tender Offer No. 4 to allow additional time for stockholders to tender their shares. On July 31, 2019, we announced that we purchased a total of 2,000,000 shares in connection with Tender Offer No. 4 for an aggregate purchase price of $7.5 million.

On September 6, 2019, we announced the commencement of a tender offer to purchase up to 1,408,450 shares, or about 1.5%, of our then outstanding common stock using funds available from cash and cash equivalents at a price of $3.55 per share ("Tender Offer No. 5"). On September 30, 2019, we announced that we increased the number of shares we offered to purchase from 1,408,450 shares to 2,816,900 shares at the same price of $3.55 per share and extended Tender Offer No. 5 to allow additional time for stockholders to tender their shares. On October 18, 2019, we announced that we purchased a total of 2,816,900 shares in connection with Tender Offer No. 5 for an aggregate purchase price of $10 million.

On November 12, 2019, we announced the commencement of a tender offer to purchase up to 2,739,726 shares, or about 2.9%, of our then outstanding common stock using funds available form cash and cash equivalents at a price of $3.65 per share ("Tender Offer No. 6"). On December 18, 2019, we announced that we purchased a total of 2,739,726 shares in connection with Tender Offer No. 6 for an aggregate purchase price of $10 million.

On January 3, 2020, we announced the commencement of a tender offer to purchase up to 3,030,303 shares, or about 3.3%, of our then outstanding common stock using funds available from cash and cash equivalents at a price of $3.30 per share ("Tender Offer No. 7"). On February 10, 2020, we announced that we purchased a total of 3,030,303 shares connection with Tender Offer No. 6 for an aggregate purchase price of $10 million.

In March 2020, we purchased through our share repurchase program 1,088,034 shares of our common stock, par value of $0.01 per share at an average price of $1.72 per share, or $1.9 million.

On December 15, 2020, we announced the commencement of a tender offer to purchase up to 6,000,000 shares, or about 6.7%, of our then outstanding common stock using funds available from cash and cash equivalents at a price of $2.00 per share ("Tender Offer No. 8"). On January 13, 2021, we announced that we increased the price at $2.50 per share and on January 21, 2021, we extended Tender Offer No. 8 to allow additional time for stockholders to tender their shares. On February 2, 2021, we announced that we purchased a total of 6,000,000 shares connection with Tender Offer No. 8 for an aggregate purchase price of $15 million.

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, sustainability 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)
2.8	Description of Securities
4.1	Stockholders Rights Agreement dated January 15, 2016 (7)
4.2	2014 Equity Incentive Plan (as amended and restated effective January 8, 2021) **
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, 2019, by and between Diana Shipping Inc. and Steamship Shipbroking Enterprises Inc. (formerly Diana Enterprises Inc.)
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 (20)
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 (20)
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 (20)
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 (20)
4.37 Loan Agreement dated March 2019 with DNB Bank ASA (20)
4.38 Loan Agreement dated June 2019 with ABM AMRO Bank N.V.
4.39 Loan Agreement dated December 2020 with DNB Bank ASA **
4.40 Loan Agreement dated May 2020 with ABN AMRO Bank N.V.**
4.41 Loan Agreement dated May 2020 with Nordea Bank Abp, filial i Norge**

4.42 Loan Agreement dated June 2020 with BNP Paribas**
4.43 Brokerage Services Agreement, dated July 1, 2020, by and between Diana Shipping Inc. and Diana Enterprises Inc**
8.1 Subsidiaries of the Company**
11.1 Amended Code of Ethics (20)
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, 2018 and 2019; (ii) Consolidated Statements of Operations for the years ended December 31, 2017, 2018 and 2019; (iii) Consolidated Statements of Comprehensive Income/(Loss) for the years ended December 31, 2017, 2018 and 2019; (iv) Consolidated Statements of Stockholders' Equity for the years ended December 31, 2017, 2018 and 2019; (v) Consolidated Statements of Cash Flows for the years ended December 31, 2017, 2018 and 2019; 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.
(11) Filed as an Exhibit to the Company's Annual Report filed on Form 20-F on March 27, 2014.
(12) Filed as an Exhibit to the Company's Annual Report filed on Form 20-F on March 25, 2015.
(13) Filed as an Exhibit to the Company's Annual Report filed on Form 20-F on March 28, 2016.
(14) Filed as an Exhibit to the Company's Annual Report filed on Form 20-F on April 20, 2012.
(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.
(20) Filed as an Exhibit to the Company’s Annual Report filed on Form 20-F on March 12, 2019.

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/ Ioannis Zafirakis
Ioannis Zafirakis
Chief Financial Officer
Dated: March 12, 2021

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, 2020 and 2019, 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, 2020, 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, 2020 and 2019, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2020, 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, 2020, 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, 2021 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.

Critical Audit Matter

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

Recoverability assessment of vessels held and used

Description of the matter

At December 31, 2020, the carrying value of the Company's vessels was $716.2 million, while during the year the Company recognized an impairment of $93.3 million in relation to nine vessels with an aggregate fair value of $166.4 million. As discussed in Notes 2 and 4 to the consolidated financial statements, the Company evaluates its vessels for impairment whenever events or changes in circumstances indicate that the carrying value of a vessel plus unamortized dry-docking costs, may not be recoverable in accordance with the guidance in ASC 360 – Property, Plant and Equipment ("ASC 360"). If indicators of impairment exist, management analyzes the future undiscounted net operating cash flows expected to be generated throughout the remaining useful life of each vessel and compares it to the carrying value plus unamortized dry-docking costs. Where the vessel's carrying value plus unamortized dry-docking costs exceeds the undiscounted net operating cash flows, management will recognize an impairment loss equal to the excess of the carrying value of the vessel plus unamortized dry-docking costs over its fair value.

Auditing management's recoverability assessment was complex given the judgement and estimation uncertainty involved in determining certain assumptions to forecast undiscounted net operating cash flows, specifically the future charter rates for non-contracted revenue days. These rates are particularly subjective as they involve the development and use of assumptions about the dry-bulk shipping market through the end of the useful lives of the vessels. These assumptions are forward looking and subject to the inherent unpredictability of future global economic and market conditions.

How we addressed the matter in our audit

We obtained an understanding of the Company's process over the recoverability assessment of vessels held and used, evaluated the design, and tested the operating effectiveness of the controls over the Company's determination of future charter rates for non-contracted revenue days.

We analyzed management's impairment assessment by comparing the methodology used to evaluate impairment of each vessel against the accounting guidance in ASC 360. To test management's undiscounted net operating cash flow forecasts, our procedures included, among others, comparing the future vessel charter rates for non-contracted revenue days with external data such as available market data from various analysts and recent economic and industry changes, and internal data such as historical charter rates for the vessels. In addition, we performed sensitivity analyses to assess the impact of changes to future charter rates for non-contracted revenue days in the determination of the net operating cash flows. We also evaluated whether these assumptions were consistent with evidence obtained in other areas of the audit. Our procedures also included testing the completeness and accuracy of the data used within the forecasts. We recalculated the impairment charge and compared it to the amount recognized by management and assessed the adequacy of the Company's disclosures in Notes 2 and 4.

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

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

Athens, Greece
March 12, 2021

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, 2020, 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, 2020, 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, 2020 and 2019, 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, 2020, and the related notes and our report dated March 12, 2021 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, 2021

DIANA SHIPPING INC.
CONSOLIDATED BALANCE SHEETS
December 31, 2020 and 2019
(Expressed in thousands of U.S. Dollars – except for share and per share data)

	2020	2019
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents (Note 2(e))	$ 62,909	$ 107,288
Accounts receivable, trade (Note 2(f))	5,235	7,862
Due from related parties (Notes 3(d) and 7)	1,196	23
Inventories (Note 2(g))	4,717	5,526
Prepaid expenses and other assets	7,243	9,210
Vessel held for sale (Note 4)	23,361	7,130
Total current assets	104,661	137,039
FIXED ASSETS:		
Vessels, net (Note 4)	716,178	882,297
Property and equipment, net (Note 5)	21,704	22,077
Total fixed assets	737,882	904,374
OTHER NON-CURRENT ASSETS:		
Restricted cash (Notes 2(e) and 6)	20,000	21,000
Investments in related parties (Notes 2(v) and 3 (b) and (d))	-	1,680
Other non-current assets	719	2,941
Deferred charges, net (Notes 2(m) and 4)	9,148	4,246
Total assets	$ 872,410	$ 1,071,280
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Current portion of long-term debt, net of deferred financing costs, current (Note 6)	$ 39,217	$ 40,205
Accounts payable, trade and other	8,558	11,394
Due to related parties (Note 3(a) and (d))	484	85
Accrued liabilities	10,488	11,268
Deferred revenue (Note 2(p))	2,842	2,532
Total current liabilities	61,589	65,484
Long-term debt, net of current portion and deferred financing costs, non-current (Note 6)	381,097	434,746
Other non-current liabilities	1,154	986
Commitments and contingencies (Note 7)	-	-
STOCKHOLDERS' EQUITY:		
Preferred stock (Note 8(a))	26	26
Common stock, $0.01 par value; 200,000,000 shares authorized and 89,275,002 and 91,193,339 issued and outstanding at December 31, 2020 and 2019, respectively (Note 8(b))	893	912
Additional paid-in capital	1,020,164	1,021,633
Accumulated other comprehensive income	69	109
Accumulated deficit	(592,582)	(452,616)
Total stockholders' equity	428,570	570,064
Total liabilities and stockholders' equity	$ 872,410	$ 1,071,280

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

DIANA SHIPPING INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
For the year ended December 31, 2020, 2019 and 2018
(Expressed in thousands of U.S. Dollars – except for share and per share data)

		2020	2019	2018
REVENUES:				
Time charter revenues (Note 2(p))	$	169,733	$ 220,728	$ 226,189
EXPENSES:				
Voyage expenses (Note 2(p))		13,525	13,542	7,405
Vessel operating expenses (Note 2(q))		85,847	90,600	95,510
Depreciation and amortization of deferred charges		42,991	48,904	52,206
General and administrative expenses		32,778	28,601	29,518
Management fees to related party (Note 3)		2,017	2,155	2,394
Vessel impairment charges (Note 4)		104,395	13,987	-
Loss on sale of vessels (Note 4)		1,085	6,171	1,448
Other income		(230)	(854)	(542)
Operating income/(loss)	$	(112,675)	$ 17,622	$ 38,250
OTHER INCOME / (EXPENSES):				
Interest expense and finance costs (Note 9)		(21,514)	(29,432)	(30,506)
Interest and other income		728	2,858	8,822
Gain on repurchase of debt (Note 6)		374	-	-
Gain/(loss) from related party investments (Note 3 (b) and (d))		(1,110)	(1,583)	14
Total other expenses, net	$	(21,522)	$ (28,157)	$ (21,670)
Net income/(loss)	$	(134,197)	$ (10,535)	$ 16,580
Dividends on series B preferred shares (Notes 8 and 10)		(5,769)	(5,769)	(5,769)
Net income/(loss) attributed to common stockholders	$	(139,966)	$ (16,304)	$ 10,811
Earnings/(loss) per common share, basic and diluted (Note 10)	$	(1.62)	$ (0.17)	$ 0.10
Weighted average number of common shares, basic (Note 10)		86,143,556	95,191,116	103,736,742
Weighted average number of common shares, diluted (Note 10)		86,143,556	95,191,116	104,715,883

DIANA SHIPPING INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME/(LOSS)
For the year ended December 31, 2020, 2019 and 2018
(Expressed in thousands of U.S. Dollars)

		2020	2019	2018
Net income/(loss)	$	(134,197)	$ (10,535)	$ 16,580
Other comprehensive loss (Actuarial loss)		(40)	(178)	(7)
Comprehensive income/(loss)	$	(134,237)	$ (10,713)	$ 16,573

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

DIANA SHIPPING INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
For the year ended December 31, 2020, 2019 and 2018
(Expressed in thousands of U.S. Dollars – except for share data)

	Preferred Stock Series B		Preferred Stock Series C		Common Stock		Additional Paid-in Capital	Other Comprehensive Income / (Loss)	Retained Earnings/ (Accumulated Deficit)	Total Equity
	# of Shares	Par Value	# of Shares	Par Value	# of Shares	Par Value				
BALANCE, December 31, 2017	2,600,000	$ 26	-	$ -	106,131,017	$ 1,061	$ 1,070,500	$ 294	$ (447,123)	$ 624,758
Net income	-	$ -	-	$ -	-	$ -	$ -	$ -	$ 16,580	$ 16,580
Stock repurchased and retired (Note 8(d))	-	-	-	-	(4,166,666)	(41)	(15,116)	-	-	(15,157)
Issuance of restricted stock and compensation cost (Note 8(e))	-	-	-	-	1,800,000	18	7,261	-	-	7,279
Dividends on series B preferred stock (Note 8(b))	-	-	-	-	-	-	-	-	(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
Net loss	-	$ -	-	$ -	-	$ -	$ -	$ -	$ (10,535)	$ (10,535)
Issuance of Series C Preferred Stock (Note 8(c))	-	-	10,675	-	-	-	960	-	-	960
Issuance of restricted stock and compensation cost (Note 8(e))	-	-	-	-	2,000,000	20	7,561	-	-	7,581
Stock repurchased and retired (Note 8(d))	-	-	-	-	(14,571,012)	(146)	(49,533)	-	-	(49,679)
Dividends on series B preferred stock (Note 8(b))	-	-	-	-	-	-	-	-	(5,769)	(5,769)
Other comprehensive loss	-	-	-	-	-	-	-	(178)	-	(178)
BALANCE, December 31, 2019	2,600,000	$ 26	10,675	$ -	91,193,339	$ 912	$ 1,021,633	$ 109	$ (452,616)	$ 570,064
Net loss	-	$ -	-	$ -	-	$ -	$ -	$ -	$ (134,197)	$ (134,197)
Issuance of restricted stock and compensation cost (Note 8(e))	-	-	-	-	2,200,000	22	10,489	-	-	10,511
Stock repurchased and retired (Note 8(d))	-	-	-	-	(4,118,337)	(41)	(11,958)	-	-	(11,999)
Dividends on series B preferred stock (Note 8(b))	-	-	-	-	-	-	-	-	(5,769)	(5,769)
Other comprehensive loss	-	-	-	-	-	-	-	(40)	-	(40)
BALANCE, December 31, 2020	2,600,000	$ 26	10,675	$ -	89,275,002	$ 893	$ 1,020,164	$ 69	$ (592,582)	$ 428,570

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

DIANA SHIPPING INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the year ended December 31, 2020, 2019 and 2018

(Expressed in thousands of U.S. Dollars)

	2020	2019	2018
Cash Flows from Operating Activities:			
Net income/(loss)	$ (134,197)	$ (10,535)	$ 16,580
Adjustments to reconcile net income/(loss) to net cash from operating activities:			
Depreciation and amortization of deferred charges	42,991	48,904	52,206
Asset Impairment loss (Note 4)	104,395	13,987	-
Amortization of financing costs (Note 9)	1,066	1,126	1,939
Compensation cost on restricted stock (Note 8(e))	10,511	7,581	7,279
Actuarial loss	(40)	(178)	(7)
Loss on sale of vessels (Note 4)	1,085	6,171	1,448
Gain from loan to a related party (Note 3(b))	-	-	(5,000)
(Gain)/loss on extinguishment of debt (Note 6)	(374)	188	-
(Gain)/loss from related party investments (Note 3(b) and (d))	1,110	1,583	(14)
(Increase) / Decrease in:			
Accounts receivable, trade	2,627	(4,914)	1,989
Due from related parties	(1,173)	(23)	43
Inventories	809	309	(65)
Prepaid expenses and other assets	1,967	(2,846)	(1,197)
Other non-current assets	(252)	(2,941)	-
Increase / (Decrease) in:			
Accounts payable, trade and other	(2,836)	321	3,119
Due to related parties	(31)	(97)	(89)
Accrued liabilities, net of accrued preferred dividends	(780)	(2,109)	5,131
Deferred revenue	310	(1,558)	883
Other non-current liabilities	168	143	(59)
Drydock costs	(10,122)	(5,230)	(4,256)
Net cash provided by Operating Activities	$ 17,234	$ 49,882	$ 79,930
Cash Flows from Investing Activities:			
Payments for vessel improvements (Note 4)	(6,001)	(2,804)	(2,573)
Proceeds from sale of vessels, net of expenses (Note 4)	15,623	41,326	14,578
Proceeds from sale of related party investment (Note 3(b))	1,500	-	-
Payments to joint venture (Note 3(d))	(500)	-	-
Proceeds from loan to a related party (Note 3(b))	-	-	87,617
Payments to acquire furniture and fixtures (Note 5)	(138)	(125)	(252)
Net cash provided by Investing Activities	$ 10,484	$ 38,397	$ 99,370
Cash Flows from Financing Activities:			
Proceeds from issuance of long-term debt (Note 6)	-	44,000	100,000
Proceeds from issuance of preferred stock (Note 8(c))	-	960	-
Payments of dividends, preferred stock (Note 8(b))	(5,769)	(5,769)	(5,769)
Payments for repurchase of common stock (Note 8(d))	(11,999)	(49,679)	(15,157)
Payments of financing costs	(567)	(357)	(2,833)
Repayments of long-term debt	(54,762)	(100,553)	(169,943)
Net cash used in Financing Activities	$ (73,097)	$ (111,398)	$ (93,702)
Net increase/(decrease) in cash, cash equivalents and restricted cash	(45,379)	(23,119)	85,598
Cash, cash equivalents and restricted cash at beginning of the year	128,288	151,407	65,809
Cash, cash equivalents and restricted cash at end of the year	$ 82,909	$ 128,288	$ 151,407
RECONCILIATION OF CASH, CASH EQUIVALENTS AND RESTRICTED CASH			
Cash and cash equivalents	$ 62,909	$ 107,288	$ 126,825
Restricted cash	20,000	21,000	24,582
Cash, cash equivalents and restricted cash	$ 82,909	$ 128,288	$ 151,407
SUPPLEMENTAL CASH FLOW INFORMATION			
Non-cash investments (Note 4)	$ 2,474	$ -	$ -
Interest paid	$ 21,397	$ 28,554	$ 25,683

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

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 through the ownership of dry bulk carrier vessels. The Company operates its own fleet through Diana Shipping Services S.A. (or "DSS"), a wholly-owned subsidiary and through Diana Wilhelmsen Management Limited, or DWM, a 50% owned joint venture (Note 3). The fees paid to DSS are eliminated in consolidation.

In 2020, the outbreak of the COVID-19 virus has had a negative effect on the global economy and has adversely impacted the international dry-bulk shipping industry into which the Company operates. As of December 31, 2020, the impact of the outbreak of COVID-19 virus resulted in low time charter rates throughout the year, decreased revenues and increased crew and dry-docking costs. As the situation continues to evolve, it is difficult to predict the long-term impact of the pandemic on the industry. As a result, many of the Company's estimates and assumptions, mainly future revenues for unfixed days, carry a higher degree of variability and volatility. The Company is constantly monitoring the developing situation, as well as its charterers' response to the severe market disruption and is making necessary precautions to address and mitigate, to the extent possible, the impact of COVID-19 to the Company.

During 2020, 2019, and 2018, charterers that individually accounted for 10% or more of the Company's time charter revenues were as follows:

Charterer	2020	2019	2018
A	18%	16%	14%
B	16%	14%	15%
C		18%	16%
D		12%	11%

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 it has variable interests in Diana Wilhelmsen Management Limited, but is not the primary beneficiary (Note 3(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: The Company considers highly liquid investments such as time deposits, certificates of deposit and their equivalents with an original maturity of up to about three months 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 6).

f) Accounts Receivable, Trade: The amount shown as accounts receivable, trade, at each balance sheet date, includes receivables from charterers for hire from lease agreements, net of provisions for doubtful accounts, if any. At each balance sheet date, all potentially uncollectible accounts are assessed individually for purposes of determining the appropriate provision for doubtful accounts. Operating lease receivables under ASC 842 are not in scope of ASC 326 for assessment of credit loss, however the Company assessed its accounts receivable, trade and its credit risk relating to its charterers, following the outbreak of the COVID-19 and the effect that this could have on its accounts. No provision for doubtful accounts was established as of December 31, 2020 and 2019.

g) Inventories: Inventories consist of lubricants and victualling which are stated, on a consistent basis, 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. Amounts removed from inventory are also determined by the first in first out method. Inventories may also consist of bunkers when on the balance sheet date a vessel is without employment. 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. During 2020, 2019 and 2018, the Company incurred loss on bunkers amounting to $3,708, $1,537 and gain of $4,799, resulting mainly from the revaluation of bunkers on the

delivery of the vessels to a new charterer. This loss or gain in included in "Voyage expenses" in the accompanying consolidated statements of operations.

h) *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.

i) *Vessels held for sale:* The Company classifies assets as being held for sale when the respective criteria are met. Long-lived assets or disposal groups classified as held for sale are measured at the lower of their carrying amount or fair value less cost to sell. These assets are not depreciated once they meet the criteria to be held for sale. The fair value less cost to sell of an asset held for sale is assessed at each reporting period it remains classified as held for sale. When the plan to sell an asset changes, the asset is reclassified as held and used, measured at the lower of its carrying amount before it was recorded as held for sale, adjusted for depreciation, and the asset's fair value at the date of the decision not to sell.

j) *Property and equipment:* The Company owns the land and building where its offices are located. Land is stated at cost 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 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 an asset 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 an asset over its remaining useful life and its eventual disposition is less than its carrying amount, the Company evaluates the asset for impairment loss. Measurement of the impairment loss is based on the fair value of the asset, determined mainly by third party valuations.

For vessels, the Company calculates undiscounted projected net operating cash flows by considering the historical and estimated vessels' performance and utilization with the significant assumption being future charter rates for the unfixed days, using 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. Other assumptions used in developing estimates of future undiscounted cash flow are charter rates calculated for the fixed days using the fixed charter rate of each vessel from existing time charters, the expected outflows for scheduled vessels' maintenance; vessel operating expenses; fleet utilization, and the vessels' residual value if sold for scrap. Assumptions are in line with the Company's historical performance and its expectations for future fleet utilization under its current fleet deployment strategy. This calculation is then compared with the vessels' net book value plus unamortized dry-docking costs. The difference between the carrying amount of

the vessel plus unamortized dry-docking costs and their fair value is recognized in the Company's accounts as impairment loss.

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 of these three years for which the rates were well above the average and which were not considered sustainable for the foreseeable future. Similarly, the Company performed the exercise discussed above, for 2018, by excluding from the 10-year average of 1 year time charters the years 2009-2010 and for 2019, by excluding the rates for the year 2010. The Company's impairment assessment resulted in the recognition of impairment on certain vessels' carrying value in 2019 and 2020 (Note 4). No impairment loss was identified or recorded in 2018.

For 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 2020, 2019 and 2018 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 (Note 4).

n) ***Financing Costs***: Fees paid to lenders for obtaining new loans or refinancing existing ones accounted as loan modification are deferred and recorded as a contra to debt. Other fees paid for obtaining loan facilities not used at the balance sheet date are deferred. 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 or bonds repaid or repurchased or refinanced as debt extinguishment are expensed as interest and finance costs in the period the repayment, prepayment, repurchase 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. Revenues from time charter agreements providing for varying annual rates are accounted for as operating leases and thus recognized on a straight-line basis over the non-cancellable rental periods of such agreements, as service is performed. Deferred revenue includes cash received prior to the balance sheet date for which all criteria to recognize as revenue have not been met. 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. The majority of the vessels are employed on short to medium-term time charter contracts, which provides flexibility in responding to market developments. The Company monitors developments in the dry bulk shipping industry on a regular basis and adjusts the charter hire periods for the vessels according to prevailing market conditions. In order to take advantage of relatively stable cash flow and high utilization rates, some of the vessels may be fixed on long-term time charters.

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 engages in the operation of dry-bulk vessels which has been identified as one reportable segment. The operation of the vessels is the main source of revenue generation, the services provided by the vessels are similar and they all operate under the same economic environment. Additionally, the vessels do not operate in specific geographic areas, as they trade worldwide; they do not trade in specific trade routes, as their trading (route and cargo) is dictated by the charterers; and the Company does not evaluate the operating results for each type of dry bulk vessels (i.e. Panamax, Capesize etc.) for the purpose of making decisions about allocating resources and assessing performance.

t) ***Fair Value Measurements***: The Company classifies and discloses its assets and liabilities carried at 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 carrying value of an equity method investment is reduced to zero because of losses, the Company does not provide for additional losses unless it is committed to provide further financial support for the investee. As of December 31, 2020, the Company's investment in DWM is classified as a liability because the Company absorbed such losses (Note 3(d)). 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.

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) ***Shares repurchased and retired:*** The 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.

y) ***Financial Instruments, credit losses***: At each reporting date, the Company evaluates its financial assets individually for credit losses and presents such assets in the net amount expected to be collected on such financial asset. When financial assets present similar risk characteristics, these are evaluated on a collective basis. When developing an estimate of expected credit losses the Company considers available information relevant to assessing the collectability of cash flows such as internal information, past events, current conditions and reasonable and supportable forecasts

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New Accounting Pronouncements – Adopted

On January 1, 2020, 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, ASU 2018-19, "Codification Improvements to Topic 326, Financial Instruments—Credit Losses", which clarify that receivables arising from

operating leases are not within the scope of Subtopic 326-20 and should be accounted for in accordance with Topic 842, Leases, ASU 2019-04, "Codification Improvements to Topic 326, Financial Instruments—Credit Losses, Financial Instruments—Credit Losses, Topic 815, Derivatives and Hedging, and Topic 825 Financial Instruments", the amendments of which clarify the modification of accounting for available for sale debt securities excluding applicable accrued interest, which must be individually assessed for credit losses when fair value is less than the amortized cost basis and ASU 2019-05, "Codification Improvements to Topic 326, Financial Instruments—Credit Losses, Financial Instruments—Credit Losses, Topic 815, Derivatives and Hedging, and Topic 825 Financial Instruments", the amendments of which provide entities that have certain instruments within the scope of Subtopic 326-20, Financial Instruments—Credit Losses—Measured at Amortized Cost, with an option to irrevocably elect the fair value option in Subtopic 825-10, Financial Instruments—Overall, applied on an instrument-by-instrument basis for eligible instruments, upon adoption of Topic 326. The fair value option election does not apply to held-to-maturity debt securities. An entity that elects the fair value option should subsequently apply the guidance in Subtopics 820-10, Fair Value Measurement—Overall, and 825-10. The adoption of this new accounting guidance, as amended by these Updates, did not have a material effect on the Company's consolidated financial statements and related disclosures, considering that its receivables relate mainly to time charter revenues whose collectability is evaluated in accordance with ASC 842 Leases.

On January 1, 2020, the Company adopted ASU 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. 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. The adoption of this new accounting guidance did not have a material effect on the Company's consolidated financial statements and related disclosures.

On January 1, 2020, the Company adopted ASU 2018-17, "Consolidation (Topic 810)—Targeted Improvements to Related Party Guidance for Variable Interest Entities", which, improve the accounting for the following areas: (i) applying the variable interest entity (VIE) guidance to private companies under common control and (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, thereby improving general purpose financial reporting. The adoption of this new accounting guidance did not have a material effect on the Company's consolidated financial statements and related disclosures.

New Accounting Pronouncements - Not Yet Adopted

In March 2020, the FASB issued ASU 2020-04, Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting, which provides optional expedients and exceptions for applying GAAP to contracts, hedging relationships, and other transactions affected by reference rate reform. ASU 2020-04 applies to contracts that reference LIBOR or another reference rate expected to be terminated because of reference rate

reform. The amendments in this Update are effective for all entities as of March 12, 2020 through December 31, 2022. An entity may elect to apply the amendments for contract modifications by Topic or Industry Subtopic as of any date from the beginning of an interim period that includes or is subsequent to March 12, 2020, or prospectively from a date within an interim period that includes or is subsequent to March 12, 2020, up to the date that the financial statements are available to be issued. Once elected for a Topic or an Industry Subtopic, the amendments in this Update must be applied prospectively for all eligible contract modifications for that Topic or Industry Subtopic. An entity may elect to apply the amendments in this Update to eligible hedging relationships existing as of the beginning of the interim period that includes March 12, 2020 and to new eligible hedging relationships entered into after the beginning of the interim period that includes March 12, 2020. An entity may elect certain optional expedients for hedging relationships that exist as of December 31, 2022 and maintain those optional expedients through the end of the hedging relationship. ASU 2020-04 can be adopted as of March 12, 2020. As of December 31, 2020, the Company has not made any contract modifications to replace the reference rate in any of its agreements and has not evaluated the effects of this standard on its consolidated financial position, results of operations, and cash flows.

3. 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 2020, 2019 and 2018 amounted to $1,854, $2,032 and $2,253, 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, 2020 and 2019, an amount of $54 and $30, respectively, was payable to Altair and is included in "Due to related parties" in the accompanying consolidated balance sheets.

b) Performance Shipping Inc., or Performance Shipping: On June 30, 2017, DSI refinanced an existing loan amounting to $42,617, at that date, by entering into a new loan facility with Performance Shipping amounting to $82,617. 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 Performance Shipping's vessels and included financial and other covenants. For 2018, interest and other income amounted to $7,055 (including the $5,000 additional discount premium) and is included in "Interest and other income" in the accompanying consolidated statement of operations.

On May 30, 2017, the Company acquired 100 shares of Series C Preferred Stock, par value $0.01 per share, of Performance Shipping, for $3,000 in exchange for a reduction of an equal amount in the principal amount of the Company's outstanding loan to Performance Shipping at that date. The acquisition of shares of Series C Preferred Stock was approved by an independent committee of the Board of Directors of the Company. In February 2020, the Company received an offer from Performance Shipping to redeem the Series C Preferred Stock for an aggregate price of $1,500, at which price the Company written down the investment at December 31, 2019. The Company's Board of Directors formed a special committee to evaluate the transaction with the assistance of an independent financial advisor. The transaction was recommended by the special committee to the Board of Directors, which resolved to accept the offer. The transaction was concluded on March 27, 2020 with the receipt of the related funds from Performance Shipping. The Series C Preferred Stock had no dividend or liquidation rights and voted with the common shares of Performance Shipping, if any. Each share of the Series C Preferred Stock entitled 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 would not exceed 49.0%, on all matters submitted to a vote of the stockholders of Performance Shipping. The Company had assessed that Performance Shipping was a VIE due to this transaction, but the Company was not the primary beneficiary. Following the settlement of this transaction, Performance Shipping is not considered a VIE.

At December 31, 2019 the investment in the preferred shares of Performance Shipping was $1,500, reduced from $3,000 at December 31, 2018, and is included in "Investments in related parties" in the 2019 accompanying consolidated balance sheet. This reduction which is included in the 2019 "Gain/(loss) from related party investments" was made due to management's qualitative assessment that the carrying value of the investment could not be recoverable.

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 for a fixed monthly fee plus commission on the sale of vessels, pursuant to a Brokerage Services Agreement, amended annually on April 1st of each year with the exception of an amendment in November 21, 2018, to increase the fee from October 1, 2018 until expiration of the agreement in March 2019. A new agreement was signed on April 1, 2019 for the same fees until July 1, 2020, when the agreement was amended as a new monthly fee was agreed between the parties for a duration of two years, until June 30, 2022. For 2020, 2019 and 2018 brokerage fees amounted to $2,653, $1,998 and $1,850, respectively, and are included in "General and administrative expenses" in the accompanying consolidated statements of operations. For 2020, commissions on the sale of vessels amounted to $576 and are included in "Vessel impairment charges" as the vessels were recorded at fair value less cost to sell (Note 4). As of December 31, 2020 and 2019, there was no amount due to Steamship.

d) 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. The DWM office is located in Limassol, Cyprus. Effective July 1, 2020 Wilhelmsen Ship Management Holding Limited, was replaced by Wilhelmsen Ship Management Holding AS, which assumed all the liabilities and obligations of the former company under the Joint venture agreement. During 2020, each 50% shareholder of DWM contributed an amount of $500 as additional investment to DWM. As of December 31, 2020, the equity method investment in DWM turned to a liability of $430 and is included in "Due to related parties" in the 2020 accompanying consolidated balance sheet. At December 31, 2019, the investment was $180 and is included in "Investments in related parties" in the respective accompanying consolidated balance sheet. For 2020, 2019 and 2018, the investment in DWM resulted in a loss of $1,110 and $83 and gain of $14, respectively, and is included in "Gain/(loss) from related party investments" in the accompanying consolidated statements of operations.

Until October 8, 2019, DWM provided management services to certain vessels of the Company's fleet for a fixed monthly fee and commercial services charged as a percentage of the vessels' gross revenues pursuant to management agreements between the vessels and DWM. Since October 8, 2019, all of the fleet vessels are managed by DSS and DSS outsourced the management of certain vessels to DWM. For the management services outsourced to DWM, DSS pays a fixed monthly fee per vessel and a percentage of those vessels' gross revenues. Management fees paid to DWM for 2020, 2019 and 2018 amounted to $2,017, $2,155 and $2,394, respectively, and are separately presented as "Management fees to related party" in the accompanying consolidated statements of operations. Commercial fees in 2019 and 2018, amounted to $353 and $453, respectively, and are included in "Voyage expenses". As at December 31, 2020 and 2019, there was an amount of $1,196 due from DWM, included in "Due from related parties" and $55 due to DWM, included in "Due to related parties" in the accompanying consolidated balance sheets.

e) ***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. In September 2020, the Series C Preferred Shares were transferred from an affiliate of Mr. Simeon Palios to an affiliate of the Company's Deputy Chief Executive Officer and Chief Operating Officer, Mrs. Semiramis Paliou (Note 8).

f) ***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, for a purchase price of $7,200 each (Note 4).

4. Vessels

Vessel Disposals

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, for a 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. Both vessels were delivered to their new owners in April 2019.

During 2019, the Company through separate wholly-owned subsidiaries entered into Memoranda of Agreement to sell to unaffiliated third parties the vessel *Erato*, for a sale price of $7,000 before commissions, delivered to her new owners in June 2019; the vessel *Thetis*, for a sale price of $6,400 before commissions, delivered to her new owners in July 2019; the vessel *Nirefs*, for a sale price of $6,710 before commissions, delivered to her new owners in September 2019; the vessel *Clio*, for a sale price of $7,400 before commissions, delivered to her new owners in November 2019; and the vessel *Calipso*, for a sale price of $7,275 before commissions.

The sale of the vessels *Danae*, *Dione, Thetis* and *Calipso* resulted in an aggregate impairment of $10,567, including the write off of the unamortized drydocking costs of $1,102, as the vessels were measured at the lower of their carrying value and fair value (sale price) less costs to sell (Note 12), resulting from their classification as held for sale and is included in "Vessel impairment charges" in the accompanying 2019 statement of operations. Additionally, the Company recorded an aggregate loss from the sale of *Erato*, *Nirefs* and *Clio,* amounting to $6,171, separately presented in the accompanying 2019 statement of operations.

In February 2020, the buyers of *Calipso* elected to exercise their right to cancel the contract as a result of the vessel's missing the cancelling date due to unforeseen events, unrelated to the condition of the vessel. Following this cancelation of the memorandum of agreement, on March 8, 2020, the vessel was withdrawn from the market as per management's decision and was recorded at its fair value at that date as held and used, according to the provisions of ASC 360, amounting to $7,330. The vessel's fair value was determined through Level 2 inputs of the fair value hierarchy by taking into consideration a third party valuation which was based on the last done deals of sale of vessels with similar characteristics, such as type, size and age. The valuation of the vessel at fair value resulted in a gain of $201 included in "Impairment loss" in the accompanying consolidated statement of operations for the year ended December 31, 2020.

On January 29, 2020, the Company through a separate wholly-owned subsidiary entered into a Memorandum of Agreement to sell to an unaffiliated third party the vessel *Norfolk*, for a sale price of $9,350 before commissions. In February 2020, the buyers of *Norfolk* elected to exercise their right to cancel the contract as a result of vessel's missing the cancelling date due to unforeseen events, unrelated to the condition of the vessel. On February 26, 2020, the Company signed a new Memorandum of Agreement to sell the vessel *Norfolk* to an unaffiliated third party for a sale price of $8,750 before commissions, which resulted in a loss from sale of $1,078 included in "Loss from sale of vessels" in the 2020 consolidated statement of operations. The vessel was delivered to her new owners in March 2020.

Additionally in 2020, the Company through separate wholly-owned subsidiaries entered into Memoranda of Agreement to sell to unaffiliated third parties the vessel *Arethusa*, for a sale price of $7,850 before commissions (Note 6), delivered to her new owners in August 2020; the vessel *Coronis*, for a sale price of $7,100 before commissions, delivered to her new owners in January 2021; the vessel *Sideris G.S.*, for a sale price of $11,500 before commissions; delivered to her new owners in January 2021; and the vessel *Oceanis*, for a sale price of $5,750 before commissions, expected to be delivered to her new owners in March 2021.

At the date the MOAs were signed, all four vessels were measured at the lower of their carrying amount or fair value (sale price) less costs to sell (Note 12) and were classified in current assets as Vessels held for sale, according to the provisions of ASC 360, as all criteria required for this classification were then met. This resulted in an aggregate impairment of $11,257, including the write off of unamortized drydocking costs amounting to $128, and is included in "Vessel impairment charges". Additionally, the Company recorded an aggregate loss from the sale of Arethusa, amounting to $7 included in "Loss from sale of vessels" in the accompanying 2020 consolidated statement of operations. At December 31, 2020, the vessels *Coronis, Sideris G.S.*, and *Oceanis* were presented as held for sale.

Impairment Loss - other

At December 31, 2019, the Company's estimated undiscounted projected net operating cash flows, excluding interest charges, expected to be generated by the use of three vessels (including the *Norfolk* mentioned above) over their remaining useful lives and their eventual disposition were less than their carrying amount. This resulted in impairment loss, net loss and net loss attributed to common stock holders of $3,419, or $0.04 per share, consisting of $2,386 of vessels' net book value and $1,033 of deferred drydocking costs, both included in "Vessel impairment charges" in the accompanying 2019 statement of operations. The fair value of these three vessels, amounting to an aggregate of $46,580, was determined through Level 2 inputs of the fair value hierarchy by taking into consideration third party valuations and for the one vessel which was subsequently sold, the fair value was determined through Level 1 inputs of the fair value hierarchy (Note 12).

At March 31, 2020, the Company's estimated undiscounted projected net operating cash flows, excluding interest charges, expected to be generated by the use of nine vessels of the Company's fleet over their remaining useful lives and their eventual disposition were less than their carrying amount plus any unamortized dry-docking costs. This exercise resulted in impairment loss, net loss and net loss attributed to common stockholders of $93,338, or $1.08 per share, consisting of $91,995 of vessels' net book value and $1,343 of deferred drydocking costs, both included in "Vessel impairment charges" in the accompanying 2020 consolidated statement of operations. The fair value of these nine vessels, amounting to an aggregate of $166,430, was determined through Level 2 inputs of the fair value hierarchy by taking into consideration third party valuations which were based on the last done deals of sale of vessels with similar characteristics, such as type, size and age (Note 12).

The amounts reflected in Vessels, net in the accompanying consolidated balance sheets are analyzed as follows:

	Vessel Cost	Accumulated Depreciation	Net Book Value
Balance, December 31, 2018	$ 1,228,591	$ (237,188)	$ 991,403
- Additions for improvements	2,804	-	2,804
- Impairment	(55,396)	43,545	(11,851)
- Vessel held for sale	(7,130)	-	(7,130)
- Vessel disposals	(72,335)	24,965	(47,370)
- Depreciation for the year	-	(45,559)	(45,559)
Balance, December 31, 2019	$ 1,096,534	$ (214,237)	$ 882,297
- Additions for improvements	6,001	-	6,001
- Additions reclassified from other non-current assets	2,474		2,474
- Vessel transferred from held for sale	7,130	-	7,130
- Impairment	(199,605)	96,681	(102,924)
- Vessel disposals	(16,742)	34	(16,708)
- Vessel transferred to held for sale	(23,361)		(23,361)
- Depreciation for the period	-	(38,731)	(38,731)
Balance, December 31, 2020	$ 872,431	$ (156,253)	$ 716,178

5. 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, 2018	$ 26,935	$ (4,510)	$ 22,425
- Additions in property and equipment	125	-	125
- Depreciation for the year	-	(473)	(473)
Balance, December 31, 2019	$ 27,060	$ (4,983)	$ 22,077
- Additions in property and equipment	138	-	138
- Depreciation for the period	-	(511)	(511)
Balance, December 31, 2020	$ 27,198	$ (5,494)	$ 21,704

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

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

	2020	2019
9.5% Senior Unsecured Bond	92,000	100,000
Secured Term Loans	331,056	378,298
Total debt outstanding	$ 423,056	$ 478,298
Less related deferred financing costs	(2,742)	(3,347)
Total debt, net of deferred financing costs	$ 420,314	$ 474,951
Less: Current portion of long term debt, net of deferred financing costs current	(39,217)	(40,205)
Long-term debt, net of current portion and deferred financing costs, non-current	$ 381,097	$ 434,746

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. The bond ranks ahead of subordinated capital and ranks the same with all other senior unsecured obligations of the Company other than obligations which are mandatorily preferred by law. 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 whole or in parts in three years at a price equal to 103% of nominal value; in four years at a price equal to 101.9% of the nominal value and in four and a half years at a price equal to 100% of nominal value. The bond includes financial and other covenants and is trading on the Oslo Stock Exchange under the ticker symbol "DIASH01". On July 7, 2020, the Company repurchased $8,000 of nominal value of its $100,000 9.5% senior unsecured bonds, which the Company holds, realizing a net gain of $374, separately presented as "Gain on extinguishment of debt" in the accompanying 2020 consolidated statement of operations.

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 1.65% to 2.5%. Their maturities range from January 2022 to January 2032. For 2020 and 2019, the weighted average interest rates of the secured term loans were 3.02% and 4.56%, respectively.

Under the secured term loans outstanding as of December 31, 2020, 30 vessels of the Company's fleet are mortgaged with first preferred or priority ship mortgages, having an aggregate carrying value of $629,349. 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, 2020 and 2019, the minimum cash deposits required to be maintained at all times under the Company's loan facilities, amounted to $20,000 and $21,000, respectively and are 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, 2020, the Company had the following agreements with banks, either as a borrower or as a guarantor, to guarantee the loans of its subsidiaries:

Export-Import Bank of China and DnB NOR Bank ASA: On February 15, 2012, the Company drew down a first tranche of $37,450, under a secured loan agreement, which 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. On May 18, 2012, the Company drew down, under the same agreement, a second tranche of $34,640, which 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.

Credit Agricole Corporate and Investment Bank ("Credit Agricole"): On September 15, 2011, the Company drew down $15,000 under a secured loan agreement with Emporiki Bank of Greece S.A., transferred to Credit Agricole on December 13, 2012. The loan was 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 bore interest at LIBOR plus a margin of 2.5% per annum, or 1% for such loan amount that was equivalently secured by cash pledge in favour of the bank. Following the agreement to sell the vessel *Arethusa* (Note 4), on July 17, 2020, the Company prepaid the outstanding balance of the loan at that date, amounting to $6,500. The loan was prepaid using the cash pledge maintained with the bank.

Commonwealth Bank of Australia, London Branch: On January 13, 2014, the Company drew down $9,500 under a secured loan agreement, which is repayable in 32 equal consecutive quarterly installments of $156 each and a balloon of $4,500 payable on January 13, 2022. The loan bears interest at LIBOR plus a margin of 2.25%.

BNP Paribas ("BNP"): On December 19, 2014, the Company drew down $53,500 under a secured loan agreement, which is repayable in 14 equal semi-annual installments of approximately $1,574 and a balloon of $31,466 payable on November 30, 2021. The loan bore interest at LIBOR plus a margin of 2%. On June 29, 2020, the Company entered into a loan agreement to refinance the existing loan, whereas the balloon of $31,466 will be payable in five equal semi-annual installments of approximately $1,574 and a balloon of $23,596 payable together with the last installment on May 19, 2024. The refinanced loan bears interest at LIBOR plus a margin of 2.5%.

On July 16, 2018, the Company drew down $75,000 under a secured loan agreement with BNP. The loan 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%.

Nordea Bank AB, London Branch: On March 19, 2015, the Company drew down $93,080 under a secured loan agreement, which was 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 bore interest at LIBOR plus a margin of 2.1%. On May 7, 2020, the Company entered into a new loan agreement to refinance the balance of the existing loan, whereas the balance is payable in eight equal quarterly installments of about $1,862 each and a balloon of $40,955 payable together with the last installment on March 19, 2022. The borrowers have the option to request additional extensions until March 2023 and March 2024 subject to approval by the lender. The refinanced loan bears

interest at LIBOR plus a margin of 2.25%.

ABN AMRO Bank N.V., or ABN: On March 30, 2015, the Company drew down $50,160 under a secured loan agreement, which was 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 bore interest at LIBOR plus a margin of 2.0%.

On June 27, 2019, the Company drew down $25,000 under a new loan agreement, which is repayable in 20 consecutive quarterly installments of $800 each and a balloon installment of $9,000 payable together with the last installment on June 30, 2024. The loan bears interest and LIBOR plus a margin of 2.25%.

On May 22, 2020, the Company signed a term loan facility with ABN, in the amount of $52,885 million, divided into two tranches. The purpose of the loan facility was to combine the two loans outstanding with ABN and extend the maturity of the loan maturing on March 30, 2021 (tranche B) to the maturity of the other loan, maturing in June 30, 2024 (tranche A). The refinanced loan bears interest at LIBOR plus a margin of 2.25% for tranche A and LIBOR plus a margin of 2.4% for tranche B.

Danish Ship Finance A/S: On April 30, 2015, the Company drew down $30,000 under a loan agreement, which 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%.

ING Bank N.V.: On November 19, 2015, the Company drew down advance A of $27,950 under a secured loan agreement, which 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%.

Export-Import Bank of China: On January 4, 2017, the Company drew down $57,240 under a secured loan agreement, which 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%.

DNB Bank ASA.: On March 14, 2019, the Company drew down $19,000 under a secured loan agreement, which is repayable in 20 consecutive quarterly instalments of $477.3 and a balloon of $9,454 payable together with the last installment on March 14, 2024. The loan bears interest at LIBOR plus a margin of 2.4%.

As at December 31, 2020 and 2019, 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, 2020, and throughout their term, are shown in the table below and do not include the related debt issuance costs of the loan agreements.

Period		Principal Repayment
Year 1	$	40,242
Year 2		133,766
Year 3		156,485
Year 4		64,897
Year 5		3,816
Year 6 and thereafter		23,850
Total	**$**	423,056

7. 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.

b) On July 9, 2020, DWM and the ship-owning company of the vessel *Protefs* placed a security bond in the amount of $1,750 for any potential fines or penalties for alleged violations of law concerning maintenance of books and records and the handling of oil wastes of the vessel *Protefs.* Part of this amount is included in "due from related parties", in the accompanying 2020 consolidated balance sheet, as the amount was paid by DSI (Note 3(d)). As of December 31, 2020, the Company determined that *Protefs* could be liable for part of a fine related to this incident and recorded an accrual of $958, representing the Company's best estimate for such amount at that date (Note 13).

c) As at December 31, 2020, all of the Company's vessels were fixed under time charter agreements, considered operating leases. The minimum contractual gross charter revenue expected to be generated from fixed and non-cancelable time charter contracts existing as at December 31, 2020 and until their expiration was as follows:

Period		Amount
Year 1	$	71,718
Year 2		1,982
Total	$	**73,700**

8. Capital Stock and Changes in Capital Accounts

a) ***Preferred stock****:* As at December 31, 2020 and 2019, 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, 5,000,000 are designated as Series B Preferred Shares and 10,675 are designated as Series C Preferred Shares.

b) ***Series B Preferred Stock:*** As at December 31, 2020 and 2019, 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 and are subordinated to all of the existing and future indebtedness.

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 2020, 2019, and 2018, dividends on Series B preferred shares amounted to $5,769 for each year. Since 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.

c) ***Series C Preferred Stock***: As at December 31, 2020 and 2019, the Company had 10,675 Series C Preferred Shares issued and outstanding with par value $0.01 per share, issued to an affiliate of its Chairman and Chief Executive Officer, Mr. Simeon Palios, for an aggregate purchase price of $1,066 gross. The Series C Preferred Stock votes 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. In September 2020, the Series C Preferred Shares were transferred from an affiliate of Mr. Simeon Palios to an affiliate of the Company's Deputy Chief Executive Officer and Chief Operating Officer, Mrs. Semiramis Paliou.

d) ***Repurchase of common shares:*** In December 2018, the Company repurchased in a tender offer, a total of 4,166,666 common shares, at a price of $3.60 per share for an aggregate amount of $15,157. In 2019, the Company repurchased in tender offers 3,889,386 shares of its outstanding common stock at a price of $2.80 per share; 3,125,000 shares at a price of $3.40 per share; 2,000,000 shares at a price of $3.75 per share; 2,816,900 shares at a price of $3.55 per share; and 2,739,726 shares at a price of 3.65. The aggregate cost of the shares repurchased amounted to $49,679, including expenses. In February 2020, the Company repurchased, in a tender offer 3,030,303 shares of its common stock at a price of $3.30 per share and in March 2020, repurchased 1,088,034 shares of common stock under its share repurchase plan authorized in May 2014. The aggregate cost of the shares repurchased amounted to $11,999, including expenses. On December 15, 2020, the Company announced the commencement of a tender offer to purchase up to 6,000,000 million shares at a price of $2.00 per share, or $12,000 (Note 13).

e) ***Incentive plan:*** In November 2014, the Company adopted the 2014 Equity Incentive Plan, or the 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 (note 13). Restricted shares vest ratably over a specified period, and are subject to forfeiture until they vest. Unless they forfeit, 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. On February 19, 2020, the Company's Board of Directors approved the award of 2,200,000 shares of restricted common stock to executive management and non-executive directors, for a fair value of $5,984, pursuant to the Company's 2014 equity incentive plan. The shares will vest over a period of 3 years for all directors except for two whose shares were awarded without

vesting restrictions due to their resignation from the board. As at December 31, 2020, 4,924,759 remained reserved for issuance.

Restricted stock for 2020, 2019 and 2018 is analyzed as follows:

	Number of Shares	Weighted Average Grant Date Price
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
Granted	2,000,000	2.99
Vested	(1,928,400)	3.75
Outstanding at December 31, 2019	3,833,233 $	3.63
Granted	2,200,000	2.72
Vested	(3,610,221)	3.52
Outstanding at December 31, 2020	2,423,012 $	2.95

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 February 19, 2020, after the resignation of two board members, the total amount of their restricted share awards that had not vest up to that date, vested. The compensation cost of these awards and the cost of the 2020 awards amounted to $1,988. On September 16, 2020, the total amount of restricted share awards owned by the Company's Charmain and Chief Executive Officer, Mr. Simeon Palios, vested in full. The compensation cost of these awards amounted to $2,328. For 2020, 2019 and 2018 compensation cost amounted to $10,511, $7,581 and $7,279, respectively, and is included in "General and administrative expenses" presented in the accompanying consolidated statements of operations.

At December 31, 2020 and 2019, the total unrecognized cost relating to restricted share awards was $3,978 and $8,505, respectively. At December 31, 2020, the weighted-average period over which the total compensation cost related to non-vested awards not yet recognized is expected to be recognized is 0.83 years.

9. Interest and Finance Costs

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

	2020	2019	2018
Interest expense	$ 20,742 $	27,963 $	28,299
Interest income from bond repurchase	(579)	-	-
Amortization of financing costs	1,066	1,126	1,939
Loan expenses	285	343	268
Total	$ 21,514 $	29,432 $	30,506

10. 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. Incremental shares are the number of shares assumed issued under the treasury stock method weighted for the periods the non-vested shares were outstanding. For 2020 and 2019, the Company incurred losses, therefore the effect of incremental shares was anti-dilutive and basic and diluted loss per share was the same. 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.

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

	2020	2019	2018
Net income/(loss)	$ (134,197)	$ (10,535)	$ 16,580
Less dividends on series B preferred shares	(5,769)	(5,769)	(5,769)
Net income/(loss) attributed to common stockholders	$ (139,966)	$ (16,304)	$ 10,811
Weighted average number of common shares, basic	86,143,556	95,191,116	103,736,742
Incremental shares	-	-	979,141
Weighted average number of common shares, diluted	86,143,556	95,191,116	104,715,883
Earnings/(loss) per share, basic and diluted	$ (1.62)	$ (0.17)	$ 0.10

11. Income Taxes

Under the laws of the countries of the companies' incorporation and / or vessels' registration, the companies are not subject to tax on international shipping income; however, they are subject to registration and tonnage taxes, which are included in vessel operating expenses in the accompanying consolidated statements of operations.

The vessel-owning companies with vessels that have called on the United States are obliged to file tax returns with the Internal Revenue Service. However, pursuant to the Internal Revenue Code of the United States, U.S. source income from the international operations of ships is generally exempt from U.S. tax. The applicable tax is 50% of 4% of U.S.-related gross transportation income unless an exemption applies. The Company and each of its subsidiaries expects it qualifies for this statutory tax exemption for the 2020, 2019 and 2018 taxable years, and the Company takes this position for United States federal income tax return reporting purposes.

12. 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 6) having a fixed interest rate amounted to $97,880 as of December 31, 2020, 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 stated under the ticker symbol "DIASH01" on the Oslo Børs.

At December 31, 2019, three vessels were recorded at fair value as their estimated cash flows over their remaining useful lives and their eventual disposition was less than their carrying amount. The fair value of one vessel was determined through Level 1 input of the fair value hierarchy, based on the agreed price to sell the vessel (Notes 4 and 13) and for the other two through Level 2 inputs of the fair value hierarchy by taking into consideration third party valuations which were based on the last done deals of sale of vessels with similar characteristics, such as type, size and age.

At March 31, 2020, nine vessels were recorded at fair value as their estimated cash flows over their remaining useful lives and their eventual disposition was less than their carrying amount. Additionally, the vessel *Calipso* was recorded at fair value following its reclassification from assets held for sale as at December 31, 2019 to assets held and used. The fair value of all these vessels was determined through Level 2 inputs of the fair value hierarchy by taking into consideration third party valuations which were based on the last done deals of sale of vessels with similar characteristics, such as type, size and age at the specific dates (Note 4).

As of December 31, 2020, the vessels *Arethusa*, *Coronis, Sideris G.S.* and *Oceanis* were recorded at a value determined through the Level 1 input of the fair value hierarchy as defined in FASB guidance for Fair Value Measurements based on the agreed price to sell the vessels, less costs to sell, as a result from the vessels' classification as held for sale at the date of their memorandum of agreement (Note 4).

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.

13. Subsequent Events

a) ***Series B Preferred Stock Dividends:*** On January 15, 2021, 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, 2021.

b) ***Investment contribution***: In January 2021, each 50% shareholder of DWM contributed an amount of $250 as additional investment (Note 3(d)).

c) ***Delivery of vessels***: In January 2021, the vessels *Coronis* and *Sideris G.S.,* being held for sale as of December 31, 2020, (Note 4) were delivered to their new owners.

d) *Amendment of equity incentive plan and restricted share awards:* On January 8, 2021, the Company amended and restated its 2014 Equity Incentive Plan (the "Plan") to increase the number of common shares available for issuance under the Plan by 20 million shares (Note 8). On February 18, 2021, the Company's Board of Directors approved the award of 260,000 shares of restricted common stock to the Company's new COO, as part of his remuneration package for joining the Company effective March 1, 2021 having a fair value of $798 to be recognized in income ratably over a three year period which will be the vesting period of the shares. On February 24, 2021 the Company's Board of Directors approved the award of 2,400,000 shares of restricted common stock to executive management and non-executive directors, pursuant to the Company's amended plan, as annual bonus. Additionally, on the same date the Board of Directors approved the award of 5,600,000 shares of restricted common stock as a long-term incentive bonus. The fair value of the restricted shares based on the closing price on the date of the Board of Directors' approval was $6,816 for the annual bonus and $15,904 for the long-term bonus. This cost of these awards will be recognized in income ratably over the restricted shares vesting period which will be 3 years and 5 years respectively.

e) *Repurchase of common shares*: In January 2021, the Company increased the price of the tender offer commenced in December 2020 to $2.50 per share and on February 2, 2021, repurchased 6,000,000 shares of its common stock at the price of $2.50 per share, or an aggregate purchase price of $15,000 net to the seller in cash, less any applicable withholding taxes and without interest.

f) *Plea Agreement*: On February 2021, DWM entered into a plea agreement with the United States pursuant to which DWM, as defendant, agreed to waive indictment, plead guilty pursuant to the terms thereof, accepted a fine of $2,000 and the placement of DWM on probation for four years, subject to court approval (Note 7).

DIANA SHIPPING INC.

2014 EQUITY INCENTIVE PLAN

(AS AMENDED AND RESTATED EFFECTIVE JANUARY 8, 2021)

ARTICLE I
General

1.1 Purpose

The Diana Shipping Inc. 2014 Equity Incentive Plan, as amended and restated effective January 8, 2021 (the "Plan") is designed to provide certain Key Persons (as defined below), whose initiative and efforts are deemed to be important to the successful conduct of the business of Diana Shipping Inc. (the "Company"), with incentives to (a) enter into and remain in the service of the Company, or any Subsidiary, or Affiliate, (b) acquire a proprietary interest in the success of the Company, (c) maximize their performance in respect of the provision of their services to the Company, a Subsidiary and/or an Affiliate (as such terms are defined below) and (d) enhance the long-term performance of the Company.

1.2 Administration

(a) Administration. The Plan shall be administered by the Compensation Committee of the Company's Board of Directors (the "Board") or such other committee of the Board as may be designated by the Board to administer the Plan (the Compensation Committee or such other committee, as applicable, the "Administrator"); provided that (i) in the event the Company is subject to Section 16 of the U.S. Securities Exchange Act of 1934, as amended (the "1934 Act"), the Administrator shall be composed of two or more directors, each of whom is a "Non-Employee Director" (a "Non-Employee Director") under Rule 16b-3 (as promulgated and interpreted by the Securities and Exchange Commission (the "SEC") under the 1934 Act, or any successor rule or regulation thereto as in effect from time to time ("Rule 16b-3")), and (ii) the Administrator shall be composed solely of two or more directors who are "independent directors" under the rules of any stock exchange on which the Company's Common Stock (as defined below) is traded; provided further, however, that, (A) the requirement in the preceding clause (i) shall apply only when required to exempt an Award (as defined below) intended to qualify for an exemption under the applicable provisions referenced therein, (B) the requirement in the preceding clause (ii) shall apply only when required pursuant to the applicable rules of the applicable stock exchange and (C) if at any time the Administrator is not so composed as required by the preceding provisions of this sentence, that fact will not invalidate any grant made, or action taken, by the Administrator hereunder that otherwise satisfies the terms of the Plan. Subject to the terms of the Plan, applicable law and the applicable rules and regulations of any stock exchange on which the Common Stock is listed for trading, and in addition to other express powers and authorizations conferred on the Administrator by the Plan, the Administrator shall have the full power and authority to: (1) designate the Key Persons to receive Awards under the Plan; (2) determine the types of Awards granted to a participant under the Plan; (3) determine the number of shares to be covered by, or with respect to which payments, rights or other matters are to be calculated with respect to, Awards; (4) determine the terms and conditions of any Awards; (5) determine whether, and to what extent, and under what circumstances, Awards may be settled or exercised in cash, shares, other securities, other Awards or other property, or cancelled, forfeited or suspended, and the methods by which Awards may be settled, exercised, cancelled, forfeited or suspended; (6) determine whether, to what extent, and under what circumstances cash, shares, other securities, other Awards, other property and other amounts payable with respect to an Award shall be deferred, either automatically or at the election of the holder thereof or the Administrator; (7) construe, interpret and implement the Plan and any Award Agreement (as defined below); (8) prescribe, amend, rescind or waive rules and regulations relating to the Plan, including rules governing its operation, and appoint such agents as it shall deem appropriate for the proper administration of the Plan; (9) correct any defect, supply any omission and reconcile any inconsistency in the Plan or any Award Agreement; and (10) make any other determination and take any other action that the Administrator deems necessary or desirable for the administration of the Plan. Unless otherwise expressly provided in the Plan, all designations, determinations, interpretations and other decisions under or with respect to the Plan or any Award shall be within the sole discretion of the Administrator, may be made at any time and shall be final, conclusive and binding upon all Persons (as defined below).

(b) General Right of Delegation. Except to the extent prohibited by applicable law, the applicable rules of a stock exchange or any charter, by-laws or other agreement governing the Administrator, the Administrator may delegate all or any part of its responsibilities to any Person or Persons selected by it; provided, however, that in no event shall an officer of the Company be delegated the authority to grant Awards to, or amend Awards held by, the following individuals: (i) individuals who are subject to Section 16 of the 1934 Act, to the extent applicable, or (ii) officers of the Company to whom authority to grant or amend Awards has been delegated hereunder or directors of the Company; provided, further, that any delegation of administrative authority shall only be permitted to the extent it is permissible under applicable securities laws (including, without limitation, Rule 16b-3, to the extent applicable) and the rules of any applicable stock exchange. Any delegation hereunder shall be subject to the restrictions and limits that the Administrator specifies at the time of such delegation, and the Administrator may at any time rescind the authority so delegated or appoint a new delegatee. At all times, the delegatee appointed under this Section 1.2(b) shall serve in such capacity at the pleasure of the Administrator.

(c) Indemnification. No member of the Board, the Administrator or any officer or employee of the Company or any Subsidiary or Affiliate or any of their agents (each such Person, a "Covered Person") shall be liable for any action taken or omitted to be taken or any determination made in good faith with respect to the Plan or any Award hereunder. Each Covered Person shall be indemnified and held harmless by the Company against and from (i) any loss, cost, liability or expense (including attorneys' fees) that may be imposed upon or incurred by such Covered Person in connection with or resulting from any action, suit or proceeding to which such Covered Person may be a party or in which such Covered Person may be involved by reason of any action taken or omitted to be taken under the Plan or any Award Agreement and (ii) any and all amounts paid by such Covered Person, with the Company's approval, in settlement thereof, or paid by such Covered Person in satisfaction of any judgment in any such action, suit or proceeding against such Covered Person; provided that the Company shall have the right, at its own expense, to assume and defend any such action, suit or proceeding and, once the Company gives notice of its intent to assume the defense, the Company shall have sole control over such defense with counsel of the Company's choice. The foregoing right of indemnification shall not be available to a Covered Person to the extent that a court of competent jurisdiction in a final judgment or other final adjudication, in either case not subject to further appeal, determines that the acts or omissions of such Covered Person giving rise to the indemnification claim resulted from such Covered Person's bad faith, fraud or willful criminal act or omission or that such right of indemnification is otherwise prohibited by law or by the Company's articles of incorporation or bylaws (in each case, as amended and/or restated). The foregoing right of indemnification shall not be exclusive of any other rights of indemnification to which Covered Persons may be entitled under the Company's articles of incorporation or bylaws (in each case, as amended and/or restated), as a matter of law, or otherwise, or any other power that the Company may have to indemnify such Persons or hold them harmless.

(d) Delegation of Authority to Senior Officers. The Administrator may, in accordance with and subject to the terms of Section 1.2(b), delegate, on such terms and conditions as it determines, to one or more senior officers of the Company the authority to make grants of Awards to Key Persons who are employees of the Company or any Subsidiary (including any such prospective employee) or consultants or service providers to (including Persons who are employed by or provide services to any entity that is itself a consultant or service provider to) the Company or any Subsidiary.

(e) Awards to Non-Employee Directors. Notwithstanding anything to the contrary contained herein, the Board may, in its sole discretion, at any time and from time to time, grant Awards to Non-Employee Directors or administer the Plan with respect to such Awards. In any such case, the Board shall have all the authority and responsibility granted to the Administrator herein with respect to such Awards.

1.3 Persons Eligible for Awards

The Persons eligible to receive Awards under the Plan are those directors, officers and employees (including any prospective officer or employee) of the Company or a Subsidiary or Affiliate and consultants and service providers to (including Persons who are employed by or provide services to any entity that is itself a consultant or service provider to) the Company or a Subsidiary or Affiliate (collectively, "Key Persons") as the Administrator shall select.

1.4 Types of Awards

Awards may be made under the Plan in the form of (a) non-qualified stock options (i.e., stock options that are not "incentive stock options" for purposes of Sections 421 and 422 of the Code (as defined below)), (b) stock appreciation rights, (c) restricted stock, (d) restricted stock units, (e) unrestricted stock, (f) other equity-based or equity-related awards, (g) dividend equivalents and (h) cash awards, all as more fully set forth in the Plan. The term "Award" means any of the foregoing that are granted under the Plan.

1.5 Shares Available for Awards; Adjustments for Changes in Capitalization

(a) Maximum Number. Subject to adjustment as provided in Section 1.5(c) the aggregate number of shares of common stock of the Company, par value $0.01("Common Stock"), that may be delivered pursuant to Awards granted under the Plan shall be 24,924,759 as of the effective date of this amendment and restatement of the Plan. The following shares of Common Stock shall again become available for Awards under the Plan: (i) any shares that are subject to an Award under the Plan and that remain unissued upon the cancellation or termination of such Award for any reason whatsoever; (ii) any shares of restricted stock forfeited pursuant to the Plan or the applicable Award Agreement; provided that any dividend equivalent rights with respect to such shares that have not theretofore been directly remitted to the grantee are also forfeited; and (iii) any shares in respect of which an Award is settled for cash without the delivery of shares to the grantee. Any shares tendered or withheld to satisfy the grant or exercise price or tax withholding obligation pursuant to any Award shall again become available to be delivered pursuant to Awards under the Plan. Awards that are payable solely in cash shall not be counted against the aggregate number of shares of Common Stock available for Awards under the Plan.

(b) Source of Shares. Shares issued pursuant to the Plan may be authorized but unissued Common Stock or treasury shares. The Administrator may direct that any stock certificate or book entry interest evidencing shares issued pursuant to the Plan shall bear a legend setting forth such restrictions on transferability as may apply to such shares.

(c) Adjustments. (i) In the event that any dividend or other distribution (whether in the form of cash, Company shares, other securities or other property), stock split, reverse stock split, reorganization, merger, consolidation, split-up, combination, repurchase or exchange of Company shares or other securities of the Company, issuance of warrants or other rights to purchase Company shares or other securities of the Company, or other similar corporate transaction or event affects the Company shares such that an adjustment is determined by the Administrator to be appropriate in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Plan or with respect to an Award, then, subject to the provisions of Section 1.5(c)(iv) below, the Administrator shall, in such manner as it may deem equitable, adjust any or all of the number of shares or other securities of the Company (or number and kind of other securities or property) with respect to which Awards may be granted under the Plan.

(i) The Administrator shall make adjustments in the terms and conditions of, and the criteria included in, Awards in recognition of unusual or infrequently occurring events (including the events described in Section 1.5(c)(i) or the occurrence of a Change in Control (as defined below), subject to the provisions of Section 1.5(c)(iv) below) affecting the Company, a Subsidiary or an Affiliate, or the financial statements of the Company, a Subsidiary or an Affiliate, or of changes in applicable rules, rulings, regulations or other requirements of any governmental body or securities exchange, accounting principles or law, whenever the Administrator determines that such adjustments are appropriate in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Plan or with respect to an Award, including providing for (A) adjustment to (1) the number of shares or other securities of the Company (or number and kind of other securities or property) subject to outstanding Awards or to which outstanding Awards relate and (2) the Exercise Price (as defined below) with respect to any Award and (B) a substitution or assumption of Awards, accelerating the exercisability or vesting of, or lapse of restrictions on, Awards, or accelerating the termination of Awards by providing for a period of time for exercise prior to the occurrence of such event, or, if deemed appropriate or desirable, providing for a cash payment to the holder of an outstanding Award in consideration for the cancellation of such Award (it being understood that, in such event, any option or stock appreciation right having a per share Exercise Price equal to, or in excess of, the Fair Market Value (as defined below) of a share subject to such option or stock appreciation right may be cancelled and terminated without any payment or consideration therefor); provided, however, that with respect to options and stock appreciation rights, unless otherwise determined by the Administrator, such adjustment shall be made in accordance with the provisions of Section 424(h) of the Code.

(ii) In the event of (A) a dissolution or liquidation of the Company, (B) a sale of all or substantially all the Company's assets or (C) a merger, reorganization or consolidation involving the Company or a Subsidiary, the Administrator shall have the power to:

(1) provide that outstanding options, stock appreciation rights, restricted stock units (including any related dividend equivalent right) and/or other Awards granted under the Plan shall either continue in effect, be assumed or an equivalent award shall be substituted therefor by the successor entity or a parent or subsidiary entity;

(2) cancel, effective immediately prior to the occurrence of such event, options, stock appreciation rights, restricted stock units (including each dividend equivalent right related thereto) and/or other Awards granted under the Plan outstanding immediately prior to such event (whether or not then exercisable) and, in full consideration of such cancellation, pay to the holder of such Award a cash payment in an amount equal to the excess, if any, of the Fair Market Value (as of a date specified by the Administrator) of the shares subject to such Award (or the value of such Award, as determined by the Administrator, if not based on the Fair Market Value of shares) over the aggregate Exercise Price of such Award (or the grant price of such Award, if any, if applicable)(it being understood that, in such event, any option or stock appreciation right having a per share Exercise Price equal to, or in excess of, the Fair Market Value of a share subject to such option or stock appreciation right may be cancelled and terminated without any payment or consideration therefor); or

(3) notify the holder of an option or stock appreciation right in writing or electronically that each option and stock appreciation right shall be fully vested and exercisable for a period of 30 days from the date of such notice, or such shorter period as the Administrator may determine to be reasonable, and the option or stock appreciation right shall terminate upon the expiration of such period (which period shall expire no later than immediately prior to the consummation of the corporate transaction).

(iii) In connection with the occurrence of any Equity Restructuring (as defined below), and notwithstanding anything to the contrary in this Section 1.5(c):

(A) The number and type of securities or other property subject to each outstanding Award and the Exercise Price or grant price thereof, if applicable, shall be equitably adjusted; and

(B) The Administrator shall make such equitable adjustments, if any, as the Administrator may deem appropriate to reflect such Equity Restructuring with respect to the aggregate number and kind of shares that may be issued under the Plan (including, but not limited to, adjustment of the limitation set forth in Section 1.5(a)). The adjustments provided under this Section 1.5(c)(iv) shall be nondiscretionary and shall be final and binding on the affected participant and the Company.

1.6 Definitions of Certain Terms

(a) "Affiliate" shall mean (i) any entity that, directly or indirectly, is controlled by, controls or is under common control with, the Company and (ii) any entity in which the Company has a significant equity interest, in either case as determined by the Administrator.

(b) Unless otherwise specifically set forth in the applicable Award Agreement, in connection with a termination of employment or consultancy/service relationship, for purposes of the Plan, the term "for Cause" shall be defined as follows:

(i) if there is an employment, severance, consulting, service, change in control or other agreement governing the relationship between the grantee, on the one hand, and the Company or a Subsidiary or Affiliate, on the other hand, that contains a definition of "cause" (or similar phrase), for purposes of the Plan, the term "for Cause" shall mean those acts or omissions that would constitute "cause" under such agreement; or

(ii) if the preceding clause (i) is not applicable to the grantee, for purposes of the Plan, the term "for Cause" shall mean any of the following:

(A) any failure by the grantee substantially to perform the grantee's employment or consulting/service or Board membership duties;

(B) any excessive unauthorized absenteeism by the grantee;

(C) any refusal by the grantee to obey the lawful orders of the Board or any other Person to whom the grantee reports;

(D) any act or omission by the grantee that is or may be injurious to the Company or any Subsidiary or Affiliate, whether monetarily, reputationally or otherwise;

(E) any act by the grantee that is inconsistent with the best interests of the Company or any Subsidiary or Affiliate;

(F) the grantee's gross negligence that is injurious to the Company or any Subsidiary or Affiliate, whether monetarily, reputationally or otherwise;

(G) the grantee's material violation of any of the policies of the Company or any Subsidiary or Affiliate, as applicable, including, without limitation, those policies relating to discrimination or sexual harassment;

(H) the grantee's material breach of his or her employment or service contract with the Company or any Subsidiary or Affiliate;

(I) the grantee's unauthorized (1) removal from the premises of the Company or any Subsidiary or Affiliate of any document (in any medium or form) relating to the Company or any Subsidiary or Affiliate or the customers or clients of the Company or any Subsidiary or Affiliate or (2) disclosure to any Person of any of the Company's, or any Subsidiary's or Affiliate's, confidential or proprietary information;

(J) the grantee's being convicted of, or entering a plea of guilty or nolo contendere to, any crime that constitutes a felony or involves moral turpitude; and

(K) the grantee's commission of any act involving dishonesty or fraud.

Any rights the Company or any Subsidiary or Affiliate may have under the Plan in respect of the events giving rise to a termination "for Cause" shall be in addition to any other rights the Company or any Subsidiary or Affiliate may have under any other agreement with a grantee or at law or in equity. Any determination of whether a grantee's employment or consultancy/service relationship is (or is deemed to have been) terminated "for Cause" shall be made by the Administrator. If, subsequent to a grantee's voluntary termination of employment or consultancy/service relationship or involuntary termination of employment or consultancy/service relationship without Cause, it is discovered that the grantee's employment or consultancy/service relationship could have been terminated "for Cause", the Administrator may deem such grantee's employment or consultancy/service relationship to have been terminated "for Cause" upon such discovery and determination by the Administrator.

(c) "Code" shall mean the Internal Revenue Code of 1986, as amended.

(d) Unless otherwise specifically set forth in the applicable Award Agreement, "Disability" shall mean the grantee's being unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, or the grantee's, by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, receiving income replacement benefits for a period of not less than three months under an accident and health plan covering employees of the grantee's employer. The existence of a Disability shall be determined by the Administrator.

(e) "Equity Restructuring" shall mean a non-reciprocal transaction between the Company and its stockholders, such as a stock dividend, stock split, spin-off, rights offering or recapitalization through a large, nonrecurring cash dividend, that affects the shares of Common Stock (or other securities of the Company) or the share price thereof and causes a change in the per share value of the shares underlying outstanding Awards.

(f) "Exercise Price" shall mean (i) in the case of options, the price specified in the applicable Award Agreement as the price-per-share at which such share can be purchased pursuant to the option or (ii) in the case of stock appreciation rights, the price specified in the applicable Award Agreement as the reference price-per-share used to calculate the amount payable to the grantee.

(g) The "Fair Market Value" of a share of Common Stock on any day shall be the closing price on the New York Stock Exchange, or such other primary stock exchange upon which such shares are then listed, as reported for such day in The Wall Street Journal (or, if not reported in The Wall Street Journal, such other reliable source as the Administrator may determine), or, if no such price is reported for such day, the average of the high bid and low asked price of Common Stock as reported for such day. If no quotation is made for the applicable day, the Fair Market Value of a share of Common Stock on such day shall be determined in the manner set forth in the preceding sentence for the next preceding trading day. Notwithstanding the foregoing, if there is no reported closing price or high bid/low asked price that satisfies the preceding sentences, or if otherwise deemed necessary or appropriate by the Administrator, the Fair Market Value of a share of Common Stock on any day shall be determined by such methods and procedures as shall be established from time to time by the Administrator. The "Fair Market Value" of any property other than Common Stock shall be the fair market value of such property determined by such methods and procedures as shall be established from time to time by the Administrator.

(h) "Person" shall mean any individual, firm, corporation, partnership, limited liability company, trust, incorporated or unincorporated association, joint venture, joint stock company, governmental body or other entity of any kind.

(i) "Repricing" shall mean (i) lowering the Exercise Price of an option or a stock appreciation right after it has been granted, (ii) the cancellation of an option or a stock appreciation right in exchange for cash or another Award when the Exercise Price exceeds the Fair Market Value of the underlying shares subject to the Award and (iii) any other action with respect to an option or a stock appreciation right that is treated as a repricing under (A) generally accepted accounting principles or (B) any applicable stock exchange rules.

(j) "Subsidiary" shall mean any entity in which the Company, directly or indirectly, has a 50% or more equity interest.

ARTICLE II
Awards Under The Plan

2.1 Agreements Evidencing Awards

Each Award granted under the Plan shall be evidenced by a written certificate ("Award Agreement"), which shall contain such provisions as the Administrator may deem necessary or desirable and which may, but need not, require execution or acknowledgment by a grantee. The Award shall be subject to all of the terms and provisions of the Plan and the applicable Award Agreement.

2.2 Grant of Stock Options and Stock Appreciation Rights

(a) Stock Option Grants. The Administrator may grant non-qualified stock options ("options") to purchase shares of Common Stock from the Company to such Key Persons, and in such amounts and subject to such vesting and forfeiture provisions and other terms and conditions, as the Administrator shall determine, subject to the provisions of the Plan. No option will be treated as an "incentive stock option" for purposes of the Code. It shall be the intent of the Administrator to not grant an Award in the form of stock options to any Key Person who is then subject to the requirements of Section 409A of the Code with respect to such Award if the Common Stock underlying such Award does not then qualify as "service recipient stock" for purposes of Section 409A. Furthermore, it shall be the intent of the Administrator, in granting options to Key Persons who are subject to Section 409A and/or Section 457A of the Code, to structure such options so as to comply with the requirements of Section 409A and/or Section 457A of the Code, to the extent applicable.

(b) Stock Appreciation Right Grants; Types of Stock Appreciation Rights. The Administrator may grant stock appreciation rights to such Key Persons, and in such amounts and subject to such vesting and forfeiture provisions and other terms and conditions, as the Administrator shall determine, subject to the provisions of the Plan. The terms of a stock appreciation right may provide that it shall be automatically exercised for a payment upon the happening of a specified event that is outside the control of the grantee and that it shall not be otherwise exercisable. Stock appreciation rights may be granted in connection with all or any part of, or independently of, any option granted under the Plan. It shall be the intent of the Administrator to not grant an Award in the form of stock appreciation rights to any Key Person (i) who is then subject to the requirements of Section 409A of the Code with respect to such Award if the Common Stock underlying such Award does not then qualify as "service recipient stock" for purposes of Section 409A or (ii) if such Award would create adverse tax consequences for such Key Person under Section 457A of the Code. Furthermore, it shall be the intent of the Administrator, in granting stock appreciation rights to Key Persons who are subject to Section 409A and/or Section 457A of the Code, to structure such stock appreciation rights so as to comply with the requirements of Section 409A and/or Section 457A of the Code, to the extent applicable.

(c) Nature of Stock Appreciation Rights. The grantee of a stock appreciation right shall have the right, subject to the terms of the Plan and the applicable Award Agreement, to receive from the Company an amount equal to (i) the excess of the Fair Market Value of a share of Common Stock on the date of exercise of the stock appreciation right over the Exercise Price of the stock appreciation right, multiplied by (ii) the number of shares with respect to which the stock appreciation right is exercised. Each Award Agreement with respect to a stock appreciation right shall set forth the Exercise Price of such Award and, unless otherwise specifically provided in the Award Agreement, the Exercise Price of a stock appreciation right shall equal the Fair Market Value of a share of Common Stock on the date of grant; provided that in no event may such Exercise Price be less than the greater of (A) the Fair Market Value of a share of Common Stock on the date of grant and (B) the par value of a share of Common Stock. Payment upon exercise of a stock appreciation right shall be in cash or in shares of Common Stock (valued at their Fair Market Value on the date of exercise of the stock appreciation right) or any combination of both, all as the Administrator shall determine. Repricing of stock appreciation rights granted under the Plan shall not be permitted (1) to the extent such action could cause adverse tax consequences to the grantee under Section 409A or Section 457A of the Code, to the extent applicable, or (2) without prior shareholder approval, to the extent such approval would be required to be obtained by the Company pursuant to the applicable rules of any applicable stock exchange on which the Common Stock is then listed, and any action that would be deemed to result in a Repricing of a stock appreciation right shall be deemed null and void if it would cause such adverse tax consequences or if any requisite shareholder approval related thereto is not obtained prior to the effective time of such action. Upon the exercise of a stock appreciation right granted in connection with an option, the number of shares subject to the option shall be reduced by the number of shares with respect to which the stock appreciation right is exercised. Upon the exercise of an option in connection with which a stock appreciation right has been granted, the number of shares subject to the stock appreciation right shall be reduced by the number of shares with respect to which the option is exercised.

(d) Option Exercise Price. Each Award Agreement with respect to an option shall set forth the Exercise Price of such Award and, unless otherwise specifically provided in the Award Agreement, the Exercise Price of an option shall equal the Fair Market Value of a share of Common Stock on the date of grant; provided that in no event may such Exercise Price be less than the greater of (i) the Fair Market Value of a share of Common Stock on the date of grant and (ii) the par value of a share of Common Stock. Repricing of options granted under the Plan shall not be permitted (1) to the extent such action could cause adverse tax consequences to the grantee under Section 409A or Section 457A of the Code, to the extent applicable, or (2) without prior shareholder approval, to the extent such approval would be required to be obtained by the Company pursuant to the applicable rules of any applicable stock exchange on which the Common Stock is then listed, and any action that would be deemed to result in a Repricing of an option shall be deemed null and void if it would cause such adverse tax consequences or if any requisite shareholder approval related thereto is not obtained prior to the effective time of such action.

2.3 Exercise of Options and Stock Appreciation Rights

Subject to the other provisions of this Article II and the Plan, each option and stock appreciation right granted under the Plan shall be exercisable as follows:

(a) Timing and Extent of Exercise. Options and stock appreciation rights shall be exercisable at such times and under such conditions as determined by the Administrator and set forth in the corresponding Award Agreement, but in no event shall any portion of such Award be exercisable subsequent to the tenth anniversary of the date on which such Award was granted. Unless the applicable Award Agreement otherwise specifically provides, an option or stock appreciation right may be exercised from time to time as to all or part of the shares as to which such Award is then exercisable.

(b) Notice of Exercise. An option or stock appreciation right shall be exercised by the filing of a written notice with the Company or the Company's designated exchange agent (the "Exchange Agent"), on such form and in such manner as the Administrator shall prescribe.

(c) Payment of Exercise Price. Any written notice of exercise of an option shall be accompanied by payment for the shares being purchased. Such payment shall be made: (i) by certified or official bank check (or the equivalent thereof acceptable to the Company or its Exchange Agent) for the full option Exercise Price; (ii) with the consent of the Administrator, which consent shall be given or withheld in the sole discretion of the Administrator, by delivery or withholding of shares of Common Stock having a Fair Market Value (determined as of the exercise date) equal to all or part of the option Exercise Price and a certified or official bank check (or the equivalent thereof acceptable to the Company or its Exchange Agent) for any remaining portion of the full option Exercise Price; or (iii) at the sole discretion of the Administrator and to the extent permitted by law, by such other provision, consistent with the terms of the Plan, as the Administrator may from time to time prescribe (whether directly or indirectly through the Exchange Agent), or by any combination of the foregoing payment methods.

(d) Delivery of Certificates Upon Exercise. Subject to Sections 3.2, 3.4 and 3.13, promptly after receiving payment of the full option Exercise Price, or after receiving notice of the exercise of a stock appreciation right for which the Administrator determines payment will be made partly or entirely in shares, the Company or its Exchange Agent shall (i) deliver to the grantee, or to such other Person as may then have the right to exercise the Award, a certificate or certificates for the shares of Common Stock for which the Award has been exercised or, in the case of stock appreciation rights, for which the Administrator determines will be made in shares or (ii) establish an account evidencing ownership of the stock in uncertificated form for the shares of Common Stock for which the Award has been exercised or, in the case of stock appreciation rights, for which the Administrator determines will be made in shares. If the method of payment employed upon an option exercise so requires, and if applicable law permits, an optionee may direct the Company or its Exchange Agent, as the case may be, to deliver the stock certificate(s) to the optionee's stockbroker.

(e) No Stockholder Rights. No grantee of an option or stock appreciation right (or other Person having the right to exercise such Award) shall have any of the rights of a stockholder of the Company with respect to shares subject to such Award until the issuance of a stock certificate to such Person for such shares or an account in the name of the grantee evidences ownership of stock in uncertificated form. Except as otherwise provided in Section 1.5(c), no adjustment shall be made for dividends, distributions or other rights (whether ordinary or extraordinary, and whether in cash, securities or other property) for which the record date is prior to the date such stock certificate is issued or the date an account evidencing ownership of the stock in uncertificated form notes receipt of such stock.

2.4 Termination of Employment/Service; Death Subsequent to a Termination of Employment/Service

(a) General Rule. Except to the extent otherwise provided in paragraphs (b), (c), (d), (e) or (f) of this Section 2.4 or Section 3.5(b)(iii), a grantee who incurs a termination of employment or consultancy/service relationship with the Company and its Subsidiaries and Affiliates may exercise any outstanding option or stock appreciation right on the following terms and conditions: (i) exercise may be made only to the extent that the grantee was entitled to exercise the Award on the date of termination of employment or consultancy/service relationship, as applicable; and (ii) exercise must occur within three months after termination of employment or consultancy/service relationship but in no event after the original expiration date of the Award; it being understood that then outstanding options and stock appreciation rights shall not be affected by a change of employment or consultancy/service relationship with the Company and its Subsidiaries and Affiliates so long as the grantee continues to be a director, officer or employee of, or a consultant or service provider to (or a Person employed by or providing services to any entity that is itself a consultant or service provider to), the Company or any Subsidiary or Affiliate.

(b) Termination "for Cause". If a grantee incurs a termination of employment or consultancy/service relationship with the Company and its Subsidiaries and Affiliates "for Cause", all options and stock appreciation rights not theretofore exercised (whether vested or unvested) shall immediately terminate upon such termination of employment or consultancy/service relationship.

(c) Retirement. If a grantee incurs a termination of employment or consultancy/service relationship with the Company and its Subsidiaries and Affiliates as the result of his or her retirement (as defined below), then any outstanding option or stock appreciation right shall, to the extent exercisable at the time of such retirement, remain exercisable for a period of three years after such retirement; provided that in no event may such option or stock appreciation right be exercised following the original expiration date of the Award. For this purpose, unless otherwise specifically set forth in the applicable Award Agreement, "retirement" shall mean a grantee's resignation of employment or consultancy/service relationship with the Company and its Subsidiaries and Affiliates, with the Company's or its applicable Subsidiary's or Affiliate's prior consent, on or after (i) his or her 65th birthday, (ii) the date on which he or she has attained age 60 and completed at least five years of service with the Company or one or more of its Subsidiaries or Affiliates (using any method of calculation the Administrator deems appropriate) or (iii) if approved by the Administrator, on or after his or her having completed at least 20 years of service with the Company or one or more of its Subsidiaries or Affiliates (using any method of calculation the Administrator deems appropriate).

(d) Disability. If a grantee incurs a termination of employment or consultancy/service relationship with the Company and its Subsidiaries and Affiliates by reason of a Disability, then any outstanding option or stock appreciation right shall, to the extent exercisable at the time of such termination, remain exercisable for a period of one year after such termination; provided that in no event may such option or stock appreciation right be exercised following the original expiration date of the Award.

(e) Death.

(i) *Termination of Employment/Service as a Result of Grantee's Death*. If a grantee incurs a termination of employment or consultancy/service relationship with the Company and its Subsidiaries and Affiliates as the result of his or her death, then any outstanding option or stock appreciation right shall, to the extent exercisable at the time of such death, remain exercisable for a period of one year after such death; provided that in no event may such option or stock appreciation right be exercised following the original expiration date of the Award.

(ii) *Restrictions on Exercise Following Death*. Any exercise of an Award following a grantee's death shall be made only by the grantee's executor or administrator or other duly appointed representative reasonably acceptable to the Administrator, unless the grantee's will specifically disposes of such Award, in which case such exercise shall be made only by the recipient of such specific disposition. If a grantee's personal representative or the recipient of a specific disposition under the grantee's will shall be entitled to exercise any Award pursuant to the preceding sentence, such representative or recipient shall be bound by all the terms and conditions of the Plan and the applicable Award Agreement which would have applied to the grantee.

(f) Administrator Discretion. The Administrator may, in writing, waive or modify the application of the foregoing provisions of this Section 2.4, subject to Section 3.1(c).

2.5 Transferability of Options and Stock Appreciation Rights

Except as otherwise specifically provided in this Plan or the applicable Award Agreement evidencing an option or stock appreciation right, during the lifetime of a grantee, each such Award granted to a grantee shall be exercisable only by the grantee, and no such Award may be sold, assigned, transferred, pledged or otherwise encumbered or disposed of other than by will or by the laws of descent and distribution. The Administrator may, in any applicable Award Agreement evidencing an option or stock appreciation right, permit a grantee to transfer all or some of the options or stock appreciation rights to (a) the grantee's spouse, children or grandchildren ("Immediate Family Members"), (b) a trust or trusts for the exclusive benefit of such Immediate Family Members or (c) other parties approved by the Administrator. Following any such transfer, any transferred options and stock appreciation rights shall continue to be subject to the same terms and conditions as were applicable immediately prior to the transfer.

2.6 Grant of Restricted Stock

(a) Restricted Stock Grants. The Administrator may grant restricted shares of Common Stock to such Key Persons, in such amounts and subject to such vesting and forfeiture provisions and other terms and conditions as the Administrator shall determine, subject to the provisions of the Plan. A grantee of a restricted stock Award shall have no rights with respect to such Award unless such grantee accepts the Award within such period as the Administrator shall specify by accepting delivery of a restricted stock Award Agreement in such form as the Administrator shall determine.

(b) Issuance of Stock Certificate. Promptly after a grantee accepts a restricted stock Award in accordance with Section 2.6(a), subject to Sections 3.2, 3.4 and 3.13, the Company or its Exchange Agent shall issue to the grantee a stock certificate or stock certificates for the shares of Common Stock covered by the Award or shall establish an account evidencing ownership of the stock in uncertificated form. Upon the issuance of such stock certificates, or establishment of such account, the grantee shall have the rights of a stockholder with respect to the restricted stock, subject to: (i) the nontransferability restrictions and forfeiture provisions described in the Plan (including paragraphs (d) and (e) of this Section 2.6); (ii) in the Administrator's sole discretion, a requirement, as set forth in the Award Agreement, that any dividends payable on such shares, unless otherwise determined by the Administrator, shall remain forfeitable until all restrictions on such shares have lapsed; and (iii) any other restrictions and conditions contained in the applicable Award Agreement.

(c) Custody of Stock Certificate. Unless the Administrator shall otherwise determine, any stock certificates issued evidencing shares of restricted stock shall remain in the possession of the Company (or such other custodian as may be designated by the Administrator) until such shares are free of any restrictions specified in the applicable Award Agreement. The Administrator may direct that such stock certificates bear a legend setting forth the applicable restrictions on transferability.

(d) Nontransferability. Shares of restricted stock may not be sold, assigned, transferred, pledged or otherwise encumbered or disposed of prior to the lapsing of all restrictions thereon, except as otherwise specifically provided in this Plan or the applicable Award Agreement. The Administrator at the time of grant shall specify the date or dates (which may depend upon or be related to the attainment of performance goals and other conditions) on which the nontransferability of the restricted stock shall lapse.

(e) Consequence of Termination of Employment/Service. Unless otherwise specifically set forth in the applicable Award Agreement, (i) a grantee's termination of employment or consultancy/service relationship with the Company and its Subsidiaries and Affiliates for any reason other than death or Disability shall cause the immediate forfeiture of all shares of restricted stock that have not yet vested as of the date of such termination of employment or consultancy/service relationship and (ii) if a grantee incurs a termination of employment or consultancy/service relationship with the Company and its Subsidiaries and Affiliates as the result of his or her death or Disability, all shares of restricted stock that have not yet vested as of the date of such termination shall immediately vest as of such date; it being understood that then outstanding restricted stock Awards shall not be affected by a change of employment or consultancy/service relationship with the Company and its Subsidiaries and Affiliates so long as the grantee continues to be a director, officer or employee of, or a consultant or service provider to (or a Person employed by or providing services to any entity that is itself a consultant or service provider to), the Company or any Subsidiary or Affiliate. All dividends payable on shares forfeited under this Section 2.6(e) that have not theretofore been directly remitted to the grantee shall also be forfeited. The Administrator may, in writing, waive or modify the application of the foregoing provisions of this Section 2.6(e), subject to Section 3.1(c).

2.7 Grant of Restricted Stock Units

(a) Restricted Stock Unit Grants. The Administrator may grant restricted stock units to such Key Persons, and in such amounts and subject to such vesting and forfeiture provisions and other terms and conditions, as the Administrator shall determine, subject to the provisions of the Plan. A restricted stock unit granted under the Plan shall confer upon the grantee a right to receive from the Company, conditioned upon the occurrence of such vesting event as shall be determined by the Administrator and specified in the Award Agreement, the number of such grantee's restricted stock units that vest upon the occurrence of such vesting event multiplied by the Fair Market Value of a share of Common Stock on the date of vesting. Payment upon vesting of a restricted stock unit shall be in cash or in shares of Common Stock (valued at their Fair Market Value on the date of vesting) or both, all as the Administrator shall determine, and such payments shall be made to the grantee at such time as provided in the Award Agreement, which the Administrator shall intend to be (i) if Section 409A of the Code is applicable with respect to Awards granted to the grantee, within the period required by Section 409A such that it qualifies as a "short-term deferral" pursuant to Section 409A and the Treasury Regulations issued thereunder, unless the Administrator shall provide for deferral of the Award intended to comply with Section 409A, (ii) if Section 457A of the Code is applicable with respect to Awards granted to the grantee, within the period required by Section 457A(d)(3)(B) such that it qualifies for the exemption thereunder, or (iii) if Sections 409A and 457A of the Code are not applicable with respect to Awards granted to the grantee, at such time as determined by the Administrator.

(b) Dividend Equivalents. The Administrator may include in any Award Agreement with respect to a restricted stock unit a dividend equivalent right entitling the grantee to receive amounts equal to the ordinary dividends that would be paid, during the time such Award is outstanding and unvested, and/or, if payment of the vested Award is deferred, during the period of such deferral following such vesting event, on the shares of Common Stock underlying such Award if such shares were then outstanding. In the event such a provision is included in a Award Agreement, the Administrator shall determine whether such payments shall be (i) paid to the holder of the Award, as specified in the Award Agreement, either (A) at the same time as the underlying dividends are paid, regardless of the fact that the restricted stock unit has not theretofore vested, (B) at the time at which the Award's vesting event occurs, conditioned upon the occurrence of the vesting event, (C) once the Award has vested, at the same time as the underlying dividends are paid, regardless of the fact that payment of the vested restricted stock unit has been deferred, and/or (D) at the time at which the corresponding vested restricted stock units are paid, (ii) made in cash, shares of Common Stock or other property and (iii) subject to such other vesting and forfeiture provisions and other terms and conditions as the Administrator shall deem appropriate and as shall be set forth in the Award Agreement.

(c) No Stockholder Rights. No grantee of a restricted stock unit shall have any of the rights of a stockholder of the Company with respect to such Award unless and until a stock certificate is issued with respect to such Award upon the vesting of such Award or an account in the name of the grantee evidences ownership of stock in uncertificated form (it being understood that the Administrator shall determine whether to pay any vested restricted stock unit in the form of cash or Company shares or both), which issuance shall be subject to Sections 3.2, 3.4 and 3.13. Except as otherwise provided in Section 1.5(c), no adjustment to any restricted stock unit shall be made for dividends, distributions or other rights (whether ordinary or extraordinary, and whether in cash, securities or other property) for which the record date is prior to the date such stock certificate, if any, is issued or the date an account evidencing ownership of the stock in uncertificated form notes receipt of such stock.

(d) Nontransferability. No restricted stock unit granted under the Plan may be sold, assigned, transferred, pledged or otherwise encumbered or disposed of, except as otherwise specifically provided in this Plan or the applicable Award Agreement.

(e) Consequence of Termination of Employment/Service. Unless otherwise specifically set forth in the applicable Award Agreement, (i) a grantee's termination of employment or consultancy/service relationship with the Company and its Subsidiaries and Affiliates for any reason other than death or Disability shall cause the immediate forfeiture of all restricted stock units that have not yet vested as of the date of such termination of employment or consultancy/service relationship and (ii) if a grantee incurs a termination of employment or consultancy/service relationship with the Company and its Subsidiaries and Affiliates as the result of his or her death or Disability, all restricted stock units that have not yet vested as of the date of such termination shall immediately vest as of such date; it being understood that then outstanding restricted stock units shall not be affected by a change of employment or consultancy/service relationship with the Company and its Subsidiaries and Affiliates so long as the grantee continues to be a director, officer or employee of, or a consultant or service provider to (or a Person employed by or providing services to any entity that is itself a consultant or service provider to), the Company or any Subsidiary or Affiliate. All dividend equivalent rights on any restricted stock units forfeited under this Section 2.7(e) that have not theretofore been directly remitted to the grantee shall also be forfeited, whether by termination of any escrow arrangement under which such dividends are held or otherwise. The Administrator may, in writing, waive or modify the application of the foregoing provisions of this Section 2.7(e).

2.8 Grant of Unrestricted Stock

The Administrator may grant (or sell at a purchase price at least equal to par value) shares of Common Stock free of restrictions under the Plan to such Key Persons and in such amounts and subject to such forfeiture provisions as the Administrator shall determine. Shares may be thus granted or sold in respect of past services or other valid consideration.

2.9 Other Stock-Based Awards

Subject to the provisions of the Plan (including, without limitation, Section 3.16), the Administrator shall have the sole and complete authority to grant to Key Persons other equity-based or equity-related Awards in such amounts and subject to such terms, conditions, restrictions and forfeiture provisions as the Administrator shall determine; provided that any such Awards must comply with applicable law and, to the extent deemed desirable by the Administrator, Rule 16b-3.

2.10 Dividend Equivalents

Subject to the provisions of the Plan (including, without limitation, Section 3.16), in the discretion of the Administrator, an Award, other than an option or stock appreciation right, may provide the Award recipient with dividends or dividend equivalents, payable in cash, shares, other securities, other Awards or other property, on a current or deferred basis, on such terms and conditions as may be determined by the Administrator, including, without limitation, payment directly to the Award recipient, withholding of such amounts by the Company subject to vesting of the Award, or reinvestment in additional shares, restricted shares or other Awards.

2.11 Grant of Cash Awards

The Administrator may grant Awards that are payable solely in cash to such Key Persons and in such amounts and subject to such terms, conditions, restrictions and forfeiture provisions as the Administrator shall determine. Cash Awards may be thus granted in respect of past services or other valid consideration.

ARTICLE III
Miscellaneous

3.1 Amendment of the Plan; Modification of Awards

(a) Amendment of the Plan. The Board may from time to time suspend, discontinue, revise or amend the Plan in any respect whatsoever, except that no such suspension, discontinuation, revision or amendment shall materially impair any rights or materially increase any obligations under any Award theretofore made under the Plan without the consent of the grantee (or, upon the grantee's death, the Person having the rights to the Award). For purposes of this Section 3.1, any action of the Board or the Administrator that in any way alters or affects the tax treatment of any Award shall not be considered to materially impair any rights of any grantee.

(b) Stockholder Approval Requirement. If required by applicable rules or regulations of a national securities exchange or the SEC, the Company shall obtain stockholder approval with respect to any amendment to the Plan that (i) expands the types of Awards available under the Plan, (ii) materially increases the aggregate number of shares which may be issued under the Plan, except as permitted pursuant to Section 1.5(c), (iii) materially increases the benefits to participants under the Plan, including any material change to (A) permit, or that has the effect of, a Repricing of any outstanding Award, (B) reduce the price at which shares or options to purchase shares may be offered or (C) extend the duration of the Plan, or (iv) materially expands the class of Persons eligible to receive Awards under the Plan.

(c) Modification of Awards. The Administrator may cancel any Award under the Plan. The Administrator also may amend any outstanding Award Agreement, including, without limitation, by amendment which would: (i) accelerate the time or times at which the Award becomes unrestricted, vested or may be exercised; (ii) waive or amend any goals, restrictions or conditions set forth in the Award Agreement; or (iii) waive or amend the operation of Section 2.4, Section 2.6(e) or Section 2.7(e) with respect to the termination of the Award upon termination of employment or consultancy/service relationship; provided, however, that no such amendment shall be made without shareholder approval if such approval is necessary to comply with any tax or regulatory requirement applicable to the Award. However, any such cancellation or amendment (other than an amendment pursuant to Section 1.5, Section 3.5 or Section 3.16) that materially impairs the rights or materially increases the obligations of a grantee under an outstanding Award shall be made only with the consent of the grantee (or, upon the grantee's death, the Person having the rights to the Award). In making any modification to an Award (e.g., an amendment resulting in a direct or indirect reduction in the Exercise Price or a waiver or modification under Section 2.4(f), Section 2.6(e) or Section 2.7(e)), the Administrator may consider the implications, if any, of such modification under the Code with respect to Sections 409A and 457A of the Code in respect of Awards granted under the Plan to individuals subject to such provisions of the Code.

3.2 Consent Requirement

(a) No Plan Action Without Required Consent. If the Administrator shall at any time determine that any Consent (as defined below) is necessary or desirable as a condition of, or in connection with, the granting of any Award under the Plan, the issuance or purchase of shares or other rights thereunder, or the taking of any other action thereunder (each such action being hereinafter referred to as a "Plan Action"), then such Plan Action shall not be taken, in whole or in part, unless and until such Consent shall have been effected or obtained to the full satisfaction of the Administrator.

(b) Consent Defined. The term "Consent" as used herein with respect to any Plan Action means (i) any and all listings, registrations or qualifications in respect thereof upon any securities exchange or under any federal, state or local law, rule or regulation, (ii) any and all written agreements and representations by the grantee with respect to the disposition of shares, or with respect to any other matter, which the Administrator shall deem necessary or desirable to comply with the terms of any such listing, registration or qualification or to obtain an exemption from the requirement that any such listing, qualification or registration be made and (iii) any and all consents, clearances and approvals in respect of a Plan Action by any governmental or other regulatory bodies or any other Person.

3.3 Nonassignability; Successors

Except as provided in Section 2.4(e), Section 2.5, Section 2.6(d) or Section 2.7(d), (a) no Award or right granted to any Person under the Plan or under any Award Agreement shall be assignable or transferable other than by will or by the laws of descent and distribution and (b) all rights granted under the Plan or any Award Agreement shall be exercisable during the life of the grantee only by the grantee or the grantee's legal representative or the grantee's permissible successors or assigns (as authorized and determined by the Administrator). The rights, duties and obligations under the Plan and any applicable Award Agreement shall be assignable by the Company to any successor entity, including any entity acquiring all, or substantially all, of the assets of the Company. All terms and conditions of the Plan and the applicable Award Agreements will be binding upon any permitted successors or assigns.

3.4 Taxes

(a) Withholding. A grantee or other Award holder under the Plan shall be required to pay, in cash, to the Company, and the Company and its Subsidiaries and Affiliates shall have the right and are hereby authorized to withhold from any Award, from any cash or other payment due or transfer made under any Award or under the Plan or from any compensation or other amount owing to such grantee or other Award holder, the amount of any applicable withholding taxes in respect of an Award, its grant, its exercise, its vesting, or any payment or transfer under an Award or under the Plan, up to the maximum statutory rates in the applicable jurisdiction with respect to the Award, as determined by the Company, and to take such other action as may be necessary in the opinion of the Company to satisfy all obligations for payment of such taxes. Whenever shares of Common Stock are to be delivered pursuant to an Award under the Plan, with the approval of the Administrator, which the Administrator shall have sole discretion whether or not to give, the grantee may satisfy the foregoing condition by electing to have the Company withhold from delivery shares having a value equal to the amount of the applicable withholding taxes as determined in accordance with this Section 3.4(a). Such shares shall be valued at their Fair Market Value as of the date on which the amount of tax to be withheld is determined. Fractional share amounts shall be settled in cash. Such a withholding election may be made with respect to all or any portion of the shares to be delivered pursuant to an Award as may be approved by the Administrator in its sole discretion.

(b) Liability for Taxes. Grantees and holders of Awards are solely responsible and liable for the satisfaction of all taxes and penalties that may arise in connection with Awards (including, without limitation, any taxes arising under Sections 409A and 457A of the Code) and the Company shall not have any obligation to indemnify or otherwise hold any such Person harmless from any or all of such taxes. The Administrator shall have the discretion to organize any deferral program, to require deferral election forms, and to grant or, notwithstanding anything to the contrary in the Plan or any Award Agreement, to unilaterally modify any Award in a manner that (i) conforms with the requirements of Sections 409A and 457A of the Code (to the extent applicable), (ii) voids any participant election to the extent it would violate Section 409A or Section 457A of the Code (to the extent applicable) and (iii) for any distribution event or election that could be expected to violate Section 409A of the Code, make the distribution only upon the earliest of the first to occur of a "permissible distribution event" within the meaning of Section 409A of the Code or a distribution event that the participant elects in accordance with Section 409A of the Code, all in such a way so as to retain, to the maximum extent possible, the originally intended economic and tax benefits under the Award. The Administrator shall have the sole discretion to interpret the requirements of the Code, including, without limitation, Sections 409A and 457A, for purposes of the Plan and all Awards.

3.5 Change in Control

(a) Change in Control Defined. Unless otherwise specifically set forth in the applicable Award Agreement, for purposes of the Plan, "Change in Control" shall mean the occurrence of any of the following:

(i) any "person" (as defined in Section 13(d)(3) of the 1934 Act), company or other entity acquires "beneficial ownership" (as defined in Rule 13d-3 under the 1934 Act), directly or indirectly, of twenty-five percent (25%) or more of the aggregate voting power of the capital stock ordinarily entitled to elect directors of the Company; provided, however, that no Change in Control shall have occurred in the event of such an acquisition by (A) the Company, (B) any trustee or other fiduciary holding securities under an employee benefit plan of the Company or any Subsidiary or Affiliate, (C) any company or other entity owned, directly or indirectly, by the holders of the voting stock ordinarily entitled to elect directors of the Company in substantially the same proportions as their ownership of the aggregate voting power of the capital stock ordinarily entitled to elect directors of the Company immediately prior to such acquisition or (D) Mrs. Semiramis Paliou or any entity that she directly or indirectly "controls" (as defined in Rule 12b-2 under the 1934 Act);

(ii) the sale of all or substantially all the Company's assets in one or more related transactions to any "person" (as defined in Section 13(d)(3) of the 1934 Act), company or other entity; provided, however, that no Change in Control shall have occurred in the event of such a sale (A) to a Subsidiary which does not involve a material change in the equity holdings of the Company, (B) to an entity (the "Acquiring Entity") which has acquired all or substantially all the Company's assets if, immediately following such sale, 50% or more of the aggregate voting power of the capital stock ordinarily entitled to elect directors of the Acquiring Entity (or, if applicable, the ultimate parent entity that directly or indirectly has beneficial ownership of more than 50% of the aggregate voting power of the capital stock ordinarily entitled to elect directors of the Acquiring Entity) is beneficially owned by the holders of the voting stock ordinarily entitled to elect directors of the Company immediately prior to such sale in substantially the same proportions as the aggregate voting power of the capital stock ordinarily entitled to elect directors of the Company immediately prior to such sale or (C) to Mr. Semiramis Paliou or any entity that she directly or indirectly "controls" (as defined in Rule 12b-2 under the 1934 Act);

(iii) any merger, consolidation, reorganization or similar event of the Company or any Subsidiary; provided, however, that no Change in Control shall have occurred in the event 50% or more of the aggregate voting power of the capital stock ordinarily entitled to elect directors of the surviving entity (or, if applicable, the ultimate parent entity that directly or indirectly has beneficial ownership of more than 50% of the aggregate voting power of the capital stock ordinarily entitled to elect directors of the surviving entity) is beneficially owned by the holders of the voting stock ordinarily entitled to elect directors of the Company immediately prior to such event in substantially the same proportions as the aggregate voting power of the capital stock ordinarily entitled to elect directors of the Company immediately prior to such event;

(iv) the approval by the Company's stockholders of a plan of complete liquidation or dissolution of the Company; or

(v) during any period of 12 consecutive calendar months, individuals:

(A) who were directors of the Company on the first day of such period, or

(B) whose election or nomination for election to the Board was recommended or approved by at least a majority of the directors then still in office who were directors of the Company on the first day of such period, or whose election or nomination for election were so approved,

shall cease to constitute a majority of the Board.

Notwithstanding the foregoing, unless otherwise specifically set forth in the applicable Award Agreement, for each Award subject to Section 409A of the Code, a Change in Control shall be deemed to have occurred under this Plan with respect to such Award only if a change in the ownership or effective control of the Company or a change in the ownership of a substantial portion of the assets of the Company shall also be deemed to have occurred under Section 409A of the Code, provided that such limitation shall apply to such Award only to the extent necessary to avoid adverse tax effects under Section 409A of the Code.

(b) Effect of a Change in Control. Unless the Administrator specifically provides otherwise in an Award Agreement, upon the occurrence of a Change in Control:

(i) any Award then outstanding shall become fully vested and any forfeiture provisions thereon imposed pursuant to the Plan and the applicable Award Agreement shall lapse and any Award in the form of an option or stock appreciation right shall be immediately exercisable;

(ii) to the extent permitted by law and not otherwise limited by the terms of the Plan, the Administrator may amend any Award Agreement in such manner as it deems appropriate; and

(iii) a grantee who incurs a termination of employment or consultancy/service relationship for any reason, other than a termination "for Cause", concurrent with or within one year following the Change in Control may exercise any outstanding option or stock appreciation right, but only to the extent that the grantee was entitled to exercise the Award on the date of his or her termination of employment or consultancy/service relationship, until the earlier of (A) the original expiration date of the Award and (B) the later of (x) the date provided for under the terms of Section 2.4 without reference to this Section 3.5(b)(iii) and (y) the first anniversary of the grantee's termination of employment or consultancy/service relationship.

(c) Miscellaneous. Whenever deemed appropriate by the Administrator, any action referred to in paragraph (b)(ii) of this Section 3.5 may be made conditional upon the consummation of the applicable Change in Control transaction.

3.6 Operation and Conduct of Business

Nothing in the Plan or any Award Agreement shall be construed as limiting or preventing the Company or any Subsidiary or Affiliate from taking any action with respect to the operation and conduct of its business that it deems appropriate or in its best interests, including any or all adjustments, recapitalizations, reorganizations, exchanges or other changes in the capital structure of the Company or any Subsidiary or Affiliate, any merger or consolidation of the Company or any Subsidiary or Affiliate, any issuance of Company shares or other securities or subscription rights, any issuance of bonds, debentures, preferred or prior preference stock ahead of or affecting the Common Stock or other securities or rights thereof, any dissolution or liquidation of the Company or any Subsidiary or Affiliate, any sale or transfer of all or any part of the assets or business of the Company or any Subsidiary or Affiliate, or any other corporate act or proceeding, whether of a similar character or otherwise.

3.7 No Rights to Awards

No Key Person or other Person shall have any claim to be granted any Award under the Plan.

3.8 Right of Discharge Reserved; Service Relationship

(a) Nothing in the Plan or in any Award Agreement shall confer upon any grantee the right to continue his or her employment with the Company or any Subsidiary or Affiliate, his or her consultancy/service relationship with the Company or any Subsidiary or Affiliate, or his or her position as an officer or director of the Company or any Subsidiary or Affiliate, or affect any right that the Company or any Subsidiary or Affiliate may have to terminate such employment or consultancy/service relationship.

(b) For the avoidance of doubt, for purposes of the Plan, reference to (i) a service relationship shall include service as a director or officer and (ii) a termination of a service relationship shall include a removal or resignation as a director or officer.

3.9 Non-Uniform Determinations

The Administrator's determinations and the treatment of Key Persons and grantees and their beneficiaries under the Plan need not be uniform and may be made and determined by the Administrator selectively among Persons who receive, or who are eligible to receive, Awards under the Plan (whether or not such Persons are similarly situated). Without limiting the generality of the foregoing, the Administrator shall be entitled, among other things, to make non-uniform and selective determinations, and to enter into non-uniform and selective Award Agreements, as to (a) the Persons to receive Awards under the Plan, (b) the types of Awards granted under the Plan, (c) the number of shares to be covered by, or with respect to which payments, rights or other matters are to be calculated with respect to, Awards and (d) the terms and conditions of Awards.

3.10 Other Payments or Awards

Nothing contained in the Plan shall be deemed in any way to limit or restrict the Company or any Subsidiary from making any award or payment to any Person under any other plan, arrangement or understanding, whether now existing or hereafter in effect.

3.11 Headings

Any section, subsection, paragraph or other subdivision headings contained herein are for the purpose of convenience only and are not intended to expand, limit or otherwise define the contents of such section, subsection, paragraph or subdivision.

3.12 Effective Date and Term of Plan

(a) Adoption; Stockholder Approval. The Plan, as amended and restated, was adopted by the Board on January 8, 2021. The Board may, but need not, make the granting of any Awards under the Plan subject to the approval of the Company's stockholders.

(b) Termination of Plan. The Board may terminate the Plan at any time. All Awards made under the Plan prior to its termination shall remain in effect until such Awards have been satisfied or terminated in accordance with the terms and provisions of the Plan and the applicable Award Agreements. No Awards may be granted under the Plan following the tenth anniversary of the date on which the Plan, as amended and restated, was adopted by the Board (i.e., January 8, 2031).

3.13 Restriction on Issuance of Stock Pursuant to Awards

The Company shall not permit any shares of Common Stock to be issued pursuant to Awards granted under the Plan unless such shares of Common Stock are fully paid and non-assessable under applicable law. Notwithstanding anything to the contrary in the Plan or any Award Agreement, at the time of the exercise of any Award, at the time of vesting of any Award, at the time of payment of shares of Common Stock in exchange for, or in cancellation of, any Award, or at the time of grant of any unrestricted shares under the Plan, the Company and the Administrator may, if either shall deem it necessary or advisable for any reason, require the holder of an Award (a) to represent in writing to the Company that it is the Award holder's then-intention to acquire the shares with respect to which the Award is granted for investment and not with a view to the distribution thereof or (b) to postpone the date of exercise until such time as the Company has available for delivery to the Award holder a prospectus meeting the requirements of all applicable securities laws; and no shares shall be issued or transferred in connection with any Award unless and until all legal requirements applicable to the issuance or transfer of such shares have been complied with to the satisfaction of the Company and the Administrator. The Company and the Administrator shall have the right to condition any issuance of shares to any Award holder hereunder on such Person's undertaking in writing to comply with such restrictions on the subsequent transfer of such shares as the Company or the Administrator shall deem necessary or advisable as a result of any applicable law, regulation or official interpretation thereof, and all share certificates delivered under the Plan shall be subject to such stop transfer orders and other restrictions as the Company or the Administrator may deem advisable under the Plan, the applicable Award Agreement or the rules, regulations and other requirements of the SEC, any stock exchange upon which such shares are listed, and any applicable securities or other laws, and certificates representing such shares may contain a legend to reflect any such restrictions. The Administrator may refuse to issue or transfer any shares or other consideration under an Award if it determines that the issuance or transfer of such shares or other consideration might violate any applicable law or regulation or entitle the Company to recover the same under Section 16(b) of the 1934 Act, and any payment tendered to the Company by a grantee or other Award holder in connection with the exercise of such Award shall be promptly refunded to the relevant grantee or other Award holder. Without limiting the generality of the foregoing, no Award granted under the Plan shall be construed as an offer to sell securities of the Company, and no such offer shall be outstanding, unless and until the Administrator has determined that any such offer, if made, would be in compliance with all applicable requirements of any applicable securities laws.

3.14 Requirement of Notification of Election Under Section 83(b) of the Code

If an Award recipient, in connection with the acquisition of Company shares under the Plan, makes an election under Section 83(b) of the Code (to include in gross income in the year of transfer the amounts specified in Section 83(b) of the Code), the grantee shall notify the Administrator of such election within ten days of filing notice of the election with the U.S. Internal Revenue Service, in addition to any filing and notification required pursuant to regulations issued under Section 83(b) of the Code.

3.15 Severability

If any provision of the Plan or any Award is or becomes or is deemed to be invalid, illegal, or unenforceable in any jurisdiction or as to any Person or Award, or would disqualify the Plan or any Award under any law deemed applicable by the Administrator, such provision shall be construed or deemed amended to conform to the applicable laws or, if it cannot be construed or deemed amended without, in the determination of the Administrator, materially altering the intent of the Plan or the Award, such provision shall be stricken as to such jurisdiction, Person or Award and the remainder of the Plan and any such Award shall remain in full force and effect.

3.16 Sections 409A and 457A

To the extent applicable, the Plan and Award Agreements shall be interpreted in accordance with Sections 409A and 457A of the Code and Department of Treasury regulations and other interpretive guidance issued thereunder. Notwithstanding any provision of the Plan or any applicable Award Agreement to the contrary, in the event that the Administrator determines that any Award may be subject to Section 409A or Section 457A of the Code, the Administrator may adopt such amendments to the Plan and the applicable Award Agreement or adopt other policies and procedures (including amendments, policies and procedures with retroactive effect), or take any other actions, that the Administrator determines are necessary or appropriate to (i) exempt the Plan and Award from Sections 409A and 457A of the Code and/or preserve the intended tax treatment of the benefits provided with respect to the Award, or (ii) comply with the requirements of Sections 409A and 457A of the Code and related Department of Treasury guidance and thereby avoid the application of penalty taxes under Sections 409A and 457A of the Code, all in such a way so as to retain, to the maximum extent possible, the originally intended economic and tax benefits under the Award.

3.17 Forfeiture; Clawback

The Administrator may, in its sole discretion, specify in the applicable Award Agreement that any realized gain with respect to options or stock appreciation rights and any realized value with respect to other Awards shall be subject to forfeiture or clawback, in the event of (a) a grantee's breach of any non-competition, non-solicitation, confidentiality or other restrictive covenants with respect to the Company or any Subsidiary or Affiliate, (b) a grantee's breach of any employment or consulting agreement with the Company or any Subsidiary or Affiliate, (c) a grantee's termination of employment or consultancy/service relationship for Cause or (d) a financial restatement that reduces the amount of compensation under the Plan previously awarded to a grantee that would have been earned had results been properly reported.

3.18 No Trust or Fund Created

Neither the Plan nor any Award shall create or be construed to create a trust or separate fund of any kind or a fiduciary relationship between the Company or any Subsidiary or Affiliate and an Award recipient or any other Person. To the extent that any Person acquires a right to receive payments from the Company or any Subsidiary or Affiliate pursuant to an Award, such right shall be no greater than the right of any unsecured general creditor of the Company or its Subsidiary or Affiliate.

3.19 No Fractional Shares

No fractional shares shall be issued or delivered pursuant to the Plan or any Award, and the Administrator shall determine whether cash, other securities, or other property shall be paid or transferred in lieu of any fractional shares or whether such fractional shares or any rights thereto shall be canceled, terminated, or otherwise eliminated.

3.20 Governing Law

The Plan will be construed and administered in accordance with the laws of the State of New York, without giving effect to principles of conflict of laws.

THIRD AMENDMENT AGREEMENT

Date: 2020

1 Reference is made to (i) the loan agreement dated 2 October 2010 (as amended and supplemented by an amendment agreement dated 15 February 2017, a second amendment agreement dated 18 May 2017 and as further amended and/or supplemented from time to time) (the "**Loan Agreement**") and entered into between, *inter alios*, (1) Lae Shipping Company Inc. and Namu Shipping Company Inc. as joint and several borrowers (the "**Borrowers**"), (2) Diana Shipping Inc. as guarantor (the "**Corporate Guarantor**"), (3) DNB Bank ASA (then known as DnB NOR BANK ASA) and The Export-Import Bank of China as arrangers, (4) DNB Bank ASA (then known as DnB NOR BANK ASA) as swap provider, (5) DNB Bank ASA (then known as DnB NOR BANK ASA) as security agent (the "**Security Agent**"), agent (the "**Agent**") and account bank and (6) the banks and financial institutions referred to therein as lenders (the "**Banks**"), in relation to a loan of up to $82,600,000 and (ii) the corporate guarantee dated 2 October 2010 executed by the Corporate Guarantor in favour of the Security Agent.

2 Words and expressions defined in the Loan Agreement shall, unless the context otherwise requires or unless otherwise defined herein, have the same meanings when used in this Agreement.

3 The Creditors hereby agree, following the Borrowers' and the Corporate Guarantor's request, that, with effect from the date of this Agreement, the Loan Agreement shall be amended (and is hereby amended) as follows:

(a) by inserting the following new definitions of "**Palios Family**" and "**Third Amendment Agreement**" in clause 1.2 of the Loan Agreement in the correct alphabetical order:

""**Palios Family**" means Mr. Simeon Palios and/or any of his direct lineal descendants and/or his siblings and/or his wife;

"**Third Amendment Agreement**" means the agreement dated 2020 made between (among others) the Borrowers, the Corporate Guarantor and the Security Agent supplemental to this Agreement;";

(b) by inserting the words "the Third Amendment Agreement," after the words "this Agreement," in the first line of the definition of "**Security Documents**" in clause 1.2 of the Loan Agreement; and

(c) by deleting paragraph (c) of clause 10.1.27 of the Loan Agreement in its entirety and by replacing it with the following new paragraph (c):

"The Palios Family ceases to be the major (save for any financial institution acting as passive investor) legal owner or ultimate beneficial owner of the Corporate Guarantor; or";

4 The consent of the Creditors referred to in paragraph 3 above is given only on the condition and in consideration of the Borrowers and the Corporate Guarantor hereby agreeing with the Creditors that the Borrowers and the other Security Parties will comply or will procure compliance with the following terms at the times specified below:

(a) by no later than 11 December 2020, the Borrowers and the other Security Parties shall have executed this Agreement by signatories acceptable to the Agent in all respects; and

(b) by no later than 11 December 2020, the Borrowers and the other Security Parties deliver to the Agent, such corporate authorisations or other evidence of the authority of each Security Party, in relation to the execution of this Agreement, in such form as the Agent may require in its absolute discretion.

5 This Agreement is supplemental to the Loan Agreement.

6 This Agreement constitutes a Security Document.

7 Save as amended or deemed amended by this Agreement, the provisions of the Loan Agreement shall continue in full force and effect and the Loan Agreement and this Agreement shall be read and construed as one instrument.

8 Each of the Borrowers, the Corporate Guarantor and the Manager hereby confirms its consent to the amendments to the Loan Agreement hereunder and the other arrangements contained in this Agreement, and further acknowledges and agrees that the Security Documents to which it is a party and its obligations, shall remain and continue to be in full force and effect notwithstanding the said amendments to the Loan Agreement and the other arrangements contained in this Agreement.

9 The provisions of clauses 17 (*Notices*) and 18 (*Governing law and jurisdiction*) of the Loan Agreement shall be incorporated into this Agreement as if set out in full herein and as if references to "this Agreement" were references to this Agreement.

10 This Agreement and any non-contractual obligations in connection with this Agreement are governed by, and shall be construed in accordance with English law.

SIGNATORIES

EXECUTED as a **DEED**	)	
by	)	
for and on behalf of	)	.....
LAE SHIPPING COMPANY INC.	)	
as Borrower	)	
in the presence of:		

.....
Witness
Name:
Address:
Occupation:

EXECUTED as a **DEED**	)	
by	)	
for and on behalf of	)	.....
NAMU SHIPPING COMPANY INC.	)	
as Borrower	)	
in the presence of:		

.....
Witness
Name:
Address:
Occupation:

EXECUTED as a **DEED**	)	
by	)	
for and on behalf of	)	.....
DIANA SHIPPING INC.	)	
as Corporate Guarantor	)	
in the presence of:	)	

.....
Witness
Name:
Address:
Occupation:

EXECUTED as a **DEED**)
by)
for and on behalf of) .....
DIANA SHIPPING SERVICES S.A.)
as Manager)
in the presence of:)

.....
Witness
Name:
Address:
Occupation:

EXECUTED as a **DEED**)
by) .....
for and on behalf of) Authorised Signatory
DNB (UK) LIMITED)
as Bank)
in the presence of:)

.....
Witness
Name:
Address:
Occupation:

EXECUTED as a **DEED**)
by) .....
for and on behalf of) Authorised Signatory
DNB BANK ASA (formerly known as DNB NOR BANK ASA))
as Arranger)
in the presence of:)

.....
Witness
Name:
Address:
Occupation:

EXECUTED as a **DEED**)
by)
for and on behalf of)
THE EXPORT-IMPORT BANK OF CHINA)
as Arranger and Bank)
in the presence of:)

.....
Witness
Name:
Address:
Occupation:

.....
Authorised Signatory

EXECUTED as a **DEED**)
by)
for and on behalf of)
DNB BANK ASA (formerly known as DNB NOR BANK ASA))
as Swap Provider)
in the presence of:)

.....
Witness
Name:
Address:
Occupation:

.....
Authorised Signatory

EXECUTED as a **DEED**)
by)
for and on behalf of)
DNB BANK ASA (formerly known as DNB NOR BANK ASA))
as Security Agent)
in the presence of:)

.....
Witness
Name:
Address:
Occupation:

.....
Authorised Signatory

EXECUTED as a **DEED**)
by)
for and on behalf of)
DNB BANK ASA (formerly known as DNB NOR BANK ASA))
as Agent)
in the presence of:)

……
Witness
Name:
Address:
Occupation:

……
Authorised Signatory

EXECUTED as a **DEED**)
by)
for and on behalf of)
DNB BANK ASA (formerly known as DNB NOR BANK ASA))
as Account Bank)
in the presence of:)

……
Witness
Name:
Address:
Occupation:

……
Authorised Signatory

Dated May 2020

KNOX SHIPPING COMPANY INC.
BOKAK SHIPPING COMPANY INC.
JEMO SHIPPING COMPANY INC.
GUAM SHIPING COMPANY INC.
PALAU SHIPPING COMPANY INC.
MAKUR SHIPPING COMPANY INC.
MANDARINGINA INC. and
VESTA COMMERCIAL, S.A.
as joint and several Borrowers

and

THE BANKS AND FINANCIAL INSTITUIONS
listed in Schedule 1
as Lenders

and

NORDEA BANK ABP
as Swap Bank

and

NORDEA BANK ABP, FILIAL I NORGE
as Agent, Security Trustee and Lead Arranger

LOAN AGREEMENT

relating to a term loan facility of up to US$55,848,000
to re-finance existing indebtedness

Index

Clause Page

THIS AGREEMENT is made on May 2020

PARTIES

(1) **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.** and **VESTA COMMERCIAL, S.A.**, as joint and several borrowers (together, the "**Borrowers**")

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

(3) **NORDEA BANK ABP,** as Swap Bank

(4) **NORDEA BANK ABP, FILIAL I NORGE,** as Agent

(5) **NORDEA BANK ABP, FILIAL I NORGE,** as Lead Arranger

(6) **NORDEA BANK ABP, FILIAL I NORGE,** as Security Trustee

BACKGROUND

(A) The Lenders have agreed to make available to the Borrowers a term loan facility of up to the lesser of (i) US$55,848,000, (ii) the Existing Indebtedness and (ii) 65 per cent. of the aggregate Initial Market Value of the Ships for the purpose of re-financing the Existing Indebtedness (as defined below).

(B) The Swap Bank has agreed to enter into interest rate swap transactions with the Borrowers from time to time to hedge the Borrowers' exposure under this Agreement to interest rate fluctuations.

(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.

OPERATIVE PROVISIONS

1 INTERPRETATION

1.1 Definitions

Subject to Clause 1.5, in this Agreement:

"**Account Pledges**" means, together, the Earnings Account Pledges in the Agreed Form and, in the singular, means any of them.

"**Affected Lender**" has the meaning given in Clause 5.7.

"**Agency and Trust Deed**" means the agency and trust deed dated the same date as this Agreement and made between the same parties.

"**Agent**" means Nordea Bank Abp, filial i Norge, acting in such capacity through its office at Essendrops gate 7, Postboks, 1166 Sentrum, 0107 Oslo, 920058817 MVA, Norway, or any successor of it appointed under clause 4.7 of the Agency and Trust Deed.

"**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 provision of any Finance Document.

"**Annex VI**" means Annex VI of the Protocol of 1997 to amend the International Convention for the Prevention of Pollution from Ships 1973 (Marpol), as modified by the Protocol of 1978 relating thereto.

"**Approved Broker**" means Arrow Sale & Purchase (UK) Limited, Breamar Seascope Limited, H. Clarkson & Company Limited, Fearnleys AS, Maersk Brokers K.S., Simpson Spence & Young (London) Ltd. and VesselsValue.Com or any other any reputable sale and purchase broker approved and appointed by the Agent subject to the prior written consent of the Borrowers.

"**Approved Flag**" means the Marshall Islands flag or any other flag that the Agent may approve that the Ship is registered (such approval not to be unreasonably withheld or delayed).

"**Approved Flag State**" means the Republic of the Marshall Islands or any other state in which the Agent may, at the request of the Borrowers, approve that a Ship is registered (such approval not to be unreasonably withheld or delayed).

"**Approved Manager**" means, in relation to each Ship:

(a) 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

(b) in relation to any Ship in respect of which the relevant Borrower exercises its rights under Clause 14.22, 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; or

(c) any other company which the Agent may, with the authorisation of the Lenders, approve from time to time as the technical and/or commercial manager of each Ship (such approval not to be unreasonably withheld or delayed).

"**Article 55 BRRD**" means Article 55 of Directive 2014/59/EU establishing a framework for the recovery and resolution of credit institutions and investment firms.

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

(a) 31 May 2020 (or such later date as the Agent may, with the authorisation of the Lenders, agree with the Borrowers); or

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

"**Bail-In Action**" means the exercise of any Write-down and Conversion Powers.

"**Bail-In Legislation**" means:

(a) in relation to an EEA Member Country which has implemented, or which at any time implements, Article 55 BRRD, the relevant implementing law or regulation as described in the EU Bail-In Legislation Schedule from time to time; and

(b) in relation to any state other than such an EEA Member Country or (to the extent that the United Kingdom is not such an EEA Member Country) the United Kingdom, any analogous law or regulation from time to time which requires contractual recognition of any Write-down and Conversion Powers contained in that law or regulation.

"**Balloon Instalment**" means any balloon instalment referred to in Clause 8.1.

"**Basel III**" means, together:

(a) the agreements on capital requirements, a leverage ratio and liquidity standards contained in "Basel III: A global regulatory framework for more resilient banks and banking systems", "Basel III: International framework for liquidity risk measurement, standards and monitoring" and "Guidance for national authorities operating the countercyclical capital buffer" published by the Basel Committee on Banking Supervision in December 2010, each as amended, supplemented or restated;

(b) the rules for global systemically important banks contained in "Global systemically important banks: assessment methodology and the additional loss absorbency requirement - Rules text" published by the Basel Committee on Banking Supervision in November 2011, as amended, supplemented or restated; and

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

"**Bokak**" means Bokak Shipping Company Inc., a corporation incorporated in the Republic of the Marshall Islands whose registered office is at Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro MH96960, The Marshall Islands.

"**Borrower**" means each of Knox, Bokak, Jemo, Guam, Palau, Makur, Mandaringina and Vesta, and in the plural means, all of them.

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

"**Charter**" means, in relation to each Ship, any time charter or other contract of employment in respect of that Ship with a duration exceeding (or capable of exceeding) 18 months or any bareboat charter in respect of such Ship and, in the plural, means all of them.

"**Charterer**" means any entity which has entered into, or will enter into, a Charter with a Borrower in respect of the Ship owned by it.

"**Charterparty Assignment**" means, in relation to each Charter, a specific deed of assignment of the rights of the Borrower who is a party to that Charter executed or to be executed by that Borrower in favour of the Security Trustee in the Agreed Form and, in the plural, means all of them.

"**Code**" means the US Internal Revenue Code of 1986.

"**Commitment**" means, in relation to a Lender, the amount set opposite its name in Schedule 1, 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).

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

"**Contractual Currency**" has the meaning given in Clause 21.5.

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

"**Corporate Guarantee**" means a corporate guarantee of the obligations of the Borrowers under this Agreement, the Master Agreement and the other Finance Documents.

"**Corporate Guarantor**" mean Diana Shipping Inc., a corporation domesticated in the Marshall Islands whose registered office is at Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro MH96960, The Marshall Islands.

"**CRD IV**" means:

(a) Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending regulation (EU) No. 648/2012, as amended by Regulation (EU) 2019/876;

(b) Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC, as amended by Directive (EU) 2019/878; and

(c) any other law or regulation which implements Basel III.

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

"**Cut-Off Date**" has the meaning given in Clause 8.3.

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

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

(b) its purpose is the hedging of all or part of the Borrowers' exposure to fluctuations in LIBOR under this Agreement for a period expiring no later than the Final Maturity Date; and

(c) it is designated by the Borrowers, by delivery by the Borrowers to the Agent of a notice of designation in the form set out in Schedule 5, as a Designated Transaction for the purposes of the Finance Documents.

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

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

"**Drawdown Notice**" means a notice in the form set out in Schedule 2 (or in any other form which the Agent approves or reasonably requires).

"**Earnings**" means, in relation to a Ship, all moneys whatsoever which are now, or later become, payable (actually or contingently) to the relevant Borrower owning that Ship or the Security Trustee and which arise out of the use or operation of that Ship, including (but not limited to):

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

(i) all freight, hire and passage moneys;

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

(iii) remuneration for salvage and towage services;

(iv) demurrage and detention moneys;

(v) damages for breach (or payments for variation or termination) of any charterparty or other contract for the employment of a 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 is employed on terms whereby any moneys falling within paragraphs (a)(i) to (vi) are pooled or shared with any other person, that proportion of the net receipts of the relevant pooling or sharing arrangement which is attributable to the Ship.

"**Earnings Account**" means an account in the name of each Borrower with the Agent designated "[*name of the Borrower*] - Earnings Account", or any other account which is designated by the Agent as an Earnings Account for the purposes of this Agreement.

"**Earnings Account Pledge**" means, in respect of each Earnings Account, a deed creating security in the Agreed Form.

"**EEA Member Country**" means any member state of the European Union, Iceland, Liechtenstein and Norway.

"**Environmental Claim**" means:

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

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

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

"**Environmental Incident**" means:

(a) any release of Environmentally Sensitive Material from the Ship; or

(b) any incident in which Environmentally Sensitive Material is released from a vessel other than a Ship and which involves a collision between a Ship and such other vessel or some other incident of navigation or operation, in either case, in connection with which a Ship is actually or potentially liable to be arrested, attached, detained or injuncted and/or a Ship and/or the Borrower and/or any operator or manager of a Ship is at fault or allegedly at fault or otherwise liable to any legal or administrative action; or

(c) any other incident in which Environmentally Sensitive Material is released otherwise than from a Ship and in connection with which a Ship is actually or potentially liable to be arrested and/or where any Borrower and/or any operator or manager of a Ship is at fault or allegedly at fault or otherwise liable to any legal or administrative action.

"**Environmental Law**" means any 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.

"**EU Bail-In Legislation Schedule**" means the document described as such and published by the Loan Market Association (or any successor organisation) from time to time.

"**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.

"**Event of Default**" means any of the events or circumstances described in Clause 19.1.

"**Executive Order**" means an order issued by the president of the United States of America.

"**Existing Indebtedness**" means, at any date, the outstanding Financial Indebtedness of the Borrowers under a loan agreement dated 17 March 2015 and made between (i) the Borrowers as joint and several borrowers, (ii) the banks and financial institutions listed as lenders therein, (iii) Nordea Bank Finland plc as swap bank and (iv) Nordea Bank AB, London Branch as agent, lead arranger and security trustee in respect of a loan facility of (originally) up to $110,000,000 (as such loan agreement may have been further amended, supplemented, novated and/or restated from time to time "**Previous Loan Agreement**").

"**Existing Indebtedness Grace Period**" means the period commencing on the date of this Agreement and ending on the Drawdown Date.

"**Extended Maturity Date**" means the date falling on the third anniversary of the Drawdown Date.

"**Extension Request**" means an Initial Extension Request or a Subsequent Extension Request.

"**Facility Office**" means the office or offices notified by a Lender to the Agent in writing on or before the date it becomes a Lender (or, following that date, by not less than 5 Business Days' written notice) as the office or offices through which it will perform its obligations under this Agreement.

"**FATCA**" means:

(a) sections 1471 to 1474 of the Code or any associated regulations;

(b) any treaty, law or regulation of any other jurisdiction, or relating to an intergovernmental agreement between the US and any other jurisdiction, which (in either case) facilitates the implementation of any law or regulation referred to in paragraph (a) above; or

(c) any agreement pursuant to the implementation of any treaty, law or regulation referred to in paragraphs (a) or (b) above with the US Internal Revenue Service, the US government or any governmental or taxation authority in any other jurisdiction.

"**FATCA Deduction**" means a deduction or withholding from a payment under a Finance Document required by FATCA.

"**FATCA Exempt Party**" means a Party that is entitled to receive payments free from any FATCA Deduction.

"**Final Maturity Date**" means:

(a) if no Initial Extension Request has been served within the time frame set out in paragraph (a) of Clause 8.3 or an Initial Extension Request has been served but has been refused by all Lenders, the Initial Maturity Date; or

(b) if an Initial Extension Request has been served under paragraph (a) of Clause 8.3 and has been accepted by the Lenders (or any of them), the Extended Maturity Date; or

(c) if a Subsequent Extension Request has been served under paragraph (b) of Clause 8.3 and has been accepted by the Lenders (or any of them), the date falling on the fourth anniversary of the Drawdown Date.

"**Finance Documents**" means:

(a) this Agreement;

(b) the Agency and Trust Deed;

(c) the Master Agreement;

(d) the Master Agreement Assignment;

(e) the Corporate Guarantee;

(f) the General Assignments;

(g) the Mortgages;

(h) the Accounts Pledges;

(i) the Shares Pledges;

(j) the Initial Charter Assignment;

(k) the Manager's Undertakings;

(l) any Charterparty Assignment; and

(m) any other document (whether creating a Security Interest or not) which is executed at any time by any Borrower, the Corporate Guarantor, the Approved Manager or any other person as security for, or to establish any form of subordination or priorities arrangement in relation to, any amount payable to the Lenders and/or the Swap Bank under this 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) 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 (e) if the references to the debtor referred to the other person.

"**Financial Year**" means, in relation to the Corporate Guarantor, each period of 1 year commencing on 1 January in respect of which its annual audited accounts are or ought to be prepared.

"**Fleet Vessels**" means all of the vessels (including, but not limited to, the Ships) from time to time wholly owned by members of the Group (each a "**Fleet Vessel**").

"**GAAP**" means, at any time, the most recent and updated generally accepted accounting principles in the United States of America.

"**General Assignment**" means, in relation to each Ship, a first priority 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 Corporate Guarantor and all its subsidiaries (including, but not limited to, the Borrowers) from time to time during the Security Period and "**member of the Group**" shall be construed accordingly.

"**Guam**" means Guam Shipping Company Inc., a corporation incorporated in the Republic of the Marshall Islands whose registered office is at Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro MH96960, The Marshall Islands.

"**Hong Kong Convention**" means the International Maritime Organization's convention for the Safe and Environmentally Sound Recycling of Ships, 2009 together with the guidelines to be issued by the International Maritime Organization in connection with such convention.

"**IACS**" means the International Association of Classification Societies.

"**Initial Charter**" means the time charterparty dated 22 May 2019 and made between Bokak as owner and the Initial Charterer as charter in respect of Ship B and for a period of at least 19 months and at a minimum daily charter hire rate of $15,000.

"**Initial Charter Assignment**" means an assignment of the rights of Bokak under the Initial Charter in favour of the Security Trustee in the Agreed Form.

"**Initial Charterer**" means Koch Shipping Pte. Ltd., a corporation incorporated in Singapore with registered office at 112 Robinson road, Singapore, 068902, Singapore.

"**Initial Extension Request**" has the meaning given in Clause 8.3.

"**Initial Market Value**" means, in respect of a Ship, the Market Value as determined by the valuations referred to in Schedule 3, Part B, paragraph 6.

"Initial Maturity Date" means the date falling on the second anniversary of the Drawdown Date.

"Insurances" means, in relation to a Ship:

(a) all policies and contracts of insurance, including entries of the Ship in any protection and indemnity or war risks association, effected in respect of the Ship, its Earnings or otherwise in relation to the Ship whether before, on or after the date of this Agreement; and

(b) all rights and other assets relating to, or derived from, any of 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.

"Inventory of Hazardous Material" means, in relation to each Ship, an inventory certificate or statement of compliance (as applicable) issued by the Ship's classification society which is supplemented by a list of any and all materials known to be potentially hazardous utilised in the construction of such Ship pursuant to the requirements of the EU Ship Recycling Regulation.

"ISM Code" means the International Safety Management Code (including the guidelines on its implementation), adopted by the International Maritime Organisation, as the same may be amended or supplemented from time to time (and the terms "safety management system", "Safety Management Certificate" and "Document of Compliance" have the same meanings as are given to them in the ISM Code).

"ISPS Code" means the International Ship and Port Facility Security Code as adopted by the International Maritime Organisation, as the same may be amended or supplemented from time to time.

"ISSC" means a valid and current International Ship Security Certificate issued under the ISPS Code.

"Jemo" means Jemo Shipping Company Inc., a corporation incorporated in the Republic of the Marshall Islands whose registered office is at Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro MH96960, The Marshall Islands.

"Knox" means Knox Shipping Company Inc., a corporation incorporated in the Republic of the Marshall Islands whose registered office is at Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro MH96960, The Marshall Islands.

"Lead Arranger" means Nordea Bank Abp, filial i Norge, acting in such capacity through its office at Essendrops gate 7, Postboks, 1166 Sentrum, 0107 Oslo, 920058817 MVA, Norway.

"Lender" means a bank or financial institution listed in Schedule 1 and acting through its branch indicated in Schedule 1 (or through another branch notified to the Agent under Clause 26.14) or its transferee, successor or assign and, in the plural, means all of them.

"LIBOR" means, in relation to any period for which an interest rate is to be determined under any provision of a Finance Document:

(a) the applicable Screen Rate; or

(b) if no Screen Rate is available for that period, the rate per annum determined by the Agent to be the arithmetic mean of the rates, as supplied to the Agent at its request, quoted by the Reference Bank to leading banks in the London Interbank Market,

as of 11 a.m. (London time) on the Quotation Date for that period for the offering of deposits in the relevant currency and for a period comparable to that period.

"**Loan**" means the principal amount for the time being outstanding under this Agreement.

"**Major Casualty**" means, in relation to a Ship, any casualty to that Ship in respect of which the claim or the aggregate of the claims against all insurers, before adjustment for any relevant franchise or deductible, exceeds $1,000,000 or the equivalent in any other currency.

"**Majority Lenders**" means:

(a) before the Loan has been advanced, Lenders whose Commitments total 66.67 per cent. of the Total Commitments; and

(b) after the Loan has been advanced, Lenders whose Contributions total 66.67 per cent. of the Loan.

"**Makur**" means Makur Shipping Company Inc., a corporation incorporated in the Republic of the Marshall Islands whose registered office is at Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro MH96960, The Marshall Islands.

"**Management Agreement**" means, in relation to each Ship, an agreement made or to be made between the Borrower who is the owner of such Ship and the Approved Manager in respect of the commercial and technical management of such Ship in the Agreed Form and, in the plural, means all of them.

"**Manager's Undertaking**" means, in relation to each Ship, a letter of undertaking executed or to be executed by the Approved Manager in favour of the Security Trustee in the Agreed Form agreeing certain matters in relation to the management of that Ship and subordinating the rights of the Approved Manager against that Ship and the Borrower which is the owner thereof to the rights of the Security Trustee under the Finance Documents and, in the plural, means all of them.

"**Mandaringina**" means Mandarigina Inc., a corporation incorporated in the Republic of the Marshall Islands whose registered office is at Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro MH96960, The Marshall Islands.

"**Margin**" means 2.25 per cent. per annum.

"**Market Value**" means, in relation to each Ship (and each other Fleet Vessel), the market value thereof determined in accordance with Clause 15.3.

"**Master Agreement**" means the master agreement (on the 2002 ISDA Master Agreement form) in the Agreed Form made or to be made between (i) the Borrowers and (ii) the Swap Bank and includes all Designated Transactions from time to time entered into, and all Confirmations of such Designated Transactions from time to time exchanged, under such master agreement.

"**Master Agreement Assignment**" means the assignment of the Master Agreement in the Agreed Form.

"**Mortgage**" means, in relation to a Ship, the first preferred Marshall Islands ship mortgage on that Ship in the Agreed Form and, in the plural, means all of them.

"**Negotiation Period**" has the meaning given in Clause 5.10.

"**Notifying Lender**" has the meaning given in Clause 23.1 or Clause 24.1 as the context requires.

"**Palau**" means Palau Shipping Company Inc., a corporation incorporated in the Republic of the Marshall Islands whose registered office is at Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro MH96960, The Marshall Islands.

"**Participating Member State**" means any member state of the European Union that has the euro as its lawful currency in accordance with legislation of the European Union relating to Economic and Monetary Union.

"**Party**" means a party to this Agreement.

"**Payment Currency**" has the meaning given in Clause 21.5.

"**Permitted Security Interests**" means:

(a) Security Interests created by the Finance Documents;

(b) for the duration of the Existing Indebtedness Grace Period only, Security Interests created in respect of the Existing Indebtedness;

(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 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, provided such liens do not secure amounts more than 30 days overdue (unless the overdue amount is being contested by the relevant Borrower in good faith by appropriate steps) and subject, in the case of liens for repair or maintenance, to Clause 14.13(g);

(g) any Security Interest created in favour of a plaintiff or defendant in any proceedings or arbitration as security for costs and expenses where the Borrower 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 Document**" means:

(a) any Finance Document;

(b) any policy or contract of insurance contemplated by or referred to in Clause 13 or any other provision of this Agreement or another Finance Document;

(c) any other document contemplated by or referred to in any Finance Document; and

(d) any document which has been or is at any time sent by or to a Servicing Bank in contemplation of or in connection with any Finance Document or any policy, contract or document falling within paragraphs (b) or (c).

"**Pertinent Jurisdiction**", in relation to a company, means:

(a) England and Wales;

(b) the country under the laws of which the company is incorporated or formed;

(c) a country in which the company has the centre of its main interests or in 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 main or territorial or ancillary proceedings, or which would have such jurisdiction if their assistance were requested by the courts of a country referred to in paragraphs (b) or (c).

"**Pertinent Matter**" means:

(a) any transaction or matter contemplated by, arising out of, or in connection with a Pertinent Document; or

(b) any statement relating to a Pertinent Document or to a transaction or matter falling within paragraph (a),

and covers any such transaction, matter or statement, whether entered into, arising or made at any time before the signing of this Agreement or on or at any time after that signing.

"**Poseidon Principles**" means the financial industry framework for assessing and disclosing the climate alignment of ship finance portfolios published in June 2019 as the same may be amended or replaced from time to time.

"**Potential Event of Default**" means an event or circumstance which, with the giving of any notice, the lapse of time, a determination of the 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 Business Days 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 Bank" means, subject to Clause 26.16, the London branch of Nordea Bank Abp, filial i Norge and any of its successors.

"Relevant Nominating Body" means any applicable central bank, regulator or other supervisory authority or a group of them, or any working group or committee sponsored or chaired by, or constituted at the request of, any of them or the Financial Stability Board.

"Relevant Person" has the meaning given in Clause 19.9.

"Repayment Date" means a date on which a repayment is required to be made under Clause 8.

"Repayment Instalment" means any repayment instalment referred to in Clause 8.1.

"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; or

(ii) any Relevant Nominating Body,

and if replacements have, at the relevant time, been formally designated, nominated or recommended under both paragraphs, the "Replacement Benchmark" will be the replacement under paragraph (ii) above;

(b) in the opinion of the Majority Lenders and the Borrowers, generally accepted in the international or any relevant domestic syndicated loan markets as the appropriate successor to a Screen Rate; or

(c) in the opinion of the Majority Lenders and the Borrowers, an appropriate successor to a Screen Rate.

"Requisition Compensation" includes all compensation or other moneys payable by reason of any act or event such as is referred to in paragraph (b) of the definition of "Total Loss".

"Resolution Authority" means any body which has authority to exercise any Write-down and Conversion Powers.

"Restricted Party" means a person:

(a) that is listed on any Sanctions List (whether designated by name or by reason of being included in a class of person);

(b) that is domiciled, registered as located or having its main place of business in, or is incorporated under the laws of, a country which is subject to Sanctions Laws which attach legal effect to being domiciled, registered as located or having its main place of business in such country; or

(c) that is directly or indirectly owned or controlled by a person referred to in (a) and/or (b) above ; or

(d) with which any Lender is prohibited from dealing or otherwise engaging in a transaction with by any Sanctions Laws.

"**Sanctions Authority**" means the Norwegian State, the United Nations, the European Union, the member states of the European Union, the United Kingdom, the United States of America and any authority, official institution or agency acting on behalf of any of them in connection with Sanctions Laws.

"**Sanctions Laws**" means the economic or financial sanctions laws and/or regulations, trade embargoes, prohibitions, restrictive measures, decisions, Executive Orders or notices from regulators implemented, adapted, imposed, administered, enacted and/or enforced by any Sanctions Authority.

"**Sanctions List**" means any list of persons or entities published in connection with Sanctions Laws by or on behalf of any Sanctions Authority.

"**Screen Rate**" means, in relation to LIBOR, ICE Benchmark Administration Limited Interest Settlement Rate for Dollars for the relevant period displayed on the appropriate page of the Telerate or Reuters screen. If the agreed page is replaced or service ceases to be available, the Agent may specify another page or service displaying the appropriate rate after consultation with the Borrowers and the Lenders and, for the purpose of this definition, references to ICE Benchmark Administration Limited shall be construed to include any other person who takes over the administration of the London interbank offered rate.

"**Screen Rate Contingency Period**" means 10 Business Days.

"**Screen Rate Replacement Event**" means, in relation to a Screen Rate:

(a) the methodology, formula or other means of determining that Screen Rate has, in the opinion of the Majority Lenders and the Borrowers, materially changed;

(b)

(i)

(A) the administrator of that Screen Rate or its supervisor publicly announces that such administrator is insolvent; or

(B) information is published in any order, decree, notice, petition or filing, however described, or filed with a court, tribunal, exchange, regulatory authority or similar administrative, regulatory or judicial body which reasonably confirms that the administrator of that Screen Rate is insolvent,

provided that, in each case, at that time, there is no successor administrator to continue to provide that Screen Rate;

(ii) the administrator of that Screen Rate publicly announces that it has ceased or will cease, to provide that Screen Rate permanently or indefinitely and, at that time, there is no successor administrator to continue to provide that Screen Rate;

(iii) the supervisor of the administrator of that Screen Rate publicly announces that such Screen Rate has been or will be permanently or indefinitely discontinued; or

(iv) the administrator of that Screen Rate or its supervisor announces that that Screen Rate may no longer be used; or

(c) the administrator of that Screen Rate determines that that Screen Rate should be calculated in accordance with its reduced submissions or other contingency or fallback policies or arrangements and either:

(i) the circumstance(s) or event(s) leading to such determination are not (in the opinion of the Majority Lenders and the Borrowers) temporary; or

(ii) that Screen Rate is calculated in accordance with any such policy or arrangement for a period no less than the Screen Rate Contingency Period; 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.

"**Secured Liabilities**" means all liabilities which the Borrowers, the Corporate Guarantor, the Security Parties or any of them have, at the date of this Agreement or at any later time or times, under or in connection with any Finance Document or any judgment relating to any Finance Document; and for this purpose, there shall be disregarded any total or partial discharge of these liabilities, or variation of their terms, which is effected by, or in connection with, any bankruptcy, liquidation, arrangement or other procedure under the insolvency laws of any country.

"**Security 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*; 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 the Corporate Guarantor, the 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 last paragraph of the definition of "**Finance Documents**".

"**Security Period**" means the period commencing on the date of this Agreement and ending on the date on which the Agent notifies the Borrowers, the Security Parties and the other Creditor Parties that:

(a) all amounts which have become due for payment by the Borrowers or any Security Party under the Finance Documents have been paid;

(b) no amount is owing or has accrued (without yet having become due for payment) under any Finance Document;

(c) neither a Borrower nor any Security Party has any future or contingent liability under Clause 20, 21 or 22 below or any other provision of this Agreement or another Finance Document; and

(d) the Agent, the Security Trustee and the Majority Lenders do not consider that there is a significant risk that any payment or transaction under a Finance Document would be set aside, or would have to be reversed or adjusted, in any present or possible future bankruptcy of the Borrowers or a Security Party or in any present or possible future proceeding relating to a Finance Document or any asset covered (or previously covered) by a Security Interest created by a Finance Document.

"Security Trustee" means Nordea Bank Abp, filial i Norge, acting in such capacity through its office at Essendrops gate 7, Postboks, 1166 Sentrum, 0107 Oslo, 920058817 MVA, Norway, or any successor of it appointed under clause 5 of the Agency and Trust Deed.

"Servicing Bank" means the Agent or the Security Trustee.

"Shares Pledge" means, in relation to each Borrower, a deed executed by the Corporate Guarantor, creating security over the share capital of that Borrower in the Agreed Form and, in the plural, means all of them.

"Ship A" means the 2005-built Capesize bulk carrier vessel of 180,235 deadweight tonnage registered in the ownership of Knox under the Marshall Islands flag under IMO No. 9324992 with the name of "ALIKI".

"Ship B" means the 2005-built Capesize bulk carrier vessel of 177,243 deadweight tonnage currently registered in the ownership of Bokak under the Marshall Islands flag under IMO No. 9331464 with the name of "BALTIMORE".

"Ship C" means the 2010-built Panamax bulk carrier vessel of 81,297 deadweight tonnage registered in the ownership of Jemo under the Marshall Islands flag under IMO No. 9397731 with the name of "LETO".

"Ship D" means the 2012-built Post-Panamax bulk carrier vessel of 98,697 deadweight tonnage registered in the ownership of Guam under the Marshall Islands flag under IMO No. 9599157 with the name of "AMPHITRITE".

"Ship E" means the 2012-built Post-Panamax bulk carrier vessel of 98,704 deadweight tonnage registered in the ownership of Palau under the Marshall Islands flag under IMO No. 9598660 with the name of "POLYMNIA".

"Ship F" means the 2010-built bulk carrier vessel of 82,117 deadweight tonnage registered in the ownership of Makur under the Marshall Islands flag under IMO No. 9422940 with the name of "MYRSINI".

"Ship G" means the 2005-built bulk carrier vessel of 76,225 deadweight tonnage currently registered in the ownership of Mandaringina under the Marshall Islands flag under IMO No. 9286968 with the name of "MELIA".

"Ship H" means the 2006-built bulk carrier vessel of 74,381 deadweight tonnage currently registered in the ownership of Vesta under the Marshall Islands flag under IMO No. 9299616 with the name of "CORONIS".

"Ships" means, together, Ship A, Ship B, Ship C, Ship D, Ship E, Ship F, Ship G and Ship H and, in the singular, means any of them.

"Statement of Compliance" means a Statement of Compliance related to fuel oil consumption pursuant to regulations 6.6 and 6.7 of Annex VI.

"Subsequent Extension Request" has the meaning given in Clause 8.3.

"Swap Bank" means Nordea Bank Abp.

"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 Borrowers 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 outstanding Designated Transactions.

"Total Loss" means, in relation to a Ship:

(a) actual, constructive, compromised, agreed or arranged total loss of the Ship;

(b) any expropriation, confiscation, requisition or acquisition of the 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 Borrower owning that Ship;

(c) any condemnation of the Ship by any tribunal or by any person or person claiming to be a tribunal; and

(d) any arrest, capture, seizure or detention of the Ship (including any hijacking or theft) unless it is within 1 month redelivered to the full control of the Borrower owning the Ship.

"Total Loss Date" means, in relation to a Ship:

(a) in the case of an actual loss of the Ship, the date on which it occurred or, if that is unknown, the date when the Ship was last heard of;

(b) in the case of a constructive, compromised, agreed or arranged total loss of the Ship, the earliest of:

  (i) the date on which a notice of abandonment is given to the insurers; and

  (ii) the date of any compromise, arrangement or agreement made by or on behalf of the Borrower owning the Ship with the Ship's insurers in which the insurers agree to treat the Ship as a total loss; and

(c) in the case of any other type of total loss, on the date (or the most likely date) on which it appears to the Agent that the event constituting the total loss occurred.

"Transaction" has the meaning given in the Master Agreement.

"Transfer Certificate" has the meaning given in Clause 26.2.

"Trust Property" has the meaning given in clause 3.1 of the Agency and Trust Deed.

"**UK Bail-In Legislation**" means (to the extent that the United Kingdom is not an EEA Member Country which has implemented, or implements, Article 55 BRRD) Part 1 of the United Kingdom Banking Act 2009 and any other law or regulation applicable in the United Kingdom relating to the resolution of unsound or failing banks, investment firms or other financial institutes or their affiliates (otherwise than through liquidation, administration or other insolvency proceedings).

"**US**" means the United States of America.

"**US Tax Obligor**" means:

(a) a person which is resident for tax purposes in the US; or

(b) a person some or all of whose payments under the Finance Documents are from sources within the US for US federal income tax purposes.

"**Vesta**" means Vesta Commercial, S.A., a company incorporated in the Republic of Panama whose registered address is at Edificio P.H. Bonanza Plaza, Calle 41 Bella Vista, Panama, Republic of Panama.

"**Write-down and Conversion Powers**" means:

(a) in relation to any Bail-In Legislation described in the EU Bail-In Legislation Schedule from time to time, the powers described as such in relation to that Bail-In Legislation in the EU Bail-In Legislation Schedule;

(b) in relation to any other applicable Bail-In Legislation:

(i) any powers under that Bail-In Legislation to cancel, transfer or dilute shares issued by a person that is a bank or investment firm or other financial institution or affiliate of a bank, investment firm or other financial institution, to cancel, reduce, modify or change the form of a liability of such a person or any contract or instrument under which that liability arises, to convert all or part of that liability into shares, securities or obligations of that person or any other person, to provide that any such contract or instrument is to have effect as if a right had been exercised under it or to suspend any obligation in respect of that liability or any of the powers under that Bail-In Legislation that are related to or ancillary to any of those powers; and

(ii) any similar or analogous powers under that Bail-In Legislation; and

(c) in relation to any UK Bail-In Legislation:

(i) any powers under that UK Bail-In Legislation to cancel, transfer or dilute shares issued by a person that is a bank or investment firm or other financial institution or affiliate of a bank, investment firm or other financial institution, to cancel, reduce, modify or change the form of a liability of such a person or any contract or instrument under which that liability arises, to convert all or part of that liability into shares, securities or obligations of that person or any other person, to provide that any such contract or instrument is to have effect as if a right had been exercised under it or to suspend any obligation in respect of that liability or any of the powers under that UK Bail-In Legislation that are related to or ancillary to any of those powers; and

(ii) any similar or analogous powers under that UK Bail-In Legislation.

1.2 Construction of certain terms

In this Agreement:

"**administration notice**" means a notice appointing an administrator, a notice of intended appointment and any other notice which is required by law (generally or in the case concerned) to be filed with the court or given to a person prior to, or in connection with, the appointment of an administrator.

"**approved**" means, for the purposes of Clause 13, 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.

"**obligatory insurances**" means, in relation to a Ship, all insurances effected, or which the Borrower owning the Ship is obliged to effect, under Clause 13 or any other provision of this Agreement or another Finance Document.

"**parent company**" has the meaning given in Clause 1.4.

"**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 and the proportion (if any) of any sums payable to any other person or persons in case of collision which are not recoverable under the hull and machinery policies by reason of the incorporation in them of clause 6 of the International Hull Clauses (1/11/02 or 1/11/03), clause 8 of the Institute Time Clauses (Hulls) (1/11/95) or clause 8 of the Institute Time Clauses (Hulls) (1/10/83) 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) whether or not having the force of law of any governmental, intergovernmental or supranational body, agency, department or regulatory, self-regulatory or other authority or organisation.

"**subsidiary**" has the meaning given in Clause 1.4.

"**successor**" includes any person who is entitled (by assignment, novation, merger or otherwise) to any person's rights under this Agreement or any other Finance Document (or any interest in those rights) or who, as administrator, liquidator or otherwise, is entitled to exercise those rights; and in particular references to a successor include a person to whom those rights (or any interest in those rights) are transferred or pass as a result of a merger, division, reconstruction or other reorganisation of it or any other person.

"**tax**" includes any present or future tax, duty, impost, levy or charge of any kind which is imposed by any state, any political sub-division of a state or any local or municipal authority (including any such imposed in connection with exchange controls), and any connected penalty, interest or fine.

"**war risks**" includes the risk of mines and all risks excluded by clauses 29, 30 or 31 of the International Hull Clauses (1/11/02), clauses 29 or 30 of the International Hull Clauses (1/11/03), clauses 24, 25 or 26 of the Institute Time Clauses (Hulls) (1/11/95) or clauses 23, 24 or 25 of the Institute Time Clauses (Hulls) (1/10/83) or any equivalent provision.

1.3 Meaning of "month"

A period of one or more "**months**" ends on the day in the relevant calendar month numerically corresponding to the day of the calendar month on which the period started ("**the numerically corresponding day**"), but:

(a) on the Business Day following the numerically corresponding day if the numerically corresponding day is not a Business Day or, if there is no later Business Day in the same calendar month, on the Business Day preceding the numerically corresponding day; or

(b) on the last Business Day in the relevant calendar month, if the period started on the last Business Day in a calendar month or if the last calendar month of the period has no numerically corresponding day,

and "**month**" and "**monthly**" shall be construed accordingly.

1.4 Meaning of "subsidiary"

A company (S) is a subsidiary of another company (P) if:

(a) a majority of the issued shares in S (or a majority of the issued shares in S which carry unlimited rights to capital and income distributions) are directly owned by P or are indirectly attributable to P; or

(b) P has direct or indirect control over a majority of the voting rights attaching to the issued shares of S; or

(c) P has the direct or indirect power to appoint or remove a majority of the directors of S; or

(d) P otherwise has the direct or indirect power to ensure that the affairs of S are conducted in accordance with the wishes of P,

and any company of which S is a subsidiary is a parent company of S.

1.5 General Interpretation

In this Agreement:

(a) references to, or to a provision of, a Finance Document or any other document are references to it as amended or supplemented, whether before the date of this Agreement or otherwise;

(b) references to, or to a provision of, any law include any amendment, extension, re-enactment or replacement, whether made before the date of this Agreement or otherwise;

(c) words denoting the singular number shall include the plural and vice versa; and

(d) Clauses 1.1 to 1.5 apply unless the contrary intention appears.

1.6 Headings

In interpreting a Finance Document or any provision of a Finance Document, all clause, sub-clause and other headings in that and any other Finance Document shall be entirely disregarded.

2 FACILITY

2.1 Amount of facility

Subject to the other provisions of this Agreement, the Lenders shall make available to the Borrowers, in one advance, a term loan facility of up to the lesser of (i) $55,848,000, (ii) the Existing Indebtedness and (iii) 65 per cent. of the aggregate Initial Market Value of the Ships for the purpose of re-financing the Existing Indebtedness.

2.2 Lenders' participations in the 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 the Loan

The Borrowers undertake with each Creditor Party to use the Loan only for the purpose stated in the preamble to this Agreement.

3 POSITION OF THE LENDERS, THE SWAP AND THE MAJORITY LENDERS

3.1 Interests of Lenders and Swap Bank several

The rights of the Lenders and the Swap Bank under this Agreement and the Master Agreement are several; accordingly:

(a) each Lender shall be entitled to sue for any amount which has become due and payable by the Borrowers to it under this Agreement; and

(b) the Swap Bank shall be entitled to sue for any amount which has become due and payable by the Borrowers to it under the Master Agreement,

without joining the Agent, the Security Trustee, any other Lender and the Swap Bank as additional parties in the proceedings.

3.2 Proceedings by individual Lender or Swap Bank

However, without the prior consent of the Majority Lenders, no Lender nor the Swap Bank may bring proceedings in respect of:

(a) any other liability or obligation of any Borrower or a Security Party under or connected with a Finance Document; or

(b) any misrepresentation or breach of warranty by any Borrower or a Security Party in or connected with a Finance Document.

3.3 Obligations several

The obligations of the Lenders and the Swap Bank under this Agreement and of the Swap Bank under the Master Agreement are several; and a failure of a Lender or the Swap Bank to perform its obligations under this Agreement or of the Swap Bank to perform its obligations under the Master Agreement shall not result in:

(a) the obligations of the other Lenders or (as the case may be) the Swap Bank being increased; nor

(b) any Borrower, any Security Party or any other Creditor Party being discharged (in whole or in part) from its obligations under any Finance Document,

and in no circumstances shall a Lender or the Swap Bank have any responsibility for a failure of another Lender or the Swap Bank to perform its obligations under this Agreement or the Master Agreement.

3.4 Parties bound by certain actions of Majority Lenders

Every Lender, the Swap Bank, each Borrower and each Security Party shall be bound by:

(a) any determination made, or action taken, by the Majority Lenders under any provision of a Finance Document;

(b) any instruction or authorisation given by the Majority Lenders to the Agent or the Security Trustee under or in connection with any Finance Document (subject always to Clause 27.2);

(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.

3.5 Reliance on action of Agent

However, each Borrower and each Security Party:

(a) shall be entitled to assume that the Majority 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.

3.6 Construction

In Clauses 3.4 and 3.5 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 the Loan

Subject to the following conditions, the Borrowers may request the Loan to be made by ensuring that the Agent receives a completed Drawdown Notice not later than 11.00 a.m. (Oslo time) 3 Business Days (or such shorter period as the Agent may, in its absolute discretion, agree) prior to the intended Drawdown Date.

4.2 Availability

The conditions referred to in Clause 4.1 are that:

(a) the Drawdown Date has to be a Business Day during the Availability Period;

(b) the amount of the Loan shall not exceed an amount of up to the lesser of (i) US$55,848,000, (ii) the Existing Indebtedness and (ii) 65 per cent. of the aggregate Initial Market Value of the Ships; and

(c) the Loan shall be made available in one advance and shall be applied in re-financing the Existing Indebtedness.

4.3 Notification to Lenders of receipt of a Drawdown Notice

The Agent shall promptly notify the Lenders that it has received a Drawdown Notice and shall inform each Lender of:

(a) the amount of the 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

A Drawdown Notice must be signed by a director or an authorised representative of each Borrower; and once served, a 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 for the account of the Borrowers the amount due from that Lender on the Drawdown Date under Clause 2.2.

4.6 Disbursement of the Loan

Subject to the provisions of this Agreement, the Agent shall on the Drawdown Date pay to the Borrowers the amounts which the Agent receives from the Lenders under Clause 4.5; and that payment to the Borrowers shall be made:

(a) to the account which the Borrowers specify in the Drawdown Notice; and

(b) in the like funds as the Agent received the payments from the Lenders.

4.7 Disbursement of the Loan to third party

The payment by the Agent under Clause 4.6 shall constitute the making of the Loan and the Borrowers shall at that time become indebted, as principal and direct obligors, to each Lender in an amount equal to that Lender's Contribution.

4.8 Designated Transactions under the Master Agreement

(a) The Borrowers may at any time conclude Designated Transactions with the Swap Bank pursuant to the Master Agreement for the purpose of swapping their interest payment obligations and managing their exposure to fluctuation in LIBOR under this Agreement. The Borrowers agree that signature of 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 mutually acceptable terms can be agreed at the relevant time.

(b) The Lenders agree that, to enable the Borrowers to secure their obligations to the Swap Bank under the Master Agreement, the security of the other Finance Documents shall be held by the Security Trustee not only to secure the Borrowers' obligations under this Agreement but also the Borrowers' obligations under the Master Agreement on the terms set out in Clause 17.

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 applicable thereto shall be paid by the Borrowers on the last day of that Interest Period.

5.2 Normal rate of interest

Subject to the provisions of this Agreement, the rate of interest on the Loan in respect of an Interest Period shall be the aggregate of (i) the Margin and (ii) LIBOR for that Interest Period.

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 Borrowers and each Lender of:

(a) each rate of interest; and

(b) the duration of each Interest Period

as soon as reasonably practicable after each is determined.

5.5 Obligation of Reference Bank to quote

The Reference Bank 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 the Reference Bank ceases to be a Lender pursuant to Clause 26.16.

5.6 Absence of quotations by Reference Bank

If the 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.

5.7 Market disruption

The following provisions of this Clause 5 apply if:

(a) no Screen Rate is available for an Interest Period and the Reference Bank does not, before 1.00 p.m. (London time) on the Quotation Date, 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 with Contribution amounting to more than 33.3 per cent. of the Loan, may notify the Agent that LIBOR fixed by the Agent would not accurately reflect the cost to those Lenders 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 Borrowers and each of the Lenders stating the circumstances falling within Clause 5.7 which have caused its notice to be given.

5.9 Suspension of drawdown

If the Agent's notice under Clause 5.8 is served before the Loan is made:

(a) in a case falling within Clauses 5.7(a) or 5.7(b), the Lenders' obligations to make the Loan; and

(b) in a case falling within Clause 5.7, 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 5.5 is served after the Loan is made, then subject to Clause 27.4, the Borrowers, the Agent, the Lenders or (as the case may be) the Affected Lender shall use reasonable endeavours to agree, within 30 days after the date on which the Agent serves its notice under Clause 5.5 (the "Negotiation Period"), an alternative interest rate or (as the case may be) an alternative basis for the Lenders or (as the case may be) the Affected Lender to fund or continue to fund their or its Contribution during the Interest Period concerned.

5.11 Application of agreed alternative rate of interest

Subject to Clause 27.4, 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 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 procedure provided for by this Clause 5.12 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 Borrowers do not agree with an interest rate set by the Agent under Clause 5.12, the Borrowers may give the Agent not less than 15 Business Days' notice of their intention to prepay the Loan at the end of the interest period set by the Agent.

5.14 Prepayment; termination of Commitments

A notice under Clause 5.13 shall be irrevocable; the Agent shall promptly notify the Lenders or (as the case may require) the Affected Lender of the Borrowers' notice of intended prepayment; and:

(a) on the date on which the 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 Borrowers 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.

5.15 Application of prepayment

The provisions of Clause 8 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 and 6.4, each Interest Period shall be:

(a) 1 or 3 months as notified by the Borrowers to the Agent not later than 11.00 a.m. (Oslo time) 5 Business Days (or such longer period as the Agent and the Borrowers may agree) before the commencement of the Interest Period; or

(b) 3 months, if the Borrowers fail to notify the Agent by the time specified in paragraph (a); or

(c) such other period as the Agent may, with the authorisation of the Majority Lenders, agree with the Borrowers.

6.3 Duration of Interest Periods for repayment instalments

In respect of an amount due to be repaid under Clause 8 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 Borrowers have selected and the Lenders have agreed an Interest Period longer than 3 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 3 months.

7 DEFAULT INTEREST

7.1 Payment of default interest on overdue amounts

The Borrowers shall pay interest in accordance with the following provisions of this Clause 7 on any amount payable by the Borrowers under any Finance Document which the Agent, the Security Trustee or the other designated payee does not receive on or before the relevant date, that is:

(a) the date on which the Finance Documents provide that such amount is due for payment; or

(b) if a Finance Document provides that such amount is payable on demand, the date on which the demand is served; or

(c) if such amount has become immediately due and payable under Clause 19.4, 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 Clauses 7.3(a) and (b); or

(b) in the case of any other overdue amount, the rate set out at Clause 7.3(b).

7.3 Calculation of default rate of interest

The rates referred to in Clause 7.2 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); and

(b) the aggregate of the Margin 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 Borrowers of each interest rate determined by the Agent under Clause 7.3 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 Borrowers are liable to pay such interest only with effect from the date of the Agent's notification.

7.5 Payment of accrued default interest

Subject to the other provisions of this Agreement, any interest due under this Clause shall be paid on the last day of the 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 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

(a) The Borrowers shall repay the Loan as follows:

(i) if no Initial Extension Request has been served within the time frame set out in paragraph (a) of Clause 8.3 or an Initial Extension Request has been served but has been refused by all Lenders, the Loan shall be repaid by:

(A) 8 equal consecutive three-monthly instalments each in an amount equal to $1,861,600; and

(B) a balloon instalment in an amount equal to $40,955,200; or

(ii) if an Initial Extension Request has been served under paragraph (a) of Clause 8.3 and has been accepted by the Lenders (or any of them), the Loan shall be repaid by:

(A) 12 equal consecutive three-monthly instalments each in an amount equal to $1,861,600; and

(B) a balloon instalment in an amount equal to $33,508,800; or

(iii) if a Subsequent Extension Request has been served under paragraph (b) of Clause 8.3 and has been accepted by the Lenders (or any of them), the Loan shall be repaid by:

(A) 16 equal consecutive three-monthly instalments each in an amount equal to $1,861,600; and

(B) a balloon instalment in an amount equal to $26,062,400.

(b) If any Lender or Lenders refuse, or are deemed to have refused, an Extension Request and their respective Contributions are repaid in accordance with Clause 8.3(g) prior to the full repayment of the Loan, then the Repayment Instalments and the Balloon Instalment for each Repayment Date falling after the repayment of such Contributions will be reduced pro rata by the amount of the Loan repaid.

8.2 Repayment Dates

The first Repayment Instalment for the Loan shall be repaid on 19 June 2020, each subsequent Repayment Instalment shall be repaid at three-monthly intervals thereafter and the last Repayment Instalment together with the Balloon Instalment shall be repaid on the Final Maturity Date.

8.3 Extension of Final Maturity Date

(a) The Borrowers may, by delivering a request to the Agent (an "**Initial Extension Request**") not earlier than the date falling 5 months prior to the Initial Maturity Date but not later than the date falling 2 months prior to such date, request an extension of the Initial Maturity Date by 1 year.

(b) Subject to the Initial Maturity Date having been extended pursuant to paragraph (a) of this Clause, the Borrowers may, by delivering an additional Extension Request (a "**Subsequent Extension Request**"), not earlier than the date falling 5 months prior to the Extended Maturity Date but not later than the date falling 2 months prior to such date, request an additional extension of the Extended Maturity Date by 1 year.

(c) The Final Maturity Date shall in no event extend beyond the date falling on the fourth anniversary of the Drawdown Date.

(d) Each Extension Request delivered pursuant to paragraphs (a) and (b) of this Clause must specify whether, as at the date of that Extension Request, an Event of Default has occurred and is continuing or, in the Lenders' opinion (acting reasonably), might result from the extension requested in that Extension Request.

(e) The Agent shall promptly notify the Lenders of the receipt of an Extension Request.

(f) Each Lender may (in its absolute discretion) accept an Extension Request by giving written notice to the Agent by no later than the date falling 30 days after the date on which the relevant Extension Request was delivered to the Agent by the Borrowers (a "**Cut-Off Date**"). The Final Maturity Date in respect of the Contributions of each Lender that has accepted an Extension Request will be extended in accordance with that Extension Request upon payment of the fee payable pursuant to Clause 20.2 in respect of that extension.

(g) If a Lender notifies the Agent by the relevant Cut-Off Date that it refuses the Extension Request, then the Final Maturity Date in relation to the Contributions of that Lender and any interest accrued thereon shall remain unchanged and such amounts shall remain due and payable on such date.

(h) If a Lender fails to reply to the Agent with respect to an Extension Request by the relevant Cut-Off Date, it will be deemed to have refused the Extension Request.

(i) By no later than the date falling 3 Business Days after a Cut-Off Date, the Agent shall inform the Borrowers and the Lenders of:

(i) the identity of the Lenders which have accepted and the identity of the Lenders which have refused, or are deemed to have refused, the Extension Request; and

(ii) the amount of the Contributions which are to be extended.

(j) Any Extension Request delivered under this Clause is irrevocable.

8.4 Final Maturity Date

On the Final Maturity Date, the Borrowers shall additionally pay to the Agent for the account of the Creditor Parties all other sums then accrued or owing under any Finance Document.

8.5 Voluntary prepayment

Subject to the following conditions, the Borrowers may prepay the whole or any part of the Loan on the last day of an Interest Period.

8.6 Conditions for voluntary prepayment

The conditions referred to in Clause 8.5 are that:

(a) a partial prepayment shall be $500,000 or a higher integral multiple of $500,000;

(b) the Agent has received from the Borrowers at least 3 days' prior written notice specifying the amount to be prepaid and the date on which the prepayment is to be made;

(c) the Borrowers have provided evidence satisfactory to the Agent that any consent required by any Borrower or any Security Party in connection with the prepayment has been obtained and remains in force, and that any regulation relevant to this Agreement which affects any Borrower or any Security Party has been complied with; and

(d) the Borrowers have complied with Clause 8.13 on or prior to the date of prepayment.

8.7 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 Borrowers on the date for prepayment specified in the prepayment notice.

8.8 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 Borrowers under Clause 8.6(c).

8.9 Mandatory prepayment

The Borrowers shall be obliged to prepay the whole of the Relevant Amount if a Ship is sold or becomes a Total Loss:

(a) in the case of a sale, on or before the date on which the Mortgage on that Ship is released; or

(b) in the case of a Total Loss, on the earlier of the date falling 180 days after the Total Loss Date and the date of receipt by the Security Trustee of the proceeds of insurance relating to such Total Loss.

In this Clause 8.9 "Relevant Amount" means an amount achieved by dividing the Market Value of the Ship which has been sold or become Total Loss by the aggregate of the Market Value of all Ships (including the Ship that has become sold or Total Loss) and multiplying it by the Loan on the date that the relevant Ship is sold or becomes a Total Loss.

8.10 Amounts payable on prepayment

A prepayment shall be made together with accrued interest (and any other amount payable under Clause 21 or otherwise) in respect of the amount prepaid and, if the prepayment is not made on the last day of an Interest Period together with any sums payable under Clause 21.1(b) but without premium or penalty.

8.11 Application of partial prepayment

Each partial prepayment made pursuant to Clauses 8.5 and 8.9 shall be applied pro rata against the then outstanding Repayment Instalments and the Balloon Instalment.

8.12 No re-borrowing

No amount prepaid may be re-borrowed.

8.13 Unwinding of Designated Transactions

On or prior to any repayment or prepayment of the Loan under this Clause 8 or any other provision of this Agreement, each 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 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.

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 service of the Drawdown Notice, the Agent receives:

(i) the documents described in Part A of Schedule 3 in form and substance satisfactory to the Agent and its lawyers; and

(ii) the arrangement fee referred to in Clause 20.1;

(b) that, on the Drawdown Date but prior to the making of the Loan, the Agent receives or is satisfied that it will receive on the making of the Loan the documents described in Part B of Schedule 3 in form and substance satisfactory to it and its lawyers;

(c) that, on or before the service of the Drawdown Date, the Agent receives payment of any expenses payable pursuant to Clause 20.3 which is due and payable on the Drawdown Date;

(d) 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 and those of any Borrower or any Security Party which are set out in the other Finance Documents would be true and not misleading if repeated on each of those dates with reference to the circumstances then existing;

(iii) none of the circumstances contemplated by Clause 5.7 has occurred and is continuing; and

(iv) there has been no material adverse change in the financial condition, state of affairs or prospects of the Borrowers (or any of them), the Corporate Guarantor or any other Security Party since 31 October 2019 in the light of which the Agent considers that there is a significant risk that the Borrowers, the Corporate Guarantor or any other Security Party is, or will later become, unable to discharge its liabilities under the Finance Documents to which it is a party as they fall due;

(e) that, if the ratio set out in Clause 15.1 were applied immediately following the making of the Loan, the Borrowers would not be obliged to provide additional security or prepay part of the Loan under that Clause; and

(f) that the Agent has received, and found to be acceptable to it, any further opinions, consents, agreements and documents in connection with the Finance Documents which the Agent may, with the authorisation of the Majority Lenders, request by notice to the Borrowers prior to the Drawdown Date.

9.2 Waiver of conditions precedent

(a) Subject to paragraph (b) below, if the Majority Lenders, at their discretion, permit the Loan to be borrowed before certain of the conditions referred to in Clause 9.1 are satisfied, the Borrowers shall ensure that those conditions are satisfied within 5 Business Days after the Drawdown Date (or such longer period as the Agent may, with the authorisation of the Majority Lenders, specify).

(b) The Majority Lenders hereby agree to permit the Loan to be borrowed prior to the Borrowers providing the letters of undertaking and the letters of resignation which are to be signed under each Shares Pledge by Mr Symeon Palios in his capacity as director and/or officer of each Borrower, on the condition that the Borrowers shall ensure that they will provide these letters duly signed by Mr Symeon Palios (or his replacement director or, as the case may be, officer) within 3 months 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

Each Borrower represents and warrants to each Creditor Party as follows.

10.2 Status

(a) Each Borrower, save for Vesta, is duly incorporated and validly existing and in good standing under the laws of the Marshall Islands.

(b) Vesta is duly incorporated and validly existing and in good standing under the laws of Panama.

10.3 Shares and ownership

(a) Each Borrower (other than Vesta) is authorised to issue Five hundred (500) registered shares with par value of $0,01 each.

(b) Vesta has an authorised share capital of One hundred (100) registered shares.

(c) The legal title and beneficial ownership of all those shares is held, free of any Security Interest or other claim, by the Corporate Guarantor.

10.4 Corporate power

Each Borrower has the corporate capacity, and has taken all corporate action and obtained all consents necessary for it:

(a) to register permanently the Ship owned by it in its name under the Approved Flag;

(b) to execute the Finance Documents to which that Borrower is a party; and

(c) to borrow under this Agreement, to enter into Designated Transactions under the Master Agreement and to make all the payments contemplated by, and to comply with, those Finance Documents to which it is a party.

10.5 Consents in force

All the consents referred to in Clause 10.4 remain in force and nothing has occurred which makes any of them liable to revocation.

10.6 Legal validity; effective Security Interests

The Finance Documents to which each Borrower is a party, do now or, as the case may be, will, upon execution and delivery (and, where applicable, registration as provided for in the Finance Documents):

(a) constitute that Borrower's legal, valid and binding obligations enforceable against that Borrower in accordance with their respective terms; and

(b) create legal, valid and binding Security Interests 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, at the time of the execution and delivery of each Finance Document to which a Borrower is a party:

(a) each Borrower which is a party to that Finance Document will have the right to create all the Security Interests which that Finance Document purports to create; and

(b) no third party will have any Security Interest (except for Permitted Security Interests) or any other interest, right or claim over, in or in relation to any asset to which any such Security Interest, by its terms, relates.

10.8 No conflicts

The execution by each Borrower of each Finance Document to which it is a party, and the borrowing by that 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 that Borrower; or

(c) any contractual or other obligation or restriction which is binding on that Borrower or any of its assets.

10.9 No withholding taxes

All payments which each Borrower is liable to make under the Finance Documents to which it is a party may be made without deduction or withholding for or on account of any tax payable under any law of any Pertinent Jurisdiction.

10.10 No default

No Event of Default or Potential Event of Default has occurred.

10.11 Information

All information which has been provided in writing by or on behalf of the Borrowers or any Security Party to any Creditor Party in connection with any Finance Document satisfied the requirements of Clause 11.5; all audited and unaudited accounts which have been so provided satisfied the requirements of Clause 11.7; and there has been no material adverse change in the financial position or state of affairs of any Borrower from that disclosed in the latest of those accounts.

10.12 No litigation

No legal or administrative action involving any Borrower (including action relating to any alleged or actual breach of the ISM Code or the ISPS Code) has been commenced or taken or, to any Borrower's knowledge, is likely to be commenced or taken.

10.13 Validity and completeness of the Initial Charter

(a) The Initial Charter constitutes valid, binding and enforceable obligations of the Initial Charterer and Bokak in accordance with its terms.

(b) The copy of the Initial Charter delivered to the Agent before the date of this Agreement is a true and complete copy.

(c) Other than those amendments and additions to the Initial Charter disclosed to the Agent before the date of this Agreement, no amendments or additions to the Initial Charter have been agreed nor has Bokak or the Initial Charterer waived any of their respective rights under the Initial Charter.

10.14 Compliance with certain undertakings

At the date of this Agreement, the Borrowers are in compliance with Clauses 11.2, 11.4, 11.9 and 11.13.

10.15 Taxes paid

Each Borrower has paid all taxes applicable to, or imposed on or in relation to that Borrower, its business or the Ship owned by it.

10.16 ISM Code and ISPS Code compliance

All requirements of the ISM Code and the ISPS Code as they relate to the Borrowers, the Approved Manager and the Ships have been complied with.

10.17 No money laundering

Without prejudice to the generality of Clause 2.3, in relation to the borrowing by the Borrowers of the Loan, the performance and discharge of their obligations and liabilities under the Finance Documents, and the transactions and other arrangements affected or contemplated by the Finance Documents to which a Borrower is a party, the Borrowers confirm (i) that they are acting for their own account; (ii) that they will use the proceeds of the Loan for their own benefit, under their full responsibility and exclusively for the purposes specified in this Agreement; (iii) that no Borrower and no Security Party nor any of their respective subsidiaries, directors, or officers, or, to the best of the Borrowers' knowledge, any affiliate, agent or employee thereof 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 each Borrower and each Security Party has instituted and maintains policies and procedures designated to prevent violation of such laws regulations and rules and (iv) 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).

10.18 No immunity

No Borrower, nor any of their 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 Laws

(a) Each Borrower, Security Party and member of the Group and their respective subsidiaries, directors, officers, employees, and to the best of each Borrower's knowledge, their respective agents or representatives has been and is in compliance with Sanctions Laws.

(b) No Borrower, Security Party or member of the Group, none of their subsidiaries and none of their respective directors, officers, employees, and to the best of each Borrower's knowledge, none of their respective agents or representatives:

(i) is a Restricted Party, or is involved in any transaction through which it is likely to become a Restricted Party; or

(ii) is subject to or involved in any inquiry, claim, action, suit, proceeding or investigation against it with respect to Sanctions Laws by any Sanctions Authority.

10.20 Compliance with applicable laws

Each Borrower is at all times in compliance with all applicable laws or regulations, including but not limited to all Environmental Laws.

11 GENERAL UNDERTAKINGS

11.1 General

Each Borrower undertakes with each Creditor Party to comply with the following provisions of this Clause 11 at all times during the Security Period except as the Agent may, with the authorisation of the Majority Lenders, otherwise permit.

11.2 Title; negative pledge

Each Borrower will:

(a) hold the legal title to, and own the entire beneficial interest in the Ship owned by it, the Insurances and Earnings, free from all Security Interests and other interests and rights of every kind, except for those created by the Finance Documents and the effect of assignments contained in the Finance Documents and except for Permitted Security Interests; and

(b) not create or permit to arise any Security Interest (except for Permitted Security Interests) over any other asset, present or future (including, but not limited to, that Borrower's rights against the Swap Bank under the Master Agreement or all or any part of that Borrower's interest in any amount payable to that Borrower by the Swap Bank under the Master Agreement).

11.3 No disposal of assets

No Borrower will transfer, lease or otherwise dispose of:

(a) all or a substantial part of its assets, whether by one transaction or a number of transactions, whether related or not; or

(b) any debt payable to it or any other right (present, future or contingent right) to receive a payment, including any right to damages or compensation,

but paragraph (a) does not apply to any charter of a Ship as to which Clause 14.13 applies.

11.4 No other liabilities or obligations to be incurred

No Borrower will incur any liability or obligation except:

(a) under the Finance Documents to which it is a party;

(b) liabilities or obligations reasonably incurred in the ordinary course of owning, operating and chartering the Ship;

(c) in respect of the Designated Transactions; and

(d) for the duration Existing Indebtedness Grace Period only, liabilities incurred under the Previous Loan Agreement.

11.5 Information provided to be accurate

All financial and other information which is provided in writing by or on behalf of a Borrower under or in connection with any Finance Document will be true and not misleading and will not omit any material fact or consideration.

11.6 Provision of financial statements

Each Borrower will send or procure that are to be 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 Corporate Guarantor the audited annual consolidated financial statements of the Corporate Guarantor for that Financial Year of the Corporate Guarantor (commencing with the financial statements for the year that ended on 31 December 2019);

(b) as soon as possible, but in no event later than 90 days after the end of each Financial Year of the Corporate Guarantor the unaudited annual consolidated financial statements of the Corporate Guarantor for that Financial Year of the Corporate Guarantor (commencing with the financial statements for the year that ended on 31 December 2019);

(c) as soon as possible, but in no event later than 90 days after 30 June in each Financial Year of the Corporate Guarantor the unaudited semi-annual consolidated financial statements of the Corporate Guarantor for the first six-month period of such Financial Year and in the form published in the relevant press release (commencing with the financial statements for the 6-month period ending 30 June 2020) certified as to their correctness by the chief financial officer of the Corporate Guarantor; and

(d) promptly after a request by the Agent, such further financial or other information in respect of the Borrowers, the Ships, the Corporate Guarantor, the other Security Parties, the Fleet Vessels and the Group (including, but not limited to, charter arrangements, Financial Indebtedness, operating expenses) as the Agent may reasonably require.

11.7 Form of financial statements

All accounts delivered under Clause 11.6 will:

(a) be prepared in accordance with all applicable laws and GAAP consistently applied;

(b) give a true and fair view of the state of affairs of the Group at the date of those accounts and of its profit for the period to which those accounts relate; and

(c) fully disclose or provide for all significant liabilities of the Group.

11.8 Shareholder and creditor notices

Each Borrower will send the Agent, at the same time as they are despatched, copies of all communications which are despatched to that Borrower's shareholders or creditors or any class of them.

11.9 Consents

Each Borrower will maintain in force and promptly obtain or renew, and will promptly send certified copies to the Agent of, all consents required:

(a) for that Borrower to perform its obligations under any Finance Document to which it is a party;

(b) for the validity or enforceability of any Finance Document to which it is a party; and

(c) for that Borrower to continue to own and operate the Ship owned by it,

and that Borrower will comply with the terms of all such consents.

11.10 Maintenance of Security Interests

Each Borrower will:

(a) at its own cost, do all that is necessary to ensure that any Finance Document to which it is a party validly creates the obligations and the Security Interests which it purports to create; and

(b) without limiting the generality of paragraph (a), at its own cost, promptly register, file, record or enrol any Finance Document with any court or authority in all Pertinent Jurisdictions, pay any stamp, registration or similar tax in all Pertinent Jurisdictions in respect of any Finance Document, give any notice or take any other step which, in the opinion of the Majority Lenders, is or has become necessary or desirable for any Finance Document to be valid, enforceable or admissible in evidence or to ensure or protect the priority of any Security Interest which it creates.

11.11 Notification of litigation

Each Borrower will provide the Agent with details of any legal or administrative action involving that Borrower, any Security Party, the Approved Manager or the Ship owned by it, the Earnings or the Insurances as soon as such action is instituted or it becomes apparent to that Borrower that it is likely to be instituted, unless it is clear that the legal or administrative action cannot be considered material in the context of any Finance Document.

11.12 No amendment to Master Agreement

No Borrower will agree to any amendment or supplement to, or waive or fail to enforce, the Master Agreement or any of its provisions.

11.13 Principal place of business

No Borrower will establish, or do anything as a result of which it would be deemed to have, a place of business in any country other than Greece.

11.14 Confirmation of no default

Each Borrower will, within 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 that Borrower and which:

(a) states that no Event of Default or Potential Event of Default has occurred; or

(b) states that no Event of Default or Potential Event of Default has occurred, except for a specified event or matter, of which all material details are given.

The Agent may serve requests under this Clause 11.14 from time to time but only if asked to do so by a Lender or Lenders having Contributions exceeding 10 per cent. of the Loan or (if the Loan hasn't been drawn) Commitments exceeding 10 per cent of the Total Commitments; and this Clause 11.14 does not affect the Borrowers' obligations under Clause 11.15.

11.15 Notification of default

Each Borrower will notify the Agent as soon as that Borrower becomes aware of:

(a) the occurrence of an Event of Default or a Potential Event of Default; or

(b) any matter which indicates that an Event of Default or a Potential Event of Default may have occurred,

and will keep the Agent fully up to date with all developments.

11.16 Provision of further information

Each Borrower will, as soon as practicable after receiving the request, provide the Agent with any additional financial or other information relating:

(a) to the Borrowers, the Group, the Corporate Guarantor, the Ships, the other Fleet Vessels, their Insurances or their Earnings (including, but not limited to, any sales or purchases of any Fleet Vessels, the incurrence of Financial Indebtedness by members of the Group, details of the employment of the Fleet Vessels) as the Agent may require; or

(b) to any other matter relevant to, or to any provision of, a Finance Document,

which may be requested by the Agent, the Security Trustee, the Swap Bank or any Lender at any time.

11.17 Provision of copies and translation of documents

Each Borrower will supply the Agent with a sufficient number of copies of the documents referred to above to provide 1 copy for each Creditor Party; and if the Agent so requires in respect of any of those documents, the Borrowers will provide a certified English translation prepared by a translator approved by the Agent.

11.18 Know your customer

Promptly upon the Agent's request each Borrower will supply, or procure the supply of, such documentation and other evidence as is reasonably requested by the Agent in order for each Creditor Party to carry out and be satisfied with the results of all necessary "know your client" or other checks which it is required to carry out in relation to the transactions contemplated by the Finance Documents and to the identity of any parties to the Finance Documents (other than Creditor Parties) and their directors and officers.

11.19 No amendment to the Initial Charter

Bokak will ensure that the parties to the Initial Charter will not agree to any amendment or supplement to, or waive or fail to enforce, the Initial Charter or any of its provisions.

11.20 Payment of taxes

Each Borrower shall pay when due all taxes applicable to, or imposed on, its business or the Ship owned by it.

11.21 Bribery and anti-corruption laws

(a) No Borrower shall 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.

(b) Each Borrower shall (and shall procure that each other Security Party and each other member of the Group shall):

(i) conduct its businesses in compliance with applicable anti-corruption laws; and

(ii) maintain policies and procedures designed to promote and achieve compliance with such laws.

11.22 Sanctions Laws

(a) Each Borrower shall ensure that none of them or the Security Parties nor any of their respective subsidiaries or any member of the Group, their respective directors, officers, employees, agents or representatives or any other persons acting on any of their behalf, is or will become a Restricted Party.

(b) Each Borrower shall supply to the Agent, promptly upon becoming aware of them, the details of any inquiry, claim, action, suit, proceeding or investigation pursuant to Sanctions Laws by any Sanctions Authority against a Borrower, any Security Party, any of their respective direct or indirect owners, their respective subsidiaries or any member of the Group, any of their joint ventures or any of their respective directors, officers, employees, agents or representatives, as well as information on what steps are being taken with regards to answer or oppose such.

(c) Each Borrower shall (and shall procure that the other members of the Group will) implement and maintain in effect policies and procedures designed to promote and ensure compliance by them and their respective directors, officers and employees acting on their behalf with Sanctions Laws and anti-corruption laws and regulations.

11.23 Use of proceeds

(a) No proceeds of the Loan shall be made available, directly or indirectly, to or for the benefit of a Restricted Party nor shall they be otherwise directly or indirectly, applied in a manner or for a purpose prohibited by Sanctions Laws.

(b) The Borrowers shall not repay or prepay the Loan or any part thereof or fund all or any part of any payment under this Agreement (i) out of proceeds from funds or assets that (A) constitute property of, or that are beneficially owned directly or indirectly by, any Restricted Party or (B) are obtained or derived from transactions with or relating to any Restricted Party or transactions in violation of Sanctions Laws or (ii) in any manner that would cause any Lender to be in violation of Sanctions Laws.

12 CORPORATE UNDERTAKINGS

12.1 General

Each Borrower also undertakes with each Creditor Party to comply with the following provisions of this Clause 12 at all times during the Security Period except as the Agent may, with the authorisation of the Majority Lenders, otherwise permit.

12.2 Maintenance of status

(a) Each Borrower (other than Vesta) will maintain its separate corporate existence and remain in good standing under the laws of the Marshall Islands.

(b) Vesta will maintain its separate corporate existence and remain in good standing under the laws of Panama.

12.3 Negative undertakings

No Borrower will:

(a) carry on any business other than the ownership, chartering and operation of the Ship owned by that Borrower; or

(b) pay any dividend or make any other form of distribution or effect any form of redemption, purchase or return of share capital (the "**Distribution**") if an Event of Default has occurred at any relevant time which is continuing or an Event of Default will result from the Distribution; or

(c) provide any form of credit or financial assistance to:

(i) a person who is directly or indirectly interested in that Borrower's share or loan capital; or

(ii) any company in or with which such a person is directly or indirectly interested or connected,

or enter into any transaction with or involving such a person or company on terms which are, in any respect, less favourable to that Borrower than those which it could obtain in a bargain made at arms' length; or

(d) 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; or

(e) issue, allot or grant any person a right to any shares in its capital or repurchase or reduce its issued share capital; or

(f) 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; or

(g) enter into any form of amalgamation, merger or de-merger or any form of reconstruction or reorganisation.

13 INSURANCE

13.1 General

Each Borrower also undertakes with each Creditor Party to comply with the following provisions of this Clause 13 at all times during the Security Period except as the Agent may, with the authorisation of the Majority Lenders, otherwise permit.

13.2 Maintenance of obligatory insurances

Each Borrower shall keep the Ship owned by it insured at the expense of that Borrower against:

(a) fire and usual marine risks (including hull and machinery and excess risks);

(b) war risks (including terrorism, piracy and confiscation);

(c) protection and indemnity risks (other than loss of hire or political risks); and

(d) any other risks against which the Security Trustee considers, having regard to practices and other circumstances prevailing at the relevant time, it would in the opinion of the Security Trustee be reasonable for that Borrower to insure and which are specified by the Security Trustee by notice to that Borrower.

13.3 Terms of obligatory insurances

Each Borrower shall effect such insurances:

(a) in Dollars;

(b) in the case of fire and usual marine risks and war risks, (including hull interest and freight interest) in such amount as shall from time to time be approved by the Security Trustee but in any event in an amount not less than the greater of (i) an amount which when aggregated with the insured value of the other Ships then subject to a Mortgage, 120 per cent of the aggregate of the Loan and (ii) the Market Value of the Ship owned by it;

(c) in the case of hull and machinery policy at an agreed insured value (excluding hull interest and freight interest) in an amount of not less than an amount which when aggregated with the agreed insured values under all the other hull and machinery policies for the other Ships then subject to a Mortgage is not less than the principal amount of the Loan **Provided that** the Borrowers are in compliance with their obligations under paragraph (b) above at all times;

(d) in the case of oil pollution liability risks, for an aggregate amount equal to the highest level of cover from time to time available under basic protection and indemnity club entry and in the international marine insurance market;

(e) in relation to protection and indemnity risks in respect of the full tonnage of the Ship;

(f) on approved terms; and

(g) through approved brokers and with approved insurance companies and/or underwriters or, in the case of war risks and protection and indemnity risks, in approved war risks and protection and indemnity risks associations.

13.4 Further protections for the Creditor Parties

In addition to the terms set out in Clause 13.3, each Borrower shall procure that the obligatory insurances effected by it shall:

(a) subject always to paragraph (b), name that Borrower as the sole named assured unless the interest of every other named assured is limited:

(i) in respect of any obligatory insurances for hull and machinery and war risks;

(A) to any provable out-of-pocket expenses that it has incurred and which form part of any recoverable claim on underwriters; and

(B) to any third party liability claims where cover for such claims is provided by the policy (and then only in respect of discharge of any claims made against it); and

(ii) in respect of any obligatory insurances for protection and indemnity risks, to any recoveries it is entitled to make by way of reimbursement following discharge of any third party liability claims made specifically against it

and every other named assured has undertaken in writing to the Security Trustee (in such form as it requires) that any deductible shall be apportioned between that Borrower and every other named assured in proportion to the gross claims made or paid by each of them and that it shall do all things necessary and provide all documents, evidence and information to enable the Security Trustee to collect or recover any moneys which at any time become payable in respect of the obligatory insurances;

(b) whenever the Security Trustee requires, name (or be amended to name) the Security Trustee as additional named assured for its rights and interests, warranted no operational interest and with full waiver of rights of subrogation against the Security Trustee, but without the Security Trustee thereby being liable to pay (but having the right to pay) premiums, calls or other assessments in respect of such insurance;

(c) name the Security Trustee as loss payee with such directions for payment as the Security Trustee may specify;

(d) 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;

(e) provide that such 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; and

(f) provide that the Security Trustee may make proof of loss if that Borrower fails to do so.

13.5 Renewal of obligatory insurances

Each Borrower shall:

(a) at least 21 days before the expiry of any obligatory insurance effected by it:

(i) notify the Security 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 Security Trustee's approval to the matters referred to in paragraph (i);

(b) at least 14 days before the expiry of any obligatory insurance, renew that obligatory insurance in accordance with the Security Trustee's approval pursuant to paragraph (a); and

(c) procure that the approved brokers and/or the war risks and protection and indemnity associations with which such a renewal is effected shall promptly after the renewal notify the Security Trustee in writing of the terms each conditions of the renewal.

13.6 Copies of policies; letters of undertaking

Each Borrower shall ensure that all approved brokers provide the Security Trustee with pro forma copies of all policies relating to the obligatory insurances which they are to effect or renew and of a letter or letters of undertaking in a form required by the Security Trustee and including undertakings by the approved brokers that:

(a) they will have endorsed on each policy, immediately upon issue, a loss payable clause and a notice of assignment complying with the provisions of Clause 13.4;

(b) they will hold such policies, and the benefit of such insurances, to the order of the Security Trustee in accordance with the said loss payable clause;

(c) they will advise the Security Trustee immediately of any material change to the terms of the obligatory insurances;

(d) they will notify the Security Trustee, not less than 14 days before the expiry of the obligatory insurances, in the event of their not having received notice of renewal instructions from that Borrower or its agents and, in the event of their receiving instructions to renew, they will promptly notify the Security Trustee of the terms of the instructions; and

(e) they will not set off against any sum recoverable in respect of a claim relating to the Ship owned by that Borrower under such obligatory insurances any premiums or other amounts due to them or any other person whether in respect of that Ship or otherwise, they waive any lien on the policies, or any sums received under them, which they might have in respect of such premiums or other amounts, and they will not cancel such obligatory insurances by reason of non-payment of such premiums or other amounts, and will arrange for a separate policy to be issued in respect of that Ship forthwith upon being so requested by the Security Trustee.

13.7 Copies of certificates of entry

Each Borrower shall ensure that any protection and indemnity and/or war risks associations in which the Ship owned by it is entered provides the Security Trustee with:

(a) a certified copy of the certificate of entry for that Ship owned by it;

(b) a letter or letters of undertaking in such form as may be required by the Security Trustee; and

(c) a certified copy of each certificate of financial responsibility for pollution by oil or other Environmentally Sensitive Material issued by the relevant certifying authority in relation to that Ship.

13.8 Deposit of original policies

Each Borrower shall ensure that all policies relating to obligatory insurances effected by it are deposited with the approved brokers through which the insurances are effected or renewed.

13.9 Payment of premiums

Each Borrower shall punctually pay all premiums or other sums payable in respect of the obligatory insurances effected by it and produce all relevant receipts when so required by the Security Trustee.

13.10 Guarantees

Each Borrower shall ensure that any guarantees required by a protection and indemnity or war risks association are promptly issued and remain in full force and effect.

13.11 Restrictions on employment

No Borrower shall employ its Ship, nor shall permit it to be employed, outside the cover provided by any obligatory insurances.

13.12 Compliance with terms of insurances

No Borrower shall 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) each Borrower 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 Clause 13.6(c)) 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) no Borrower shall make any changes relating to the classification or classification society or manager or operator of the Ship owned by it approved by the underwriters of the obligatory insurances;

(c) each Borrower 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 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) no Borrower shall employ the Ship owned by it, nor allow it to be employed, otherwise than in conformity with the terms and conditions of the obligatory insurances, without first obtaining the consent of the insurers and complying with any requirements (as to extra premium or otherwise) which the insurers specify.

13.13 Alteration to terms of insurances

(a) No Borrower shall make nor agree to any alteration to the terms of any obligatory insurance nor waive any right relating to any obligatory insurance.

(b) Without limiting the generality of the foregoing, no Borrower shall either make or agree to any alteration to the terms of any war risks and allied perils coverage (including piracy coverage) whereby trading to conditional (excluded) areas not declared on the annual policy would be altered without the consent of the Agent.

13.14 Settlement of claims

No Borrower shall settle, compromise or abandon any claim under any obligatory insurance for Total Loss or for a Major Casualty, and shall do all things necessary and provide all documents, evidence and information to enable the Security Trustee to collect or recover any moneys which at any time become payable in respect of the obligatory insurances.

13.15 Provision of copies of communications

Each Borrower shall provide the Security Trustee, at the time of each such communication, copies of all written communications between a Borrower and:

(a) the approved brokers;

(b) the approved protection and indemnity and/or war risks associations; and

(c) the approved insurance companies and/or underwriters, which relate directly or indirectly to:

(i) that Borrower's obligations relating to the obligatory insurances including, without limitation, all requisite declarations and payments of additional premiums or calls; and

(ii) any credit arrangements made between that Borrower and any of the persons referred to in paragraphs (a) or (b) relating wholly or partly to the effecting or maintenance of the obligatory insurances.

13.16 Provision of information

In addition, each Borrower shall promptly provide the Security Trustee (or any persons which it may designate) with any information which the Security Trustee (or any such designated person) requests for the purpose of:

(a) obtaining or preparing any report from an independent marine insurance broker as to the adequacy of the obligatory insurances effected or proposed to be effected; and/or

(b) effecting, maintaining or renewing any such insurances as are referred to in Clause 13.17 below or dealing with or considering any matters relating to any such insurances,

and the Borrowers shall, forthwith upon demand, indemnify the Security Trustee in respect of all fees and other expenses incurred by or for the account of the Security Trustee in connection with any such report as is referred to in paragraph (a).

13.17 Mortgagee's interest insurances

The Security Trustee shall be entitled from time to time to effect, maintain and renew a mortgagee's interest marine insurance policy in such amounts, on such terms, through such insurers and generally in such manner as the Security Trustee may from time to time consider appropriate and each Borrower shall upon demand fully indemnify the Creditor Parties in respect of all premiums and other expenses which are incurred in connection with or with a view to effecting, maintaining or renewing any such insurance or dealing with, or considering, any matter arising out of any such insurance.

13.18 Review of insurance requirements

The Agent shall be entitled to review the requirements of this Clause 13 from time to time in order to take account of any changes in circumstances after the date of this Agreement which the Agent reasonably considers significant and capable of affecting the Borrowers, the Ships and their Insurances (including, without limitation, changes in the availability or the cost of insurance coverage or the risks to which each Borrower may be subject), and may appoint insurance consultants in relation to this review at the cost of that Borrower.

13.19 Modification of insurance requirements

The Agent shall notify the Borrowers of any proposed modification under Clause 13.18 to the requirements of this Clause 13 which the Agent reasonably considers appropriate in the circumstances, and such modification shall take effect on and from the date it is notified in writing to the relevant Borrower as an amendment to this Clause 13 and shall bind that Borrower accordingly.

13.20 Compliance with mortgagee's instructions

The Agent shall be entitled (without prejudice to or limitation of any other rights which it may have or acquire under any Finance Document) to require a Ship to remain at any safe port or to proceed to and remain at any safe port designated by the Agent until the Borrower owning that Ship implements any amendments to the terms of the obligatory insurances and any operational changes required as a result of a notice served under Clause 13.19.

14 SHIP COVENANTS

14.1 General

Each Borrower also undertakes with each Creditor Party to comply with the following provisions of this Clause 14 at all times during the Security Period except as the Agent, with the authorisation of the Majority Lenders, may otherwise permit (and in the case of Clauses 14.2 and 14.13(e), such permission not to be unreasonably withheld).

14.2 Ship's name and registration

Each Borrower shall keep the Ship owned by it registered in its name under an Approved Flag; shall not do, omit to do or allow to be done anything as a result of which such registration might be cancelled or imperilled; and shall not change the name or port of registry of the Ship owned by it.

14.3 Repair and classification

Each Borrower shall keep the Ship owned by it in a good and safe condition and state of repair:

(a) consistent with first class ship ownership and management practice;

(b) so as to maintain the highest class free of overdue recommendations and conditions with a classification society which is a member of IACS acceptable to the Agent; and

(c) so as to comply with all laws and regulations applicable to vessels registered at ports in the applicable Approved Flag State or to vessels trading to any jurisdiction to which that Ship may trade from time to time, including but not limited to the ISM Code and the ISPS Code.

14.4 Classification society undertaking

Each Borrower shall instruct the classification society referred to in Clause 14.3:

(a) to send to the Security Trustee, following receipt of a written request from the Security Trustee, certified true copies of all original class records held by the classification society in relation to its Ship;

(b) to allow the Security Trustee (or its agents), at any time and from time to time, to inspect the original class and related records of its Ship at the offices of the classification society and to take copies of them;

(c) to notify the Security Trustee immediately in writing if the classification society:

(i) receives notification from that Borrower or any other person that its Ship's classification society is to be changed; or

(ii) becomes aware of any facts or matters which may result in or have resulted in a change, suspension, discontinuance, withdrawal or expiry of that Ship's class under the rules or terms and conditions of that Borrower's or its Ship's membership of the classification society; and

(d) following receipt of a written request from the Security Trustee:

(i) to confirm that a Borrower is not in default of any of its contractual obligations or liabilities to the classification society and, without limiting the foregoing, that it has paid in full all fees or other charges due and payable to the classification society; or

(ii) if a Borrower is in default of any of its contractual obligations or liabilities to the classification society, to specify to the Security Trustee in reasonable detail the facts and circumstances of such default, the consequences of such default, and any remedy period agreed or allowed by the classification society.

14.5 Modification

No Borrower shall make any modification or repairs to, or replacement of, any Ship or equipment installed on it which would or might materially alter the structure, type or performance characteristics of that Ship or materially reduce its value.

14.6 Removal of parts

No Borrower shall remove any material part of any Ship, or any item of equipment installed on, any Ship unless the part or item so removed is forthwith replaced by a suitable part or item which is in the same condition as or better condition than the part or item removed, is free from any Security Interest or any right in favour of any person other than the Security Trustee and becomes on installation on the relevant Ship the property of the relevant Borrower and subject to the security constituted by the relevant Mortgage **Provided that** a Borrower may install equipment owned by a third party if the equipment can be removed without any risk of damage to the Ship owned by it.

14.7 Surveys

Each Borrower shall submit the Ship owned by it regularly to all periodical or other surveys which may be required for classification purposes and, if so required by the Security Trustee provide the Security Trustee, with copies of all survey reports.

14.8 Inspection

Each Borrower shall permit the Security Trustee (by surveyors or other persons appointed by it for that purpose) to board the Ship owned by it at all reasonable times to inspect its condition or to satisfy themselves about proposed or executed repairs and shall afford all proper facilities for such inspections.

14.9 Prevention of and release from arrest

Each Borrower shall promptly discharge:

(a) all liabilities which give or may give rise to maritime or possessory liens on or claims enforceable against the Ship owned by it, the Earnings or the Insurances;

(b) all taxes, dues and other amounts charged in respect of the Ship owned by it, the Earnings or the Insurances; and

(c) all other outgoings whatsoever in respect of the Ship owned by it, the Earnings or the Insurances,

and, forthwith upon receiving notice of the arrest of the Ship owned by it, or of its detention in exercise or purported exercise of any lien or claim, that Borrower shall procure its release by providing bail or otherwise as the circumstances may require.

14.10 Compliance with laws etc.

Each Borrower shall:

(a) comply, or procure compliance with the ISM Code, the ISPS Code, all Environmental Laws, Sanctions Laws and all other laws or regulations relating to the Ship owned by it, its ownership, operation and management or to the business of that Borrower;

(b) not employ the Ship owned by it nor allow its employment in any manner contrary to any law or regulation in any relevant jurisdiction including but not limited to the ISM Code, the ISPS Code and Sanctions Laws; 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 owned by it to enter or trade to any zone which is declared a war zone by any government or by the Ship's war risks insurers unless the prior written consent of the Security Trustee has been given and that Borrower has (at its expense) effected any special, additional or modified insurance cover which the Security Trustee may require.

14.11 Provision of information

Each Borrower shall promptly provide the Security Trustee with any information which it requests regarding:

(a) the Ship owned by it, its employment, position and engagements;

(b) the Earnings and payments and amounts due to the master and crew of the 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;

(d) any towages and salvages; and

(e) its compliance, the Approved Manager's compliance and the compliance of the Ship owned by it with the ISM Code, the ISPS Code and Sanctions Laws,

and, upon the Security Trustee's request, provide copies of any current charter relating to the Ship owned by it , of any current charter guarantee and copies of the Borrower's or the Approved Manager's Document of Compliance.

14.12 Notification of certain events

Each Borrower 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 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 classification society or by any competent authority which is not immediately complied with;

(d) any arrest or detention of the Ship owned by it, any exercise or purported exercise of any lien on that Ship or its Earnings or any requisition of that Ship for hire;

(e) any intended dry docking of the Ship owned by it;

(f) any Environmental Claim made against that Borrower or in connection with the Ship owned by it, or any Environmental Incident;

(g) any claim for breach of the ISM Code or the ISPS Code being made against the Borrower, the Approved Manager or otherwise in connection with the 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 Borrower shall keep the Security Trustee advised in writing on a regular basis and in such detail as the Security Trustee shall require of that Borrower's, the Approved Manager's or any other person's response to any of those events or matters.

14.13 Restrictions on chartering, appointment of managers etc.

No Borrower shall, in relation to the Ship owned by it:

(a) let that Ship on demise charter for any period;

(b) other than the Initial Charter, enter into any time or consecutive voyage charter in respect of that Ship for a term which exceeds, or which by virtue of any optional extensions may exceed, 18 months;

(c) enter into any charter in relation to that Ship under which more than 2 months' hire (or the equivalent) is payable in advance;

(d) charter that Ship otherwise than on bona fide arm's length terms at the time when that Ship is fixed;

(e) appoint a manager of that Ship other than the Approved Manager or agree to any alteration to the terms of the Approved Manager's appointment;

(f) de activate or lay-up that Ship; or

(g) put that Ship into the possession of any person for the purpose of work being done upon it in an amount exceeding or likely to exceed 1,000,000 (or the equivalent in any other currency) unless that person has first given to the Security Trustee and in terms satisfactory to it a written undertaking not to exercise any lien on that Ship or its Earnings for the cost of such work or for any other reason.

14.14 Notice of Mortgage

Each Borrower shall keep the relevant Mortgage registered against the Ship owned by it as a valid first priority or preferred mortgage, carry on board that Ship a certified copy of the relevant Mortgage and place and maintain in a conspicuous place in the navigation room and the Master's cabin of that Ship a framed printed notice stating that that Ship is mortgaged by that Borrower to the Security Trustee.

14.15 Sharing of Earnings

No Borrower 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; and

(c) the reduction of the amount of any Earnings or otherwise for the release or adverse alteration of any right of a Borrower to any Earnings.

14.16 ISPS Code

Each Borrower shall comply with the ISPS Code and in particular, without limitation, shall:

(a) procure that the Ship owned by that Borrower and the company responsible for that Ship's compliance with the ISPS Code comply with the ISPS Code;

(b) maintain for that Ship an ISSC; and

(c) notify the Agent immediately in writing of any actual or threatened withdrawal, suspension, cancellation or modification of the ISSC.

14.17 Charterparty Assignment

If a Borrower enters into any Charter (subject to obtaining the consent of the Agent in accordance with Clause 14.13(b)), that Borrower shall at the request of the Agent execute in favour of the Security Trustee (and register, if applicable) a Charterparty Assignment and shall:

(a) serve notices of the Charterparty Assignment on the Charterer and procure that the Charterer acknowledges such notice in such form as the Agent may approve or require; and

(b) deliver to the Agent such other documents equivalent to those referred to at paragraphs 3, 4 and 5 of Schedule 3, Part A as the Agent may require.

14.18 Poseidon Principles

Each Borrower shall, upon the request by a Lender and at the cost of the Borrowers, on or before 31st July in each calendar year, supply or procure the supply by the relevant classification society to the Agent of all information necessary in order for such Lender to comply with its obligations under the Poseidon Principles in respect of the preceding year, including, without limitation, all ship fuel oil consumption data required to be collected and reported in accordance with Regulation 22A of Annex VI and any Statement of Compliance, in each case relating to the Ship owned by it for the preceding calendar year provided always that, for the avoidance of doubt, such information shall be confidential information but the Borrower acknowledges that, in accordance with the Poseidon Principles, such information will form part of the information published regarding the relevant Lender's portfolio climate alignment and that a Lender may disclose such information: (i) either to any classification society or other entity which a Lender has engaged to make the calculations necessary to enable that Lender to comply with its reporting obligations under the Poseidon Principles (such calculations to be made at the cost of the relevant Lender) or (ii) as otherwise permitted under the terms of this Agreement.

14.19 Inventory of Hazardous Material

Each Borrower shall procure that, on the date falling 18 months after the date of this Agreement, its Ship has obtained an Inventory of Hazardous Material, which shall be maintained until the end of the Security Period.

14.20 Sustainable and socially responsible dismantling of ships

Each Borrower shall (and shall procure that each other member of the Group shall) procure that for the duration of the Security Period:

(a) the Ship owned by it or any other Fleet Vessel shall be 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 Convention (in the event that the Approved Flag State is not an EEA Member Country) or the EU Ship Recycling Regulation (in the event that the Approved Flag State is an EEA Member Country); or

(b) where the Ship owned by it or any other Fleet Vessel is sold to an intermediary (whether or not with the intention of being recycled), it shall provide the intermediary with any ship-relevant information in its possession which it considers necessary for the development of a ship recycling plan in accordance with the EU Ship Recycling Regulation.

14.21 Sanctions Provisions

(a) Each Borrower shall, and shall procure that the Ship owned by it and each Security Party shall, and, in respect of any charterer, shall use all reasonable endeavours to procure that the Initial Charterer and any other charterer in respect of its Ship 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 Laws.

(b) Each Borrower undertakes to make the Initial Charterer and all other charterers and operators of the Ship owned by it aware of the requirements of this Clause and of Clause 10.19 and shall procure that they act in accordance with these requirements.

14.22 Change of Approved Manager

Each Borrower may, at its sole discretion, at any time during the Security Period, change the Approved Manager of its Ship from Diana Shipping Services SA to Diana Wilhelmsen Management Limited, **provided that** the Borrowers shall give the Agent 5 Business' Days prior written notice and shall provide the Agent no later than the date of the change with:

(a) documents of the kind specified in paragraphs 2, 3, 5, and 11 of Part A of Schedule 3 in respect of Diana Wilhelmsen Management Limited;

(b) the documents referred to in paragraph 3 of Part B of Schedule 3; and

(c) any other documents that the Agent may reasonably require.

15 SECURITY COVER

15.1 Minimum required security cover

Clause 15.2 applies if, at any relevant time during the Security Period, the Agent notifies the Borrowers that:

(a) the aggregate of the Market Value of the Ships; plus

(b) the net realisable value of any additional security previously provided under this Clause 15,

is below 125 per cent of the Loan.

15.2 Provision of additional security; prepayment

If the Agent serves a notice on the Borrowers under Clause 15.1, the Borrowers 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 15.1 (the "**Prepayment Date**") unless at least 1 Business Day before the Prepayment Date the Borrowers have provided additional security which, in the opinion of the Majority Lenders, has a net realisable value at least equal to the shortfall and is documented in such terms as the Agent may, with the authorisation of the Majority Lenders, approve or require.

15.3 Valuation of Ships

The Market Value of a Ship (or any other Fleet Vessel) at any date during the Security Period is that shown by a valuation to be prepared:

(a) as at a date not more than 14 days previously;

(b) an Approved Broker (selected by the Borrowers 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,

Provided that if the Agent reasonably determines that the Market Value of the Ship shown by a valuation prepared in accordance with this Clause 15.3 does not accurately reflect the value of that Ship, it shall have the right to appoint (at the Borrowers' expense) a second Approved Broker to provide a valuation of that Ship addressed to the Agent and prepared in accordance with the terms of this Agreement and the Market Value of that Ship shall be the arithmetic average of the two valuations.

15.4 Value of additional security

The net realisable value of any additional security which is provided under Clause 15.2 shall be determined as follows:

(a) if it consists of a Security Interest over a vessel shall be that shown by a valuation complying with the requirements of Clause 15.3; and

(b) if it consists of cash, the US Dollar amount thereof.

15.5 Valuations binding

Any valuation under Clauses 15.2, 15.3 or 15.4 shall be binding and conclusive as regards the Borrowers, as shall be any valuation which the Majority Lenders make of any additional security which does not consist of or include a Security Interest.

15.6 Provision of information

The Borrowers shall promptly provide the Agent and the Approved Broker acting under Clauses 15.3 or 15.4 with any information which the Agent or the Approved Broker may request for the purposes of the valuation; and, if the Borrowers fail to provide the information by the date specified in the request, the valuation may be made on any basis and assumptions which the Approved Broker or the Majority Lenders (or the expert appointed by them) consider prudent.

15.7 Payment of valuation expenses

Without prejudice to the generality of the Borrowers' obligations under Clauses 20.3, 20.4 and 21.3, the Borrowers shall, on demand, pay the Agent the amount of the fees and expenses of the Approved Broker instructed by the Agent under this Clause and all legal and other expenses incurred by any Creditor Party in connection with any matter arising out of this Clause (provided that no more than one valuation per Ship subject to a Mortgage per year and, if required by the Agent pursuant to Clause 15.3, one additional valuation per such Ship per year shall be payable by the Borrowers, save for if an Event of Default has occurred which is continuing in which case the Borrowers shall be liable to pay for all valuations that take place during the period such Event of Default is continuing) and all legal and other expenses incurred by any Creditor Party in connection with any matter arising out of this Clause.

15.8 Application of prepayment

Clause 8.11 shall apply in relation to any prepayment pursuant to Clause 15.1.

16 PAYMENTS AND CALCULATIONS

16.1 Currency and method of payments

All payments to be made by the Lenders or by any Borrower under a Finance Document shall be made to the Agent or to the Security Trustee, in the case of an amount payable to it:

(a) by not later than 11.00 a.m. (New York City time) on the due date;

(b) in same day Dollar funds settled through the New York Clearing House Interbank Payments System (or in such other Dollar funds and/or settled in such other manner as the Agent shall specify as being customary at the time for the settlement of international transactions of the type contemplated by this Agreement);

(c) in the case of an amount payable by a Lender to the Agent or by a Borrower to the Agent or any Lender, to such account as the Agent may from time to time notify to the Borrowers and the other Creditor Parties; and

(d) in the case of an amount payable to the Security Trustee, to such account as it may from time to time notify to the Borrowers and the other Creditor Parties.

16.2 Payment on non-Business Day

If any payment by any Borrower under a Finance Document would otherwise fall due on a day which is not a Business Day:

(a) the due date shall be extended to the next succeeding Business Day; or

(b) if the next succeeding Business Day falls in the next calendar month, the due date shall be brought forward to the immediately preceding Business Day,

and interest shall be payable during any extension under paragraph (a) at the rate payable on the original due date.

16.3 Basis for calculation of periodic payments

All interest and commitment fee and any other payments under any Finance Document which are of an annual or periodic nature shall accrue from day to day and shall be calculated on the basis of the actual number of days elapsed and a 360 day year.

16.4 Distribution of payments to Creditor Parties

Subject to Clauses 16.5, 16.6 and 16.7:

(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 and/or the Swap Bank generally shall be distributed by the Agent to each Lender and the Swap Bank pro rata to the amount in that category which is due to it.

16.5 Permitted deductions by Agent

Notwithstanding any other provision of this Agreement or any other Finance Document, the Agent may, before making an amount available to a Lender 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.

16.6 Agent only obliged to pay when monies received

Notwithstanding any other provision of this Agreement or any other Finance Document, the Agent shall not be obliged to make available to any 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.

16.7 Refund to Agent of monies not received

If and to the extent that the Agent makes available a sum to a Borrower or a Lender or the Swap Bank, without first having received that sum, that Borrower or (as the case may be) the Lender or the Swap Bank concerned shall, on demand:

(a) refund the sum in full to the Agent; and

(b) pay to the Agent the amount (as certified by the Agent) which will indemnify the Agent against any funding or other loss, liability or expense incurred by the Agent as a result of making the sum available before receiving it.

16.8 Agent may assume receipt

Clause 16.7 shall not affect any claim which the Agent has under the law of restitution, and applies irrespective of whether the Agent had any form of notice that it had not received the sum which it made available.

16.9 Creditor Party accounts

Each Creditor Party shall maintain accounts showing the amounts owing to it by the Borrowers and each Security Party under the Finance Documents and all payments in respect of those amounts made by the Borrowers and any Security Party.

16.10 Agent's memorandum account

The Agent shall maintain a memorandum account showing the amounts advanced by the Lenders and all other sums owing to the Agent, the Security Trustee and each Lender from the Borrowers and each Security Party under the Finance Documents and all payments in respect of those amounts made by the Borrowers and any Security Party.

16.11 Accounts prima facie evidence

If any accounts maintained under Clauses 16.9 and 16.10 show an amount to be owing by a Borrower or a Security Party to a Creditor Party, those accounts shall be prima facie evidence that that amount is owing to that Creditor Party.

17 APPLICATION OF RECEIPTS

17.1 Normal order of application

Except as any Finance Document may otherwise provide, any sums which are received or recovered by any Creditor Party under or by virtue of any Finance Document shall be applied:

(a) FIRST: in or towards satisfaction of any amounts then due and payable under the Finance Documents in the following order and proportions:

(i) first, in or towards satisfaction pro rata of all amounts then due and payable to the Creditor Parties under the Finance Documents other than those amounts referred to at paragraphs (ii) and (iii) (including, but without limitation, all amounts payable by any Borrower under Clauses 20, 21 and 22 of this Agreement or by any Borrower or any Security Party under any corresponding or similar provision in any other Finance Document);

(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, for this purpose, the expression "interest" shall include any net amount which a Borrower shall have become liable to pay or deliver under section 2(e) (*Obligations*) of the Master Agreement but shall have failed to pay or deliver to the Swap Bank at the time of application or distribution under this Clause 17); 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 but which the Agent, by notice to the Borrowers, the Security Parties and the other Creditor Parties, states in its opinion will either or may become due and payable in the future and, upon those amounts becoming due and payable, in or towards satisfaction of them in accordance with the provisions of Clause 17.1(a); and

(c) THIRDLY: any surplus shall be paid to the Borrowers or to any other person appearing to be entitled to it.

17.2 Variation of order of application

The Agent may, with the authorisation of the Majority Lenders and the Swap Bank, by notice to the Borrowers, the Security Parties and the other Creditor Parties provide for a different manner of application from that set out in Clause 17.1 either as regards a specified sum or sums or as regards sums in a specified category or categories.

17.3 Notice of variation of order of application

The Agent may give notices under Clause 17.2 from time to time; and such a notice may be stated to apply not only to sums which may be received or recovered in the future, but also to any sum which has been received or recovered on or after the third Business Day before the date on which the notice is served.

17.4 Appropriation rights overridden

This Clause 17 and any notice which the Agent gives under Clause 17.2 shall override any right of appropriation possessed, and any appropriation made, by any Borrower or any Security Party.

18 APPLICATION OF EARNINGS

18.1 Payment of Earnings

Each Borrower undertakes with each Creditor Party to ensure that, throughout the Security Period (and subject only to the provisions of the General Assignments) all Earnings of the Ship owned by it (including but not limited to any sale and/or insurance proceeds) are paid to the Earnings Account for that Ship.

18.2 Location of accounts

Each Borrower shall promptly:

(a) comply with any requirement of the Agent as to the location or re location of its Earnings Account; and

(b) execute any documents which the Agent specifies to create or maintain in favour of the Security Trustee a Security Interest over (and/or rights of set-off, consolidation or other rights in relation to) its Earnings Account.

18.3 Debits for expenses etc.

The Agent shall be entitled (but not obliged) from time to time to debit any Earnings Account without prior notice in order to discharge any amount due and payable under Clause 20 or 21 to a Creditor Party or payment of which any Creditor Party has become entitled to demand under Clause 20 or 21.

18.4 Borrowers' obligations unaffected

The provisions of this Clause 18 do not affect:

(a) the liability of the Borrowers to make payments of principal and interest on the due dates; or

(b) any other liability or obligation of the Borrowers or any Security Party under any Finance Document.

18.5 Earnings Accounts balances

Subject to the other terms of this Agreement (including, without limitation, the terms of this Clause 18), the monies on the Earnings Account shall be freely available to the Borrowers to be used in accordance with and in compliance with the terms and conditions of this Agreement subject to no Event of Default having occurred which is continuing and the Agent having given notice to the Borrowers that such monies shall not be freely available as a result of such Event of Default.

19 EVENTS OF DEFAULT

19.1 Events of Default

An Event of Default occurs if:

(a) any Borrower or any Security Party fails to pay when due or (if so payable) on demand any sum payable under a Finance Document or under any document relating to a Finance Document; or

(b) any breach occurs of Clauses 9.2, 10.18, 10.19, 11.2, 11.3, 11.9, 11.18, 11.19, 11.21, 11.22, 11.23, 12.2, 12.3, 13.2, 13.3, 15.1, 15.2 and 12.4 of the Corporate Guarantee; or

(c) any breach by any Borrower or any Security Party occurs of any provision of a Finance Document (other than a breach covered by paragraphs (a) or (b)) which, in the opinion of the Majority Lenders, is capable of remedy, and such default continues un-remedied 10 days after written notice from the Agent requesting action to remedy the same; or

(d) (subject to any applicable grace period specified in the Finance Document) any breach by any Borrower or any Security Party occurs of any provision of a Finance Document (other than a breach falling within paragraphs (a), (b) or (c)); or

(e) any representation, warranty or statement made or repeated by, or by an officer of, the Borrower or a Security Party in a Finance Document or in a Drawdown Notice or any other notice or document relating to a Finance Document is materially 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 (in the case of all Relevant Persons (taken as a whole) exceeding in aggregate $10,000,000 (or the equivalent in any other currency) at any relevant time **Provided that** in the case of each Borrower, individually, any Financial Indebtedness exceeding $500,000 (or the equivalent in any other currency)):

(i) any Financial Indebtedness of a Relevant Person is not paid when due; or

(ii) any Financial Indebtedness of a Relevant Person becomes due and payable or capable of being declared due and payable prior to its stated maturity date as a consequence of any event of default; or

(iii) a lease, hire purchase agreement or charter creating any Financial Indebtedness of a Relevant Person is terminated by the lessor or owner or becomes capable of being terminated as a consequence of any termination event; or

(iv) any overdraft, loan, note issuance, acceptance credit, letter of credit, guarantee, foreign exchange or other facility, or any swap or other derivative contract or transaction, relating to any Financial Indebtedness of a Relevant Person ceases to be available or becomes capable of being terminated as a result of any event of default, or cash cover is required, or becomes capable of being required, in respect of such a facility as a result of any event of default; or

(v) any Security Interest securing any Financial Indebtedness of a Relevant Person becomes enforceable; or

(g) any of the following occurs in relation to a Relevant Person:

(i) a Relevant Person becomes, in the opinion of the Majority Lenders, unable to pay its debts as they fall due; or

(ii) any assets of a Relevant Person are subject to any form of execution, attachment, arrest, sequestration or distress in respect of a sum of, or sums exceeding, in aggregate, in the case of all Relevant Persons (taken as a whole) $10,000,000 (or the equivalent in any other currency) at any relevant time **Provided that** in the case of each Borrower, individually, any sum of, or sums exceeding, in aggregate $500,000 (or the equivalent in any other currency);

(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 a Borrower or the Corporate Guarantor which is, or is to be, effected for the purposes of an amalgamation or reconstruction previously approved by the Majority Lenders and effected not later than 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) any Borrower ceases or suspends carrying on its business or a part of its business which, in the opinion of the Majority Lenders, is material in the context of this Agreement; or

(i) it becomes unlawful in any Pertinent Jurisdiction or impossible:

(i) for any Borrower, the Corporate Guarantor 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;

(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 Borrower to own, operate or charter the Ship owned by it or to enable any Borrower or any Security Party to comply with any provision which the Majority Lenders consider material of a Finance Document is not granted, expires without being renewed, is revoked or becomes liable to revocation or any condition of such a consent is not fulfilled; or

(k) it appears to the Majority Lenders that, without their prior consent, a change has occurred or probably has occurred after the date of this Agreement in the ownership of any of the shares in a Borrower or the Approved Manager; or

(l) any provision which the Majority Lenders consider material of a Finance Document proves to have been or becomes invalid or unenforceable, or a Security Interest created by a Finance Document proves to have been or becomes invalid or unenforceable or such a Security Interest proves to have ranked after, or loses its priority to, another Security Interest or any other third party claim or interest; or

(m) the security constituted by a Finance Document is in any way imperilled or in jeopardy; or

(n) without the prior consent of the Lenders, the shares of the Corporate Guarantor cease to be listed on the New York Stock Exchange; or

(o) an Event of Default (as defined in section 14 of the Master Agreement) occurs; or

(p) 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 Swap Bank; or

(q) any other event occurs or any other circumstances arise or develop including, without limitation:

(i) a change in the financial position, state of affairs or prospects of any Relevant Person; or

(ii) 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 any Borrower or Corporate Guarantor is, or will later become, unable to discharge its liabilities under the Finance Documents as they fall due.

19.2 Actions following an Event of Default

On, or at any time after, the occurrence of an Event of Default:

(a) the Agent may, and if so instructed by the Majority Lenders, the Agent shall:

(i) serve on the Borrowers a notice stating that all or part of the Commitments and of the other obligations of each Lender to the Borrowers under this Agreement are cancelled; and/or

(ii) serve on the Borrowers a notice stating that all or part of the Loan together with accrued interest and all other amounts accrued or owing under this Agreement are immediately due and payable or are due and payable on demand; and/or

(iii) take any other action which, as a result of the Event of Default or any notice served under paragraph (i) or (ii), the Agent and/or the Lenders are entitled to take under any Finance Document or any applicable law; and/or

(b) the Security Trustee may, and if so instructed by the Agent, acting with the authorisation of the Majority Lenders, the Security Trustee shall take any action which, as a result of the Event of Default or any notice served under paragraph (a)(i) or (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.

19.3 Termination of Commitments

On the service of a notice under Clause 19.2(a)(i), the Commitments and all other obligations of each Lender to the Borrowers under this Agreement shall be cancelled.

19.4 Acceleration of Loan

On the service of a notice under Clause 19.2(a)(ii), all or, as the case may be, the part of the Loan specified in the notice together with accrued interest and all other amounts accrued or owing from the Borrowers or any Security Party under this Agreement and every other Finance Document shall become immediately due and payable or, as the case may be, payable on demand.

19.5 Multiple notices; action without notice

The Agent may serve notices under Clauses 19.2(a)(i) and (ii) simultaneously or on different dates and it and/or the Security Trustee may take any action referred to in Clause 19.2 if no such notice is served or simultaneously with or at any time after the service of both or either of such notices.

19.6 Notification of Creditor Parties and Security Parties

The Agent shall send to each Lender, the Swap Bank, the Security Trustee and each Security Party a copy or the text of any notice which the Agent serves on the Borrowers under Clause 19.2; but the notice shall become effective when it is served on the Borrowers, and no failure or delay by the Agent to send a copy or the text of the notice to any other person shall invalidate the notice or provide any Borrower or any Security Party with any form of claim or defence.

19.7 Creditor Party'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.

19.8 Exclusion of Creditor Party liability

No Creditor Party, and no receiver or manager appointed by the Security Trustee, shall have any liability to a Borrower or a Security Party:

(a) for any loss caused by an exercise of rights under, or enforcement of a Security Interest created by, a Finance Document or by any failure or delay to exercise such a right or to enforce such a Security Interest; or

(b) as mortgagee in possession or otherwise, for any income or principal amount which might have been produced by or realised from any asset comprised in such a Security Interest or for any reduction (however caused) in the value of such an asset,

except that this does not exempt a Creditor Party or a receiver or manager from liability for losses shown to have been directly and mainly caused by the dishonesty or the wilful misconduct of such Creditor Party's own officers and employees or (as the case may be) such receiver's or manager's own partners or employees and any other member of the Group.

19.9 Relevant Persons

In this Clause 19, a "**Relevant Person**" means a Borrower, the Corporate Guarantor or a Security Party, and any company which is a subsidiary of the Corporate Guarantor or a Security Party and any other member of the Group but excluding any company which is dormant and the value of whose gross assets is $50,000 or less.

19.10 Interpretation

In Clause 19.1(f), references to an event of default or a termination event include any event, howsoever described, which is similar to an event of default in a facility agreement or a termination event in a finance lease; and in Clause 19.1(g), "**petition**" includes an application.

19.11 Position of Swap Bank

Neither the Agent nor the Security Trustee shall be obliged, in connection with any action taken or proposed to be taken under or pursuant to the foregoing provisions of this Clause 19, to have any regard to the requirements of the Swap Bank except to the extent that the Swap Bank is also a Lender.

20 FEES AND EXPENSES

20.1 Arrangement fee

The Borrowers shall pay to the Agent, on the date of this Agreement, a non-refundable arrangement fee computed at the rate of 0.30 per cent. of the Total Commitments for distribution among the Lenders pro rata to their Commitments.

20.2 Extension fee

(a) The Borrowers shall pay to the Agent, for the account of each Lender that accepts an Extension Request in accordance with Clause 8.3(f), a non-refundable extension fee computed at the rate of 0.15 per cent. of that Lender's Commitments.

(b) Any extension fee is payable on the date falling 5 Business Days after the relevant Cut-Off Date (irrespective of whether the Final Maturity Date may have not yet been extended in accordance with Clause 8.3(f)).

20.3 Costs of negotiation, preparation etc.

The Borrowers shall pay to the Agent on its demand 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.

20.4 Costs of variations, amendments, enforcement etc.

The Borrowers shall pay to the Agent, on the Agent's demand, for the account of the Creditor Party concerned, the amount of all expenses incurred by a Creditor Party in connection with:

(a) any amendment or supplement to a Finance Document (required for the continuation of the availability of the Loan or as contemplated under Clause 27.4), or any proposal for such an amendment to be made;

(b) any consent or waiver by the Lenders, the Swap Bank, the Majority Lenders 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 15 or any other matter relating to such security; or

(d) where the Security Trustee, in its absolute opinion, considers that there has been a material change to the insurances in respect of a Ship, the review of the insurances of that Ship pursuant to Clause 13.18; and

(e) any step taken by the Creditor party concerned or the Swap Bank 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 (d) the full amount of all legal expenses, whether or not such as would be allowed under rules of court or any taxation or other procedure carried out under such rules.

20.5 Extraordinary management time

The Borrowers shall pay to the Agent on its demand compensation in respect of the reasonable and documented amount of time which the management of either Servicing Bank has spent in connection with a matter covered by Clause 20.4 and which exceeds the amount of time which would ordinarily be spent in the performance of the relevant Servicing Bank's routine functions. Any such compensation shall be based on such reasonable daily or hourly rates as the Agent may notify to the Borrowers and is in addition to any fee paid or payable to the relevant Servicing Bank.

20.6 Documentary taxes

The Borrowers shall promptly pay any tax payable on or by reference to any Finance Document, and shall, on the Agent's demand, fully indemnify each Creditor Party against any claims, expenses, liabilities and losses resulting from any failure or delay by the Borrowers to pay such a tax.

20.7 Financial Services Authority fees

The Borrowers shall pay to the Agent, on the Agent's demand, for the account of the Lender concerned the amounts which the Agent from time to time notifies the Borrowers that a Lender has notified the Agent to be necessary to compensate it for the cost attributable to its Contribution resulting from the imposition from time to time under or pursuant to the Bank of England Act 1998 and/or by the Bank of England and/or by the Financial Services Authority (or other United Kingdom governmental authorities or agencies) of a requirement to pay fees to the Financial Services Authority calculated by reference to liabilities used to fund its Contribution.

20.8 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 20 and which indicates (without necessarily specifying a detailed breakdown) the matters in respect of which the amount, or aggregate amount, is due shall be prima facie evidence that the amount, or aggregate amount, is due.

21 INDEMNITIES

21.1 Indemnities regarding borrowing and repayment of Loan

The Borrowers shall fully indemnify the Agent and each Lender on the Agent's demand and the Security Trustee on its demand in respect of all claims, expenses, liabilities and losses which are made or brought against or incurred by that Creditor Party, or which that Creditor Party reasonably and with due diligence estimates that it will incur, as a result of or in connection with:

(a) the Loan not being borrowed on the date specified in the Drawdown Notice for any reason other than a default by the Lender 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;

(c) any failure (for whatever reason) by the Borrowers to make payment of any amount due under a Finance Document on the due date or, if so payable, on demand (after giving credit for any default interest paid by the Borrowers on the amount concerned under Clause 7); 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 19,

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.

21.2 Breakage costs

Without limiting its generality, Clause 21.1 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.

21.3 Miscellaneous indemnities

The Borrowers shall fully indemnify each Creditor Party severally on their respective demands in respect of all claims, expenses, liabilities and losses which may be made or brought against or incurred by a Creditor Party, in any country, as a result of or in connection with:

(a) any action taken, or omitted or neglected to be taken, under or in connection with any Finance Document by the Agent, the Security Trustee or any other Creditor Party or by any receiver appointed under a Finance Document; or

(b) any civil penalty or fine against, and all reasonable costs and expenses (including reasonable fees of counsel and disbursements) incurred in connection with or the defence thereof by, the Agent or any other Creditor Party as a result of conduct of any Borrower or any of their partners, directors, officers, employees, agents or advisors, that violates any Sanctions Laws; or

(c) any other Pertinent Matter,

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.

Without prejudice to its generality, this Clause 21.3 covers any claims, expenses, liabilities and losses which arise, or are asserted, under or in connection with any law relating to safety at sea, the ISM Code, the ISPS Code or any Environmental Law or any Sanctions Laws.

21.4 Environmental Indemnity

Without prejudice to its generality, Clause 21.3 covers any claims, demands, proceedings, liabilities, taxes, losses or expenses of every kind 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 or the ISPS Code.

21.5 Currency indemnity

If any sum due from any 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 any 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 Borrowers 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 21.5, 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 21.5 creates a separate liability of the Borrowers 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.

21.6 Application to Master Agreement

For the avoidance of doubt, Clause 21.5 does not apply in respect of sums due from the Borrowers 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.

21.7 Mandatory Cost

Each Borrower shall, on demand by the Agent, pay to the Agent for the account of the relevant Lender, such amount which any Lender certifies in a notice to the Agent to be its good faith determination of the amount necessary to compensate it for complying with:

(a) in the case of a Lender lending from a Facility Office in a Participating Member State, the minimum reserve requirements (or other requirements having the same or similar purpose) of the European Central Bank (or any other authority or agency which replaces all or any of its functions) in respect of loans made from that Facility Office; and

(b) in the case of any Lender lending from a Facility Office in the United Kingdom, any reserve asset, special deposit or liquidity requirements (or other requirements having the same or similar purpose) of the Bank of England (or any other governmental authority or agency) and/or paying any fees to the Financial Conduct Authority and/or the Prudential Regulation Authority (or any other governmental authority or agency which replaces all or any of their functions),

which, in each case, is referable to that Lender's participation in the Loan.

21.8 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 and which indicates (without necessarily specifying a detailed breakdown) the matters in respect of which the amount, or aggregate amount, is due shall be prima facie evidence that the amount, or aggregate amount, is due.

21.9 Sums deemed due to a Lender

For the purposes of this Clause 21, a sum payable by the Borrowers to the Agent or the Security Trustee for distribution to a Lender shall be treated as a sum due to that Lender.

22 NO SET-OFF OR TAX DEDUCTION

22.1 No deductions

All amounts due from the Borrowers under a Finance Document shall be paid:

(a) without any form of set off, cross-claim or condition; and

(b) free and clear of any tax deduction except a tax deduction which a Borrower is required by law to make.

22.2 Grossing-up for taxes

If a Borrower is required by law to make a tax deduction from any payment:

(a) that Borrower shall notify the Agent as soon as it becomes aware of the requirement;

(b) that Borrower shall pay the tax deducted to the appropriate taxation authority promptly, and in any event before any fine or penalty arises; and

(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.

22.3 Evidence of payment of taxes

Within 1 month after making any tax deduction, the Borrower concerned shall deliver to the Agent documentary evidence satisfactory to the Agent that the tax had been paid to the appropriate taxation authority.

22.4 Exclusion of tax on overall net income

In this Clause 22 "**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, other than a FATCA Deduction.

22.5 Application to Master Agreement

For the avoidance of doubt, Clause 22 does not apply in respect of sums due from the Borrowers to the Swap Bank under or in connection with the Master Agreement as to which sums the provisions of section 2(d) (*Deduction or Withholding for Tax*) of the Master Agreement shall apply.

22.6 FATCA Information

(a) Subject to paragraph (c) below, each Party shall, within ten Business Days of a reasonable request by another Party:

(i) confirm to that other Party whether it is:

(A) a FATCA Exempt Party; or

(B) not a FATCA Exempt Party; and

(ii) supply to that other Party such forms, documentation and other information relating to its status under FATCA as that other Party reasonably requests for the purposes of that other Party's compliance with FATCA; and

(iii) supply to that other Party such forms, documentation and other information relating to its status as that other Party reasonably requests for the purposes of that other Party's compliance with any other law, regulation or exchange of information regime.

(b) If a Party confirms to another Party pursuant to sub-paragraph (i) of paragraph (a) above that it is a FATCA Exempt Party and it subsequently becomes aware that it is not, or has ceased to be a FATCA Exempt Party, that Party shall notify that other Party reasonably promptly.

(c) Paragraph (a) above shall not oblige any Creditor Party to do anything and sub-paragraph (iii) of paragraph (a) above shall not oblige any other Party to do anything which would or might in its reasonable opinion constitute a breach of:

(i) any law or regulation;

(ii) any fiduciary duty; or

(iii) any duty of confidentiality.

(d) If a Party fails to confirm whether or not it is a FATCA Exempt Party or to supply forms, documentation or other information requested in accordance with sub-paragraphs (i) or (ii) of paragraph (a) above (including, for the avoidance of doubt, where paragraph (c) above applies), then such Party shall be treated for the purposes of the Finance Documents (and payments under them) as if it is not a FATCA Exempt Party until such time as the Party in question provides the requested confirmation, forms, documentation or other information.

(e) If a 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:

(i) where a Borrower is a US Tax Obligor and the relevant Lender is a Lender as of the date of this Agreement, the date of this Agreement;

(ii) where a Borrower is a US Tax Obligor on a date where a transfer is effected under Clause 26.2 and the relevant Lender is a Transferee Lender, the relevant date on which such transfer is effected under Clause 26.2; or

(iii) 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, 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.

(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 Borrowers.

(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 Borrowers.

(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.

22.7 FATCA Deduction

(a) Each Party may make any FATCA Deduction it is required to make by FATCA, and any payment required in connection with that FATCA Deduction, and no Party shall be required to increase any payment in respect of which it makes such a FATCA Deduction or otherwise compensate the recipient of the payment for that FATCA Deduction.

(b) Each Party shall promptly, upon becoming aware that it must make a FATCA Deduction (or that there is any change in the rate or the basis of such FATCA Deduction), notify the Party to whom it is making the payment and, in addition, shall notify each Borrower and the Agent and the Agent shall notify the other Creditor Parties.

23 ILLEGALITY, ETC.

23.1 Illegality

This Clause 23 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.

23.2 Notification of illegality

The Agent shall promptly notify the Borrowers, the Security Parties, the Security Trustee and the other Lenders of the notice under Clause 23.1 which the Agent receives from the Notifying Lender.

23.3 Prepayment; termination of Commitment

On the Agent notifying the Borrowers under Clause 23.2, the Notifying Lender's Commitment shall terminate; and thereupon or, if later, on the date specified in the Notifying Lender's notice under Clause 23.1 as the date on which the notified event would become effective the Borrowers shall prepay the Notifying Lender's Contribution in accordance with Clause 8.

23.4 Mitigation

If circumstances arise which would result in a notification under Clause 23.1 then, without in any way limiting the rights of the Notifying Lender under Clause 23.3, 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.

24 INCREASED COSTS

24.1 Increased costs

This Clause 24 applies if a Lender (the "**Notifying Lender**") notifies the Agent that the Notifying Lender considers that as a result of:

(a) the introduction or alteration after the date of this Agreement of a law or an alteration after the date of this Agreement in the manner in which a law is interpreted or applied (disregarding any effect which relates to the application to payments under this Agreement of a tax on the Lender's overall net income); or

(b) complying with any regulation (including any which relates to capital adequacy or liquidity controls or which affects the manner in which the Notifying Lender allocates capital resources to its obligations under this Agreement) which is introduced, or altered, or the interpretation or application of which is altered, after the date of this Agreement; or

(c) complying with any regulation (including the "International Convergence of Capital Measurement and Capital Standards, a Revised Framework" published by the Basel Committee on Banking Supervision in June 2004, in the form existing on the date of this Agreement and any other regulation which relates to capital adequacy or liquidity controls or which affects the manner in which the Notifying Lender allocates capital resources to its obligations under this Agreement) which is introduced, or altered, or the interpretation or application of which is altered, after the date of this Agreement; or

(d) the introduction, implementation, application, administration or compliance with Basel III or CRD IV, or any law or regulation which implements or applies Basel III or CRD IV (regardless of the date on which it is enacted, adopted or issued and regardless of whether any such implementation, application or compliance is by a government, regulator, the Creditor Party or any of its affiliates) after the date of this Agreement,

the Notifying Lender (or a parent company of it) has incurred or will incur an "**increased cost**".

24.2 Meaning of "increased costs"

In this Clause 24, "**increased costs**" means, in relation to a Notifying Lender:

(a) an additional or increased cost incurred as a result of, or in connection with, the Notifying Lender having entered into, or being a party to, this Agreement or a Transfer Certificate, of funding or maintaining its Commitment or Contribution or performing its obligations under this Agreement, or of having outstanding all or any part of its Contribution or other unpaid sums;

(b) a reduction in the amount of any payment to the Notifying Lender under this Agreement or in the effective return which such a payment represents to the Notifying Lender or on its capital;

(c) an additional or increased cost of funding all or maintaining all or any of the advances comprised in a class of advances formed by or including the Notifying Lender's Contribution or (as the case may require) the proportion of that cost attributable to the Contribution; or

(d) a liability to make a payment, or a return foregone, which is calculated by reference to any amounts received or receivable by the Notifying Lender under this Agreement,

but not an item attributable to a change in the rate of tax on the overall net income of the Notifying Lender (or a parent company of it) or an item compensated for by any payment made pursuant to Clause 21.7 or an item covered by the indemnity for tax in Clause 21.1 or by Clause 22 or a FATCA Deduction.

For the purposes of this Clause 24.2 the Notifying Lender may in good faith allocate or spread costs and/or losses among its assets and liabilities (or any class of its assets and liabilities) on such basis as it considers appropriate.

24.3 Notification to Borrowers of claim for increased costs

The Agent shall promptly notify the Borrowers and the Security Parties of the notice which the Agent received from the Notifying Lender under Clause 24.1.

24.4 Payment of increased costs

The Borrowers 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 Borrowers that the Notifying Lender has specified to be necessary to compensate the Notifying Lender for the increased cost.

24.5 Notice of prepayment

If the Borrowers are not willing to continue to compensate the Notifying Lender for the increased cost under Clause 24.4, the Borrowers may give the Agent not less than 14 days' notice of its intention to prepay the Notifying Lender's Contribution at the end of an Interest Period.

24.6 Prepayment; termination of Commitment

A notice under Clause 24.5 shall be irrevocable; the Agent shall promptly notify the Notifying Lender of the Borrowers' notice of intended prepayment; and:

(a) on the date on which the Agent serves that notice, the Commitment of the Notifying Lender shall be cancelled; and

(b) on the date specified in its notice of intended prepayment, the Borrowers shall prepay (without premium or penalty) the Notifying Lender's Contribution, together with accrued interest thereon at the applicable rate plus the Margin and the Mandatory Cost (if any).

24.7 Application of prepayment

Clause 8 shall apply in relation to the prepayment.

25 SET OFF

25.1 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 a Borrower at any office in any country of that Creditor Party in or towards satisfaction of any sum then due from that Borrower to that Creditor Party under any of the Finance Documents; and

(b) for that purpose:

(i) break, or alter the maturity of, all or any part of a deposit of that Borrower;

(ii) convert or translate all or any part of a deposit or other credit balance into Dollars; and

(iii) enter into any other transaction or make any entry with regard to the credit balance which the Creditor Party concerned considers appropriate.

25.2 Existing rights unaffected

No Creditor Party shall be obliged to exercise any of its rights under Clause 25.1; and those rights shall be without prejudice and in addition to any right of set off, combination of accounts, charge, lien or other right or remedy to which a Creditor Party is entitled (whether under the general law or any document).

25.3 Sums deemed due to a Lender

For the purposes of this Clause 25, a sum payable by the Borrowers to the Agent or the Security Trustee for distribution to, or for the account of, a Lender shall be treated as a sum due to that Lender; and each Lender's proportion of a sum so payable for distribution to, or for the account of, the Lenders shall be treated as a sum due to such Lender.

25.4 No Security Interest

This Clause 25 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 any Borrower.

26 TRANSFERS AND CHANGES IN FACILITY OFFICES

26.1 Transfer by Borrowers

No Borrower may, without the consent of the Agent, given on the instructions of all the Lenders transfer any of its rights, liabilities or obligations under any Finance Document.

26.2 Transfer by a Lender

Subject to Clause 26.4, 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 4 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 Deed.

A transfer pursuant to this Clause 26.2 shall be effected:

(i) without the consent of the Borrowers:

(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;

(ii) in all other circumstances with the consent of the Borrowers (such consent not to be unreasonably withheld or delayed) and the Borrowers will be deemed to have given their consent 5 Business Days following the request of the Transferor Lender, unless the consent is expressly refused by the Borrowers within that time.

26.3 Transfer Certificate, delivery and notification

As soon as reasonably practicable after a Transfer Certificate is delivered to the Agent, it shall (unless it has reason to believe that the Transfer Certificate may be defective):

(a) sign the Transfer Certificate on behalf of itself, the Borrowers, the Security Parties, the Security Trustee, each of the other Lenders and the Swap Bank;

(b) on behalf of the Transferee Lender, send to each Borrower and each Security Party letters or faxes notifying them of the Transfer Certificate and attaching a copy of it; and

(c) send to the Transferee Lender copies of the letters or faxes sent under paragraph (b) above,

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.

26.4 Effective Date of Transfer Certificate

A Transfer Certificate becomes effective on the date, if any, specified in the Transfer Certificate as its effective date, **Provided that** it is signed by the Agent under Clause 26.3 on or before that date.

26.5 No transfer without Transfer Certificate

Except as provided in Clause 26.17, no assignment or transfer of any right or obligation of a Lender under any Finance Document is binding on, or effective in relation to, any Borrower, any Security Party, the Agent or the Security Trustee unless it is effected, evidenced or perfected by a Transfer Certificate.

26.6 Lender re-organisation; 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 Borrowers 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.

26.7 Effect of Transfer Certificate

A Transfer Certificate takes effect in accordance with English law as follows:

(a) to the extent specified in the Transfer Certificate, all rights and interests (present, future or contingent) which the Transferor Lender has under or by virtue of the Finance Documents are assigned to the Transferee Lender absolutely, free of any defects in the Transferor Lender's title and of any rights or equities which any 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 any 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 and Clause 20, 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 any Borrower or any Security Party referred to above include, but are not limited to, any right of set off and any other kind of cross claim.

26.8 Maintenance of register of Lenders

During the Security Period the Agent shall maintain a register in which it shall record the name, Commitment, Contribution and administrative details (including the Facility Office) from time to time of each Lender holding a Transfer Certificate and the effective date (in accordance with Clause 26.4) of the Transfer Certificate; and the Agent shall make the register available for inspection by any Lender, the Security Trustee and the Borrowers during normal banking hours, subject to receiving at least 3 Business Days' prior notice.

26.9 Reliance on register of Lenders

The entries on that register shall, in the absence of manifest error, be conclusive in determining the identities of the Lenders and the amounts of their Commitments and Contributions and the effective dates of Transfer Certificates and may be relied upon by the Agent and the other parties to the Finance Documents for all purposes relating to the Finance Documents.

26.10 Authorisation of Agent to sign Transfer Certificates

Each Borrower, the Security Trustee, each Lender and the Swap Bank irrevocably authorise the Agent to sign Transfer Certificates on its behalf.

26.11 Registration fee

In respect of any Transfer Certificate, the Agent shall be entitled to recover a registration fee of $3,000 from the Transferor Lender or (at the Agent's option) the Transferee Lender.

26.12 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, any Borrower, any Security Party, the Agent or the Security Trustee or any other Creditor Party; 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.

26.13 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 any Borrower, any Security Party or their affairs under or in connection with any Finance Document, unless the information is clearly of a confidential nature.

26.14 Change of Facility Office

A Lender may change its Facility Office by giving notice to the Agent and the change shall become effective on the later of:

(a) the date on which the Agent receives the notice; and

(b) the date, if any, specified in the notice as the date on which the change will come into effect.

26.15 Notification

On receiving such a notice, the Agent shall notify the Borrowers and the Security Trustee; and, until the Agent receives such a notice, it shall be entitled to assume that a Lender is acting through the Facility Office of which the Agent last had notice.

26.16 Replacement of the Reference Bank

If the Reference Bank ceases to be a Lender or is unable on a continuing basis to supply quotations for the purposes of Clause 5 then, unless the Borrowers, the Agent and the Majority Lenders otherwise agree, the Agent, acting on the instructions of the Majority Lenders, and after consulting the Borrowers, shall appoint another bank (whether or not a Lender) to be a replacement Reference Bank; and, when that appointment comes into effect, the first mentioned Reference Bank's appointment shall cease to be effective.

26.17 Security over Lenders' rights

In addition to the other rights provided to Lenders under this Clause 26, each Lender may without consulting with or obtaining consent from any Borrower or any Security Party, at any time charge, assign or otherwise create a Security Interest in or over (whether by way of collateral or otherwise) all or any of its rights under any Finance Document to secure obligations of that Lender including, without limitation:

(a) any charge, assignment or other Security Interest to secure obligations to a federal reserve or central bank; and

(b) in the case of any Lender which is a fund, any charge, assignment or other Security Interest granted to any holders (or trustee or representatives of holders) of obligations owed, or securities issued, by that Lender as security for those obligations or securities,

except that no such charge, assignment or Security Interest shall:

(i) release a Lender from any of its obligations under the Finance Documents or substitute the beneficiary of the relevant charge, assignment or Security Interest for the Lender as a party to any of the Finance Documents; or

(ii) require any payments to be made by any 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.

27 VARIATIONS AND WAIVERS

27.1 Variations, waivers etc. by Majority Lenders

Subject to Clause 27.2, 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 Borrowers, 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.

27.2 Variations, waivers etc. requiring agreement of all Lenders.

However, as regards the following, Clause 27.1 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 and the Swap Bank":

(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 or this Clause 27;

(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.

27.3 Exclusion of other or implied variations

Except for a document which satisfies the requirements of Clauses 27.1, 27.2 and 27.4, 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 a Borrower or a Security Party of an obligation under a Finance Document or the general law; or

(d) any right or remedy conferred by any Finance Document or by the general law,

and there shall not be implied into any Finance Document any term or condition requiring any such provision to be enforced, or such right or remedy to be exercised, within a certain or reasonable time.

27.4 Replacement of Screen Rate

(a) If a Screen Rate Replacement Event has occurred in relation to the Screen Rate for dollars, any amendment or waiver which relates to:

(i) providing for the use of a Replacement Benchmark in relation to that currency in place of that Screen Rate; and

(ii)

(A) aligning any provision of any Finance Document to the use of that Replacement Benchmark;

(B) enabling that Replacement Benchmark to be used for the calculation of interest under this Agreement (including, without limitation, any consequential changes required to enable that Replacement Benchmark to be used for the purposes of this Agreement);

(C) implementing market conventions applicable to that Replacement Benchmark;

(D) providing for appropriate fallback (and market disruption) provisions for that Replacement Benchmark; or

(E) adjusting the pricing to reduce or eliminate, to the extent reasonably practicable, any transfer of economic value from one Party to another as a result of the application of that Replacement Benchmark (and if any adjustment or method for calculating any adjustment has been formally designated, nominated or recommended by the Relevant Nominating Body, the adjustment shall be determined on the basis of that designation, nomination or recommendation),

may be made with the consent of the Agent (acting on the instructions of the Majority Lenders) and the Borrowers.

(b) If any Lender fails to respond to a request for an amendment or waiver described in paragraph (a) above within 5 Business Days (or such longer time period in relation to any request which the Borrowers and the Agent may agree) of that request being made:

(i) its Commitment or its participation in the Loan (as the case may be) shall not be included for the purpose of calculating the Total Commitments or the amount of the Loan (as applicable) when ascertaining whether any relevant percentage of Total Commitments or the aggregate of participations in the Loan (as applicable) has been obtained to approve that request; and

(ii) its status as a Lender shall be disregarded for the purpose of ascertaining whether the agreement of any specified group of Lenders has been obtained to approve that request.

28 NOTICES

28.1 General

Unless otherwise specifically provided, any notice under or in connection with any Finance Document shall be given by letter or fax and references in the Finance Documents to written notices, notices in writing and notices signed by particular persons shall be construed accordingly.

28.2 Addresses for communications

A notice by letter or fax shall be sent:

(a) to the Borrowers:

c/o Approved Manager
16 Pendelis Street
175 64 Paleo Faliro
Athens
Greece

Fax No: +30 210 9470101

(b) to a Lender:

at the address below its name in Schedule 1 or (as the case may require) in the relevant Transfer Certificate.

(c) to the Swap Bank:

c/o
Nordea Danmark, Filial af Nordea Bank Abp, Finland
7288 Derivatives Services
PO box 850 DK-0900 Copenhagen K, Denmark
Telephone number: +45 55 47 51 71
E-mail: otc@nordea.com

(d) to the Lead Arranger, Agent or the Security Trustee:

Essendropsgate 7
0368 Oslo
Norway
Loan administration matters:
Fax No: +47 24013444
Attn: Structured Loan & Collateral Services NO

or to such other address as the relevant party may notify the Agent or, if the relevant party is the Agent or the Security Trustee, the Borrowers, the Lenders, the Swap Bank and the Security Parties.

28.3 Effective date of notices

Subject to Clauses 28.4 and 28.5:

(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.

28.4 Service outside business hours

However, if under Clause 28.3 a notice would be deemed to be served:

(a) on a day which is not a business day in the place of receipt; or

(b) on such a business day, but after 5 p.m. local time,

the notice shall (subject to Clause 28.5) be deemed to be served, and shall take effect, at 9 a.m. on the next day which is such a business day.

28.5 Illegible notices

Clauses 28.3 and 28.4 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.

28.6 Valid notices

A notice under or in connection with a Finance Document shall not be invalid by reason that its contents or the manner of serving it do not comply with the requirements of this Agreement or, where appropriate, any other Finance Document under which it is served if:

(a) the failure to serve it in accordance with the requirements of this Agreement or other Finance Document, as the case may be, has not caused any party to suffer any significant loss or prejudice; or

(b) in the case of incorrect and/or incomplete contents, it should have been reasonably clear to the party on which the notice was served what the correct or missing particulars should have been.

28.7 Electronic communication

Any communication to be made between the Agent and a Lender or 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 Creditor Party:

(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.

Any electronic communication made between the Agent and a Lender 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 Creditor Party to the Agent, only if it is addressed in such a manner as the Agent shall specify for this purpose.

28.8 English language

Any notice under or in connection with a Finance Document shall be in English.

28.9 Meaning of "notice"

In this Clause 28, "notice" includes any demand, consent, authorisation, approval, instruction, waiver or other communication.

29 JOINT AND SEVERAL LIABILITY

29.1 General

All liabilities and obligations of the Borrowers under this Agreement shall, whether expressed to be so or not, be several and, if and to the extent consistent with Clause 29.2, joint.

29.2 No impairment of Borrower's obligations

The liabilities and obligations of a Borrower shall not be impaired by:

(a) this Agreement being or later becoming void, unenforceable or illegal as regards any other Borrower;

(b) any Lender, the Swap Bank or the Security Trustee entering into any rescheduling, refinancing or other arrangement of any kind with any other Borrower;

(c) any Lender, the Swap Bank or the Security Trustee releasing any other Borrower or any Security Interest created by a Finance Document; or

(d) any combination of the foregoing.

29.3 Principal debtors

Each Borrower declares that it is and will, throughout the Security Period, remain a principal debtor for all amounts owing under this Agreement and the Finance Documents and no Borrower shall in any circumstances be construed to be a surety for the obligations of any other Borrower under this Agreement.

29.4 Subordination

Subject to Clause 29.5, during the Security Period, no Borrower shall:

(a) claim any amount which may be due to it from any other Borrower whether in respect of a payment made, or matter arising out of, this Agreement or any Finance Document, or any matter unconnected with this Agreement or any Finance Document; or

(b) take or enforce any form of security from any other Borrower for such an amount, or in any other way seek to have recourse in respect of such an amount against any asset of any other Borrower; or

(c) set off such an amount against any sum due from it to any other Borrower; or

(d) prove or claim for such an amount in any liquidation, administration, arrangement or similar procedure involving any other Borrower or other Security Party; or

(e) exercise or assert any combination of the foregoing.

29.5 Borrower's required action

If during the Security Period, the Agent, by notice to a Borrower, requires it to take any action referred to in paragraphs (a) to (d) of Clause 29.4, in relation to any other Borrower, that Borrower shall take that action as soon as practicable after receiving the Agent's notice.

30 SUPPLEMENTAL

30.1 Rights cumulative, non-exclusive

The rights and remedies which the Finance Documents give to each Creditor Party are:

(a) cumulative;

(b) may be exercised as often as appears expedient; and

(c) shall not, unless a Finance Document explicitly and specifically states so, be taken to exclude or limit any right or remedy conferred by any law.

30.2 Severability of provisions

If any provision of a Finance Document is or subsequently becomes void, unenforceable or illegal, that shall not affect the validity, enforceability or legality of the other provisions of that Finance Document or of the provisions of any other Finance Document.

30.3 Counterparts

A Finance Document may be executed in any number of counterparts.

30.4 Third Party rights

A person who is not a Party has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce or to enjoy the benefit of any term of this Agreement.

31 BAIL-IN

Notwithstanding any other term of any Finance Document or any other agreement, arrangement or understanding between the parties to a Finance Document, each Party acknowledges and accepts that any liability of any party to a Finance Document under or in connection with the Finance Documents may be subject to Bail-In Action by the relevant Resolution Authority and acknowledges and accepts to be bound by the effect of:

(a) any Bail-In Action in relation to any such liability, including (without limitation):

  (i) a reduction, in full or in part, in the principal amount, or outstanding amount due (including any accrued but unpaid interest) in respect of any such liability;

  (ii) a conversion of all, or part of, any such liability into shares or other instruments of ownership that may be issued to, or conferred on, it; and

  (iii) a cancellation of any such liability; and

(b) a variation of any term of any Finance Document to the extent necessary to give effect to any Bail-In Action in relation to any such liability.

32 LAW AND JURISDICTION

32.1 English law

This Agreement and any non-contractual obligations arising out of or in connection with it shall be governed by, and construed in accordance with, English law.

32.2 Exclusive English jurisdiction

Subject to Clause 32.3, the courts of England shall have exclusive jurisdiction to settle any Dispute.

32.3 Choice of forum for the exclusive benefit of Creditor Parties

Clause 32.2 is for the exclusive benefit of the Creditor Parties, each of which reserves the rights:

(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.

No Borrower shall commence any proceedings in any country other than England in relation to a Dispute.

32.4 Process agent

Each Borrower irrevocably appoints Ince Process Agents Limited at its registered office for the time being at International House, 1 St. Katharine's Way, London E1W 1AY, England, to act as its agent to receive and accept on its behalf any process or other document relating to any proceedings in the English courts which are connected with a Dispute.

32.5 Creditor Party rights unaffected

Nothing in this Clause 32 shall exclude or limit any right which any Creditor Party may have (whether under the law of any country, an international convention or otherwise) with regard to the bringing of proceedings, the service of process, the recognition or enforcement of a judgment or any similar or related matter in any jurisdiction.

32.6 Meaning of "proceedings" and "Dispute"

In this Clause 32, "**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	Facility Office	Commitment (US Dollars)
Nordea Bank Abp, filial i Norge	Essendrops gate 7, Postboks 1166 Sentrum, 0107 Oslo 920058817 MVA Norway	$55,848,000

SCHEDULE 2

DRAWDOWN NOTICE

To: Nordea Bank Abp, filial i Norge
Essendrops gate 7, Postboks
1166 Sentrum, 0107 Oslo
920058817 MVA, Norway

Attention: [Loans Administration] [●] 2020

DRAWDOWN NOTICE

1 We refer to the loan agreement (the "**Loan Agreement**") dated [●] 2020 and made between ourselves, as joint and several Borrowers, the Lenders referred to therein, and yourselves as Agent, as Security Trustee, as Lead Arranger and as Swap Bank in connection with a facility of up to US$55,848,000. Terms defined in the Loan Agreement have their defined meanings when used in this Drawdown Notice.

2 We request to borrow as follows:

(a) Amount of Loan: US$55,848,000;

(b) Drawdown Date: [●] 2020;

(c) [Duration of the first Interest Period shall be [1][3] 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 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
KNOX SHIPPING COMPANY INC.
BOKAK SHIPPING COMPANY INC.
JEMO SHIPPING COMPANY INC.
GUAM SHIPING COMPANY INC.
PALAU SHIPPING COMPANY INC.
MAKUR SHIPPING COMPANY INC.
MANDARINGINA INC. and
VESTA COMMERCIAL, S.A.

SCHEDULE 3

CONDITION PRECEDENT DOCUMENTS

PART A

The following are the documents referred to in Clause 9.1(a).

1 A duly executed original of:

(a) this Agreement;

(b) the Corporate Guarantee;

(c) the Agency and Trust Deed;

(d) the Master Agreement;

(e) the Shares Pledges;

(f) the Master Agreement Assignment; and

(g) the Accounts Pledges.

2 Copies of the certificate of incorporation and constitutional documents of each Borrower, the Corporate Guarantor and any other Security Party.

3 Copies of resolutions of the shareholders and directors of each Borrower and each Security Party (other than the Corporate Guarantor) authorising the execution of each of the Finance Documents to which that Borrower or that Security Party is a party and, in the case of a Borrower, authorising named officers to give the Drawdown Notice.

4 Copies of resolutions of the executive committee of the Corporate Guarantor authorising the execution of each of the Finance Documents to which it is a party.

5 The original of any power of attorney under which any Finance Document is executed on behalf of a Borrower, the Corporate Guarantor or any other Security Party.

6 Copies of all consents which any Borrower, the Corporate Guarantor or any Security Party requires to enter into, or make any payment under, any Finance Document.

7 The originals of any mandates or other documents required in connection with the opening or operation of the Earnings Accounts.

8 Such documents as the Agent may require for its "Know your customer" and other customary money laundering and sanctions and counter-terrorist financing checks.

9 Copy of the Initial Charter and of all documents signed or issued by Bokak or the Initial Charterer (or any of them) under or in connection with it.

10 Documentary evidence that the agent for service of process named in Clause 30 has accepted its appointment.

11 Favourable legal opinions from lawyers appointed by the Agent on such matters concerning the laws of Marshall Islands, Panama and such other relevant jurisdictions as the Agent may require.

12 If the Agent so requires, in respect of any of the documents referred to above, a certified English translation prepared by a translator approved by the Agent.

PART B

The following are the documents referred to in Clause 9.1(b) required before the Drawdown Date. In Part B of this Schedule 3, the following definitions have the following meanings:

(a) "**Relevant Borrower**" means the Borrower which is the owner of the Relevant Ship; and

(b) "**Relevant Ship**" means the Ship which is to be financed by using the proceeds of the Loan being drawn on the Drawdown Date.

1 A duly executed original of the Mortgage and the General Assignment relating to the Relevant Ship and the Initial Charter Assignment.

2 Documentary evidence that:

(a) the Relevant Ship is definitively and permanently registered in the name of the Relevant Borrower under an Approved Flag;

(b) the Relevant Ship is in the absolute and unencumbered ownership of the Relevant Borrower save as contemplated by the Finance Documents;

(c) the Relevant Ship maintains the class specified in Clause 14.3(b);

(d) the Mortgage relating to the Relevant Ship has been duly registered or recorded against the Relevant Ship as a valid first priority or, as the case may be, preferred statutory ship mortgage in accordance with the laws of the applicable Approved Flag State; and

(e) the Relevant Ship is insured in accordance with the provisions of this Agreement and all requirements therein in respect of insurances have been complied with.

3 Documents establishing that the Relevant Ship will, as from the Drawdown Date, be managed by the Approved Manager on terms acceptable to the Lenders, together with:

(a) a copy of the Management Agreement and the Manager's Undertaking duly signed by the Approved Manager; and

(b) copies of the Approved Manager's Document of Compliance and of the Relevant Ship's Safety Management Certificate (together with any other details of the applicable safety management system which the Agent requires) and ISSC.

4 Favourable legal opinions from lawyers appointed by the Agent on such matters concerning the laws of Marshall Islands, the Approved Flag State and such other relevant jurisdictions as the Agent may require.

5 At the cost of the Borrowers a favourable opinion from an independent insurance consultant acceptable to the Agent on such matters relating to the insurances for the Ship as the Agent may require.

6 Two valuations of each Ship addressed to the Agent and dated not earlier than 40 days before the Drawdown Date and prepared in accordance with Clause 15.3 by two Approved Brokers (each selected by the Borrowers and approved by the Agent) which evidences compliance with Clause 15.1 immediately after the Drawdown Date.

7 Evidence satisfactory to the Agent that the Existing Indebtedness is repaid in full and each of the Borrowers is released from all its obligations and liabilities under the Previous Loan Agreement.

8 If the Agent so requires, in respect of any of the documents referred to above, a certified English translation prepared by a translator approved by the Agent.

Each of the documents specified in paragraphs 2, 3, 5 and 9 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 or the secretary (or equivalent officer) of each Borrower or a qualified lawyer.

SCHEDULE 4

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: Nordea Bank Abp, filial i Norge for itself and for and on behalf of the Borrower, [each Security Party], the Security Trustee, each Lender and the Swap Bank, as defined in the Loan Agreement referred to below.

[●]

1 This Certificate relates to a Loan Agreement (the "**Agreement**") dated [●] 2020 and made between (1) 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. and Vest Commercial S.A. as joint and several borrowers (the "**Borrowers**"), (2) the banks and financial institutions named therein, (3) Nordea Bank Abp, filial i Norge as Agent, (4) Nordea Bank Abp, filial i Norge as Security Trustee, (5) Nordea Bank Abp, filial i Norge as Lead Arranger and (6) Nordea Bank Abp as Swap Bank for a loan facility of up to US$55,848,000.

2 In this Certificate, terms defined in the Agreement shall, unless the contrary intention appears, have the same meanings when used in this Certificate and:

"**Relevant Parties**" means the Agent, the Borrower, [each Security Party], the Security Trustee, each Lender and the Swap Bank;

"**Transferor**" means [full name] of [facility office]; and

"**Transferee**" means [full name] of [facility 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 Agreement and every other Finance Document in relation to [●] per cent. of its Contribution, which percentage represents $[●].]

5 [By virtue of this Transfer Certificate and Clause 26 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 26 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 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 required 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; 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 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, any Lender or the Swap Bank in the event that:

(i) any of the Finance Documents prove to be invalid or ineffective;

(ii) any Borrower or any Security Party fails to observe or perform its obligations, or to discharge its liabilities, under any of the Finance Documents; and

(iii) it proves impossible to realise any asset covered by a Security Interest created by a Finance Document, or the proceeds of such assets are insufficient to discharge the liabilities of the Borrowers or any Security Party under any of the Finance Documents;

(c) agrees that it will have no rights of recourse on any ground against the Agent, the Security Trustee, 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 9 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

[Name of Agent]

By:

Date:

Administrative Details of Transferee

Name of Transferee:

Facility 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 5

DESIGNATION NOTICE

Nordea Bank Abp, filial i Norge
Essendrops gate 7, Postboks
1166 Sentrum, 0107 Oslo
920058817 MVA, Norway

[●]

Dear Sirs

Loan Agreement dated [●] 2020 made between (i) 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. and Vest Commercial S.A. as joint and several Borrowers, (ii) the Lenders, (iii) yourselves as Agent, Security Trustee and Lead Arranger and (iv) Nordea Bank Abp as Swap Bank (the "Loan Agreement").

We refer to:

1 The Loan Agreement;

2 the Master Agreement dated [●] 2020 made between ourselves and the Swap Bank; and

3 a Confirmation delivered pursuant to the said Master Agreement dated [●] and addressed by [●] 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
KNOX SHIPING COMPANY INC.
BOKAK SHIPPING COMPANY INC.
JEMO SHIPPING COMPANY INC.
GUAM SHIPING COMPANY INC.
PALAU SHIPPING COMPANY INC.
MAKUR SHIPPING COMPANY INC.
MANDARINGINA INC. AND
VESTA COMMERCIAL, S.A.

THE BORROWERS

SIGNED by)
)
for and on behalf of)
KNOX SHIPING COMPANY INC.)
in the presence of:)

SIGNED by)
)
for and on behalf of)
BOKAK SHIPPING COMPANY INC.)
in the presence of:)

SIGNED by)
)
for and on behalf of)
JEMO SHIPPING COMPANY INC.)
in the presence of:)

SIGNED by)
)
for and on behalf of)
GUAM SHIPING COMPANY INC.)
in the presence of:)

SIGNED by)
)
for and on behalf of)
PALAU SHIPPING COMPANY INC.)
in the presence of:)

SIGNED by)
)
for and on behalf of)
MAKUR SHIPPING COMPANY INC.)
in the presence of:)

SIGNED by)
)
for and on behalf of)
MANDARINGINA INC.)
in the presence of:)

SIGNED by)
)
for and on behalf of)
VESTA COMMERCIAL, S.A.)
in the presence of:)

THE LENDERS

SIGNED by)
Georgia Theologidou)
for and on behalf of)
NORDEA BANK ABP, FILIAL I NORGE)
in the presence of:)

THE SWAP BANK

SIGNED by)
Georgia Theologidou)
for and on behalf of)
NORDEA BANK ABP)
in the presence of:)

THE AGENT

SIGNED by)
Georgia Theologidou)
for and on behalf of)
NORDEA BANK ABP, FILIAL I NORGE)
in the presence of:)

THE SECURITY TRUSTEE

SIGNED by)
Georgia Theologidou)
for and on behalf of)
NORDEA BANK ABP, FILIAL I NORGE)
in the presence of:)

THE LEAD ARRANGER

SIGNED by)
Georgia Theologidou)
for and on behalf of)
NORDEA BANK ABP, FILIAL I NORGE)
in the presence of:)

First Supplemental Agreement to Secured Loan Facility Agreement dated 18 December 2014 as amended and supplemented by a supplemental letter agreement dated 13 July 2018

Dated June 2020

(1) Weno Shipping Company Inc.
Pulap Shipping Company Inc.
(as borrowers)

(2) Diana Shipping Inc.
(as guarantor)

(3) Diana Shipping Services S.A.
(as manager)

(4) BNP Paribas
(as lender)

(5) BNP Paribas
(as agent)

(6) BNP Paribas
(as security trustee)

(7) BNP Paribas
(as swap bank)

Stephenson Harwood
Ariston Building, 2nd Floor
Filellinon 2 & Akti Miaouli, 185 36 Piraeus, Greece
T: +30 210 429 5160 | F: +30 210 429 5166
www.shlegal.com

STEPHENSON HARWOOD

Contents

Supplemental Agreement

Dated June 2020

Between:

(1) **Weno Shipping Company Inc.** ("**Borrower A**") and **Pulap Shipping Company Inc.** ("**Borrower B**" and together with Borrower A, the "**Borrowers**"), each a company incorporated according to the law of the Republic of the Marshall Islands with its registered office at Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro MH96960, Marshall Islands; and

(2) **Diana Shipping Inc.**, a company incorporated according to the law of the Republic of the Marshall Islands with its registered office at Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro MH96960, Marshall Islands (the "**Guarantor**"); and

(3) **Diana Shipping Services S.A.**, a company incorporated under the laws of the Republic of Panama with its registered office at Edificio Universal, Piso 12, Avenida Federico Boyd, Panama, Republic of Panama; and

(4) the banks and financial institutions listed in Schedule 1, each acting through its office at the address indicated against its name in Schedule 1 (together the "**Lenders**" and each a "**Lender**"); and

(5) **BNP Paribas**, a *société anonyme* incorporated under the laws of France whose registered office (*siège social*) is at 16 boulevard des Italiens, 75009 Paris, France, acting as agent through its office at 35, Rue de la Gare, Millenaire 4, 75019 Paris, France (in that capacity the "**Agent**"); and

(6) **BNP Paribas**, a *société anonyme* incorporated under the laws of France whose registered office (*siège social*) is at 16 boulevard des Italiens, 75009 Paris, France, acting as security trustee through its office at 35, Rue de la Gare, Millenaire 4, 75019 Paris, France (in that capacity the "**Security Trustee**"); and

(7) **BNP Paribas**, a *société anonyme* incorporated under the laws of France whose registered office (*siège social*) is at 16 boulevard des Italiens, 75009 Paris, France, acting as swap bank through its office at 3 rue Taitbout, 75009, Paris, France (in that capacity the "**Swap Bank**").

Supplemental to a secured loan agreement dated 18 December 2014 as amended and supplemented by a supplemental letter agreement dated 13 July 2018 (together, the "**Loan Agreement**") made between, amongst others, the Borrowers, the Lenders, the Agent, the Security Trustee and the Swap Bank on the terms and subject to the conditions of which each of the Lenders agreed to advance to the Borrowers its respective Commitment of an aggregate amount not exceeding $55,000,000.

Whereas the Borrowers have requested the Creditor Parties to amend the Loan Agreement and the Corporate Guarantee as detailed in this Supplemental Agreement.

It is agreed that:

1 Interpretation

1.1 In this Supplemental Agreement:

"**Account Pledge Supplements**" means:

(a) a supplemental side letter to the Account Pledge dated 8 January 2015 made between Borrower A, the Lenders, the Swap Bank, the Agent, the Security Agent and the Account Bank; and

(b) a supplemental side letter to the Account Pledge dated 8 January 2015 made between Borrower B, the Lenders, the Swap Bank, the Agent, the Security Agent and the Account Bank,

and " **Account Pledge Supplement**" means either one of them

"**Creditor Parties**" means the Agent, the Security Trustee, the Swap Bank and the Lenders.

"**Effective Date**" means the date on which the Agent confirms to the Borrowers and the other Obligors in writing substantially in the form set out in Schedule 2 that all of the conditions referred to in Clause 2.1 have been satisfied, which confirmation the Agent shall be under no obligation to give if:

(a) those conditions are not satisfied prior to 15 July 2020; or

(b) an Event of Default or Potential Event of Default shall have occurred and be continuing; or

(c) any event or circumstance has occurred which the Majority Lenders reasonably believe has or is reasonably likely to have a material adverse effect on the business, management, condition (financial or otherwise), results of operations, operations, performance, prospects or properties of the Borrowers or the Guarantor since 31 March 2020.

""**Insurance Assignment**" means, in relation to a Ship, an assignment of the Insurances from the Corporate Guarantor in the Agreed Form."

"**Mortgage Addenda**" means:

(a) the first addendum to the first preferred mortgage dated 19 December 2014 over Ship A to be made between Borrower A and the Security Trustee; and

(b) the first addendum to the first preferred mortgage dated 19 December 2014 over Ship B to be made between Borrower B and the Security Trustee,

and "**Mortgage Addendum**" means either one of them.

"**New Fee Letter**" means any letter or letters dated on or about the date of this Supplemental Agreement between the Agent and the Borrowers (or the Security Trustee and the Borrowers) setting out the amounts of the fees agreed between the Agent and the Borrowers in connection with this Supplemental Agreement.

"**Obligors**" means all parties to this Supplemental Agreement other than the Creditor Parties and "**Obligor**" means any one of them.

1.2 All words and expressions defined in the Loan Agreement shall have the same meaning when used in this Supplemental Agreement unless the context otherwise requires, and clause 1.2 (*Construction of certain terms*) of the Loan Agreement shall apply to the interpretation of this Supplemental Agreement as if it is set out in full.

1.3 The Creditor Parties and the Borrowers hereby designate this Supplemental Agreement as a Finance Document.

2 Conditions

2.1 As conditions for the agreement of the Creditor Parties to amend the Loan Agreement and the Corporate Guarantee as detailed in this Supplemental Agreement, the Borrowers shall deliver or cause to be delivered to or to the order of the Agent all of the documents and other evidence listed in Schedule 3.

2.2 All documents and evidence delivered to the Agent pursuant to Clause 2.1 shall:

2.2.1 be in form and substance acceptable to the Agent;

2.2.2 if required by the Agent, be certified, notarised, legalised or attested in a manner acceptable to the Agent.

3 Representations

3.1 Each of the representations contained in clause 10 (*Representations and Warranties*) of the Loan Agreement shall be deemed repeated by the Borrowers at the date of this Supplemental Agreement and at the Effective Date, by reference to the facts and circumstances then pertaining, as if references to the Finance Documents include this Supplemental Agreement.

3.2 Any representation made by an Obligor in any of the Finance Documents to which it is a party shall be deemed repeated by that Obligor at the date of this Supplemental Agreement and at the Effective Date, by reference to the facts and circumstances then pertaining.

3.3 Each of the Guarantor and the Borrowers represent and warrant that none of the Security Parties nor any of their subsidiaries, directors or officers, or, to the best knowledge of the Guarantor and of the Borrowers, any affiliate, agent or employee of any Security Party, has engaged in any activity or conduct which would violate any applicable anti-bribery, anti-corruption or anti-money laundering laws, regulations or rules in any applicable jurisdiction and they have each instituted and maintain policies and procedures designed to prevent violation of such laws, regulations and rules.

4 Amendments to Loan Agreement and Finance Documents

4.1 With effect from the Effective Date the Loan Agreement shall be read and construed as if:

4.1.1 references to "this Agreement" are references to the Loan Agreement as amended and supplemented by this Supplemental Agreement;

4.1.2 references to the Finance Documents include this Supplemental Agreement, the New Fee Letter and the Insurance Assignment;

4.1.3 references to the Mortgages include the Mortgage Addenda;

4.1.4 references to the Account Pledges include the Account Pledge Supplements;

4.1.5 the definition of "Security Parties" set out in clause 1.1 of the Loan Agreement include the Borrowers;

4.1.6 the following definitions are added in clause 1.1 (*Definitions*) of the Loan Agreement in alphabetical order:

""**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."

""**Account Pledge Supplements**" means:

(a) a supplemental side letter to the Account Pledge dated 8 January 2015 made between Borrower A, the Lenders, the Swap Bank, the Agent, the Security Agent and the Account Bank; and

(b) a supplemental side letter to the Account Pledge dated 8 January 2015 made between Borrower B, the Lenders, the Swap Bank, the Agent, the Security Agent and the Account Bank,

and " **Account Pledge Supplement**" means either one of them."

""Confidential Information" means all information relating to any Obligor, any other member of the Group, the Finance Documents or the Loan of which a Creditor Party becomes aware in its capacity as, or for the purpose of becoming, a Creditor Party or which is received by a Creditor Party in relation to, or for the purpose of becoming a Creditor Party under, the Finance Documents or the Loan from either:

(a) a Borrower, any Security Party, any other member of the Group or any of its advisers; or

(b) another Creditor Party, if the information was obtained by that Creditor 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 Creditor Party of Clause 30.5 (*Confidentiality*); or

(ii) is identified in writing at the time of delivery as non-confidential by a Borrower or Security Party, any other member of the Group or any of its advisers; or

(iii) is known by that Creditor Party before the date the information is disclosed to it in accordance with (a) or (b) or is lawfully obtained by that Creditor Party after that date, from a source which is, as far as that Creditor Party is aware, unconnected with a Borrower or Security Party or any other member of the Group and which, in either case, as far as that Creditor Party is aware, has not been obtained in breach of, and is not otherwise subject to, any obligation of confidentiality; or

(iv) is a Confidential Rate."

""Confidentiality Undertaking" means a confidentiality undertaking substantially in a recommended form of the Loan Market Association at the relevant time."

""Effective Date" means the Effective Date, as defined in the First Supplemental Agreement.";

""Existing Balloon" means either of Existing Balloon A and Existing Balloon B."

"Existing Balloon A" means a part of Advance A in the amount of $16,173,998.04.

"Existing Balloon B" means, a part of Advance B in the amount of $15,291,779.96.

""Holding Company" means, in relation to a person, any other person in respect of which it is a Subsidiary."

""First Supplemental Agreement" means the first supplemental agreement to this Agreement dated June 2020.";

""Insurance Assignment" means, in relation to a Ship, an assignment of the Insurances from the Corporate Guarantor in the Agreed Form."

""Mortgage Addenda" means:

(a) the first addendum to the first preferred mortgage dated 19 December 2014 over Ship A; and

(b) the first addendum to the first preferred mortgage dated 19 December 2014 over Ship B,

and "**Mortgage Addendum**" means either one of them.";

""**New Fee Letter**" means any letter or letters dated on or about the date of the First Supplemental Agreement between the Agent and the Borrowers setting out the amounts of the relevant fees referred to in Clause 20.1.";

""**Outstanding Advance Amounts**" means together the Outstanding Advance A Amount and the Outstanding Advance B Amount and "**Outstanding Advance Amount**" means any one of them";

""**Outstanding Advance A Amount**" means, in respect of Advance A, the amount outstanding on the Effective Date being eighteen million six hundred thousand nine hundred and ninety eight Dollars and forty six cents ($18,600,998.46).";

""**Outstanding Advance B Amount**" means, in respect of Advance B, the amount outstanding on the Effective Date being seventeen million five hundred and eighty six thousand three hundred and ninety eight Dollars and fifty four cents ($17,586,398.54).";

""**Repayment Instalments**" means the repayment instalments set out in Clause 8.1 and 8.1A."

""**Representative**" means any delegate, agent, manager, administrator, nominee, attorney, trustee or custodian."

""**Subsidiary**" means a subsidiary undertaking within the meaning of section 1162 of the Companies Act 2006."

""**Party**" means a party to this Agreement."; and

4.1.7 the definition of "Margin" in clause 1.1 (*Definitions*) of the Loan Agreement is deleted and is replaced as follows:

""**Margin**" means:

(a) for the period commencing on the Drawdown Date up to and including one day prior to the Effective Date, two per cent (2%) per annum;

(b) for the period commencing on the Effective Date and until the end of the Security Period, two point five per cent (2.5%) per annum.";

4.1.8 the definition of "Notifying Lender" is deleted from clause 1.1 of the Loan Agreement and any references to "Notifying Lender" in the Loan Agreement shall be replaced with the term "Notifying Creditor Party";

4.1.9 the definitions of "Restricted Party", "Sanctioned Country" and "Sanctions List" set out in clause 1.1 of the Loan Agreement are deleted and referenced to "Restricted Party" in the Loan Agreement are replaced with the term "Sanctioned Person";

4.1.10 a new clause numbered 1.7 is inserted headed "Contractual recognition of bail-in" and reading as follows:

"1.7.1 In this Clause 1.7:

"**Article 55 BRRD**" means Article 55 of Directive 2014/59/EU establishing a framework for the recovery and resolution of credit institutions and investment firms.

"**Bail-In Action**" means the exercise of any Write-down and Conversion Powers.

"**Bail-In Legislation**" means:

(a) in relation to an EEA Member Country which has implemented, or which at any time implements, Article 55 BRRD, the relevant implementing law or regulation as described in the EU Bail-In Legislation Schedule from time to time; and

(b) in relation to any state other than such an EEA Member Country or (to the extent that the United Kingdom is not such an EEA Member Country) the United Kingdom, any analogous law or regulation from time to time which requires contractual recognition of any Write-down and Conversion Powers contained in that law or regulation.

"**EEA Member Country**" means any member state of the European Union, Iceland, Liechtenstein and Norway.

"**EU Bail-In Legislation Schedule**" means the document described as such and published by the Loan Market Association (or any successor person) from time to time.

"**Resolution Authority**" means any body which has authority to exercise any Write-down and Conversion Powers.

"**UK Bail-In Legislation**" means (to the extent that the United Kingdom is not an EEA Member Country which has implemented, or implements, Article 55 BRRD) Part I of the United Kingdom Banking Act 2009 and any other law or regulation applicable in the United Kingdom relating to the resolution of unsound or failing banks, investment firms or other financial institutions or their affiliates (otherwise than through liquidation, administration or other insolvency proceedings).

"**Write-down and Conversion Powers**" means:

(a) in relation to any Bail-In Legislation described in the EU Bail-In Legislation Schedule from time to time, the powers described as such in relation to that Bail-In Legislation in the EU Bail-In Legislation Schedule; and

(b) in relation to any other applicable Bail-In Legislation:

(i) any powers under that Bail-In Legislation to cancel, transfer or dilute shares issued by a person that is a bank or investment firm or other financial institution or affiliate of a bank, investment firm or other financial institution, to cancel, reduce, modify or change the form of a liability of such a person or any contract or instrument under which that liability arises, to convert all or part of that liability into shares, securities or obligations of that person or any other person, to provide that any such contract or instrument is to have effect as if a right had been exercised under it or to suspend any obligation in respect of that liability or any of the powers under that Bail-In Legislation that are related to or ancillary to any of those powers; and

(ii) any similar or analogous powers under that Bail-In Legislation ; and

(c) in relation to any UK Bail-In Legislation:

(i) any powers under that UK Bail-In Legislation to cancel, transfer or dilute shares issued by a person that is a bank or investment firm or other financial institution or affiliate of a bank, investment firm or other financial institution, to cancel, reduce, modify or change the form of a liability of such a person or any contract or instrument under which that liability arises, to convert all or part of that liability into shares, securities or obligations of that person or any other person, to provide that any such contract or instrument is to have effect as if a right had been exercised under it or to suspend any obligation in respect of that liability or any of the powers under that UK Bail-In Legislation that are related to or ancillary to any of those powers; and

(ii) any similar or analogous powers under that UK Bail-In Legislation.

1.7.2 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."

4.1.11 a new clause 8.1A (*Repayment of Existing Balloon*) of the Loan Agreement is added after clause 8.1 (*Amount of Repayment Instalments*) as follows:

"8.1A Amount of Repayment Instalments

The Borrowers shall repay the Outstanding Advance Amounts as follows:

(a) in respect of the Outstanding Advance A Amount (other than the Existing Balloon A) by three (3) equal consecutive six-monthly instalments of $809,000.14 each;

(b) in respect of the Existing Balloon A by:

(i) five (5) equal consecutive six-monthly instalments of $809,000.14 each; and

(ii) a balloon instalment of $12,128,997.34 (the "**Advance A Balloon Instalment**"); and

(c) in respect of the Outstanding Advance B Amount (other than the Existing Balloon B) by three (3) equal consecutive six-monthly instalments of $764,872.86:

(d) in respect of the Existing Balloon B by:

(i) five (5) equal consecutive six-monthly instalments of $764,872.86 each); and

(ii) a balloon instalment of $11,467,415.66 (the "**Advance B Balloon Instalment**" and together with the Advance A Balloon Instalment, the "**Balloon Instalments**" and each a "**Balloon Instalment**").";

4.1.12 clause 8.2 (*Repayment Dates*) of the Loan Agreement is deleted and is replaced as follows:

"8.2 Repayment Dates

(a) In respect of Clause 8.1A (a) and (c) the first such Repayment Instalment shall be repaid on 19 December 2020, the second such Repayment Instalment shall be repaid on 19 June 2021 and the third such Repayment Instalment shall be repaid on 19 November 2021.

(b) In respect of Clause 8.1A (b) and (d) the first such Repayment Instalment shall be repaid on 19 May 2022 and the remaining such Repayment Instalments shall be repaid at six-monthly intervals thereafter and the last such Repayment Instalment shall be repaid on 19 May 2024 together with the relevant Balloon Instalment.";

4.1.13 clause 10.18 (*Sanctions*) of the Loan Agreement is deleted and is replaced as follows:

10.18 **Sanctions**

None of the Security Parties, nor any of their subsidiaries, directors or officers, any affiliate, agent or employee of the Security Parties is an individual or entity' (a "**Person**"), that is, or is 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**").

4.1.14 clause 11.19 (*Borrower's Minimum liquidity*) of the Loan Agreement is deleted and is replaced as follows:

"11.19 Borrower's Minimum liquidity

Each Borrower will maintain to the credit of account(s) held by it with the Account Bank (including, for the avoidance of doubt, the Earnings Account) as from the Effective Date and at all times thereafter during the Security Period an amount of not less than $500,000.";

4.1.15 clause 11.20 (*Sanctions*) of the Loan Agreement is deleted and is replaced as follows:

11.20 Sanctions

(a) None of the Security Parties will, directly or indirectly, use the proceeds of the Loan hereunder, or lend, contribute or otherwise make available such proceeds to any subsidiary, joint venture partner or any 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) to use in repayment of any moneys due to the Creditor Parties any earnings of the Ships paid directly or indirectly from any activities or business of or with any Person, or in any country, territory or port, that, at the time of such payment, is, a Sanctioned Person or Sanctioned Country, or (iii) 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) The Borrowers and the Corporate Guarantor shall, and shall procure that any other Security Parties 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.

4.1.16 the following clause is added in clause 11 (*General Undertakings*) of the Loan Agreement in numerical order:

"11.21 Poseidon Principles

(a) In this Clause 11.21:

"**Annex VI**" means Annex VI of the Protocol of 1997 (as subsequently amended from time to time) to amend the International Convention for the Prevention of Pollution from Ships 1973 (Marpol), as modified by the Protocol of 1978 relating thereto.

"**Poseidon Principles**" means the financial industry framework for assessing and disclosing the climate alignment of ship finance portfolios published on 18 June 2019 as the same may be amended or replaced (to reflect changes in applicable law or regulation or the introduction of, or changes to, mandatory requirements of the International Maritime Organization) from time to time.

"**Relevant Lender**" means a Lender which has, at any time during the Security Period, become a signatory to the Poseidon Principles.

"**Statement of Compliance**" means a statement of compliance related to fuel oil consumption pursuant to regulations 6.6 and 6.7 of Annex VI.

(b) Each Borrower shall, upon the request of any Relevant Lender and at the cost of the Borrowers, on or before 31 July in each calendar year, supply or procure the supply to the Agent (for transmission to the applicable Relevant Lender) of all information necessary in order for any Relevant Lender to comply with its obligations under the Poseidon Principles in respect of the preceding calendar year, including, without limitation, all ship fuel oil consumption data required to be collected and reported in accordance with regulation 22A of Annex VI and any Statement of Compliance, in each case relating to its Ship for the preceding calendar year, provided that no Relevant Lender shall publicly disclose such information with the identity of the relevant Ship without the prior written consent of the relevant Borrower and, for the avoidance of doubt, such information shall be "confidential" for the purposes of Clause 26.13 (*Disclosure of information*) but each Borrower acknowledges that, in accordance with the Poseidon Principles, such information will form part of the information published regarding the applicable Relevant Lender's portfolio climate alignment."; and

4.1.17 clause 14.10 (*Compliance with laws etc.*) of the Loan Agreement is deleted and is replaced as follows:

"14.10 **Compliance with Laws (including Sanctions)**

The Borrowers shall and shall procure that each of the Security Parties shall:

(a) comply, or procure compliance with all laws, rules or regulations (i) relating to its business generally; and (ii) relating to the Ships, its ownership, employment, operation, management and registration, including, but not limited to, the ISM Code, the ISPS Code, all environmental laws, all Sanctions and the laws of the approved flag;

(b) obtain, comply with and do all that is necessary to maintain in full force and effect any environmental approvals;

(c) without limiting paragraph (a) above, not employ the Ships nor allow its employment, operation or management in any manner contrary to any law. regulation or rule including but not limited to the ISM Code, the ISPS Code, all environmental laws and all Sanctions; and

(d) in the case of the Borrowers in the event of hostilities in any part of the world (whether war is declared or not), not cause or permit the Ship owned by it to enter or trade to any zone which is declared a war zone by any government or by the Ship's war risks insurers unless the prior written consent of the Lenders has been given and that Borrower has (at its expense) effected any special, additional or modified insurance cover which the Lenders may require.

4.1.18 clause 14.19 (*Sanctions provisions*) of the Loan Agreement is deleted and is replaced as follows:

"14.19 **Sanctions - Vessels and charterparties.** The Borrowers shall procure that:

(a) the Ships shall not be used directly or indirectly by or for the benefit of a Sanctioned Person;

(b) the Ships shall not be used directly or indirectly in calling, trading or otherwise in going to a Sanctioned Country;

(c) the Ships shall not be used directly or indirectly in any transport or any goods that are prohibited by Sanctions;

(d) the Ships shall not be used or traded directly or indirectly in any manner which would expose the Ships, any Security Party, any other charterer of the Ships, crew or insurers to enforcement proceedings or any other consequences whatsoever arising from Sanctions;

(e) the Ships shall not be used or traded directly or indirectly 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

(f) each charterparty (including any sub-charterparty) in respect of a Ship shall contain, for the benefit of the Borrowers, language which broadly gives effect to the provisions of covenants paragraph (c) of Clause 14.10 (*Compliance with Laws (including Sanctions)*) and of this paragraph and which permits refusal of employment or voyage orders if compliance would result in a breach of Sanctions.

4.1.19 clause 20.1 (*Structuring fee*) of the Loan Agreement is deleted and is replaced as follows:

"20.1 **Fees**

The Borrowers 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 for distribution among the Lenders pro rata to their Commitments;

(b) on the date of the First Supplemental Agreement, a non-refundable structuring fee in the amount set out in the New Fee Letter for distribution among the Lenders pro rata to their Commitments; and

(c) (for the account of the Account Bank) an Account Bank fee in the amount and at the times agreed in the New Fee Letter.";

4.1.20 clause 20.2 (*Costs of negotiation, preparation etc.*) of the Loan Agreement is deleted and is replaced as follows:-

"20.2 **Costs of negotiation, preparation etc.**

The Borrowers shall pay to the Agent within three Business Days in Paris from the Agent's demand 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) whether or not the relevant transaction has been completed."

4.1.21 clause 26.13 (*Disclosure of information*) is deleted and the remaining clauses are renumbered accordingly;

4.1.22 the following clauses are added in clause 27 (*Variations and waivers*) of the Loan Agreement in numerical order:

"27.4 **Replacement of Screen Rate**

27.4.1 In this Clause 27.4:

"**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 (i) and (ii), the "Replacement Benchmark" will be the replacement under (ii);

(b) in the opinion of the Majority Lenders and the Borrowers, generally accepted in the international or any relevant domestic syndicated loan markets as the appropriate successor to that Screen Rate; or

(c) in the opinion of the Majority Lenders and the Borrowers, an appropriate successor to a Screen Rate.

27.4.2 Subject to Clause 27.1 (*Variations, waivers etc. by Majority Lenders*), any amendment or waiver which relates to:

(a) providing for the use of a Replacement Benchmark in relation to that currency in place of (or in addition to) the affected 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 Borrowers.

27.4.3 Without prejudice to any other provision of this Agreement, each Party acknowledges and agrees for the benefit of each of the other Parties: (a) LIBOR (i) may be subject to methodological or other changes which could affect its value, (ii) may not comply with applicable laws and regulations (such as the Regulation (EU) 2016/1011 of the European Parliament and of the Council, as amended (EU Benchmarks Regulation)) and/or (ii) may be permanently discontinued; and (b) the occurrence of any of the aforementioned events and/or a Screen Rate Replacement Event may have adverse consequences which may materially impact the economics of the financing transactions contemplated under this Agreement."

4.1.23 Clause 30.5 (*Waiver of Banking Secrecy*) is deleted and is replaced as follows:

"30.5 **Confidentiality**

30.5.1 **Confidential Information** Each Creditor Party agrees to keep all Confidential Information confidential and not to disclose it to anyone, save to the extent permitted by Clause 30.5.2 (*Disclosure of Confidential Information*) and Clause 30.5.3 (*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.

30.5.2 **Disclosure of Confidential Information** Any Creditor Party may disclose:

(a) to any of its Affiliates and any of its or their officers, directors, employees, professional advisers, auditors, partners and Representatives such Confidential Information as that Creditor Party shall consider appropriate if any person to whom the Confidential Information is to be given pursuant to this Clause 30.5.2 (a) is informed in writing of its confidential nature and that some or all of such Confidential Information may be price-sensitive information except that there shall be no such requirement to so inform if the recipient is subject to professional obligations to maintain the confidentiality of the information or is otherwise bound by requirements of confidentiality in relation to the Confidential Information;

(b) to any person:

(i) to (or through) whom it assigns or transfers (or may potentially assign or transfer) all or any of its rights and/or obligations under one or more Finance Documents or which succeeds (or which may potentially succeed) it as Agent or Security Trustee and, in each case, to any of that person's Affiliates, Representatives and professional advisers;

(ii) with (or through) whom it enters into (or may potentially enter into), whether directly or indirectly, any sub-participation in relation to, or any other transaction under which payments are to be made or may be made by reference to, one or more Finance Documents and/or one or more Security Parties or Borrowers and to any of that person's Affiliates, Representatives and professional advisers;

(iii) appointed by any Creditor Party or by a person to whom Clause 30.5.2 (b)(i) or 30.5.2 (b)(ii) applies to receive communications, notices, information or documents delivered pursuant to the Finance Documents on its behalf;

(iv) who invests in or otherwise finances (or may potentially invest in or otherwise finance), directly or indirectly, any transaction referred to in Clause 30.5.2 (b)(i) or 30.5.2 (b)(ii);

(v) to whom information is required or requested to be disclosed by any court of competent jurisdiction or any governmental, banking, taxation or other regulatory authority or similar body, the rules of any relevant stock exchange or pursuant to any applicable law or regulation;

(vi) to whom information is required to be disclosed in connection with, and for the purposes of, any litigation, arbitration, administrative or other investigations, proceedings or disputes;

(vii) who is a Party; or

(viii) with the consent of the Borrowers;

in each case, such Confidential Information as that Creditor Party shall consider appropriate if:

(A) in relation to Clauses 30.5.2 (b)(i), 30.5.2 (b)(ii) and 30.5.2 (b)(iii), the person to whom the Confidential Information is to be given has entered into a Confidentiality Undertaking except that there shall be no requirement for a Confidentiality Undertaking if the recipient is a professional adviser and is subject to professional obligations to maintain the confidentiality of the Confidential Information;

(B) in relation to Clause 30.5.2 (b)(iv), the person to whom the Confidential Information is to be given has entered into a Confidentiality Undertaking or is otherwise bound by requirements of confidentiality in relation to the Confidential Information they receive and is informed that some or all of such Confidential Information may be price-sensitive information;

(C) in relation to Clauses 30.5.2 (b)(v), 30.5.2 (b)(vi) and 30.5.2 (b)(vii), 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 Creditor Party, it is not practicable so to do in the circumstances;

(D) to any person appointed by that Creditor Party or by a person to whom Clause 30.5.2 (b)(i) or 30.5.2 (b)(ii) 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 30.5.2 (c) if the service provider to whom the Confidential Information is to be given has entered into a Confidentiality Undertaking; and

(E) 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 Borrowers and/or the Security Parties and/or the Group.

30.5.3 Disclosure to numbering service providers

(a) Any Creditor Party may disclose to any national or international numbering service provider appointed by that Creditor Party to provide identification numbering services in respect of this Agreement, the Loan and/or one or more Security Parties or Borrowers the following information:

(i) names of Security Parties or the Borrowers;

(ii) country of domicile of the Security Parties or the Borrowers;

(iii) place of incorporation of the Security Parties or the Borrowers;

(iv) date of this Agreement;

(v) Clause 31.1 (*English law*);

(vi) the name of the Agent;

(vii) date of each amendment and restatement of this Agreement;

(viii) amount of Total Commitments;

(ix) currencies of the Loan;

(x) type of Loan;

(xi) ranking of the Loan;

(xii) the date when the last Repayment Instalment is due for repayment;

(xiii) changes to any of the information previously supplied pursuant to (i) to (xii); and

(xiv) such other information agreed between such Creditor Party and that Security Party or Borrower,

to enable such numbering service provider to provide its usual syndicated loan numbering identification services.

(b) The Parties acknowledge and agree that each identification number assigned to this Agreement, the Loan and/or one or more Security Parties or Borrowers by a numbering service provider and the information associated with each such number may be disclosed to users of its services in accordance with the standard terms and conditions of that numbering service provider.

(c) Each Borrower represents that none of the information set out in Clauses 30.5.3 (a)(i) to 30.5.3 (a)(xiv) is, nor will at any time be, unpublished price-sensitive information.

30.5.4 **Entire agreement** This Clause 30.5 constitutes the entire agreement between the Parties in relation to the obligations of the Creditor Parties under the Finance Documents regarding Confidential Information and supersedes any previous agreement, whether express or implied, regarding Confidential Information.

30.5.5 **Inside information** Each of the Creditor 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 Creditor Parties undertakes not to use any Confidential Information for any unlawful purpose.

30.5.6 **Notification of disclosure** Each of the Creditor Parties agrees (to the extent permitted by law and regulation) to inform the Borrowers:

(a) of the circumstances of any disclosure of Confidential Information made pursuant to Clause 30.5.2 (b)(v) (*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

(b) upon becoming aware that Confidential Information has been disclosed in breach of this Clause 30.5.

30.5.7 **Continuing obligations** The obligations in this Clause 30.5 are continuing and, in particular, shall survive and remain binding on each Creditor Party for a period of 12 months from the earlier of:

(a) the date on which all amounts payable by the Security Parties or the Borrowers under or in connection with the Finance Documents have been paid in full and all Commitments have been cancelled or otherwise cease to be available; and

(b) the date on which such Creditor Party otherwise ceases to be a Creditor Party."

4.1.24 The name and identity of the agent to receive and accept service of process "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", set out in clause 31.4 of the Loan Agreement and wherever it appears in the other Finance Documents is deleted and replaced with "Ince Process Agents Limited at its registered office for the time being, presently at Aldgate Tower, 2 Leman Street, London E18QN, England".

4.2 All other terms and conditions of the Loan Agreement shall remain unaltered and in full force and effect.

4.3 With effect from the Effective Date the Corporate Guarantee shall be read and construed as if:

4.3.1 the following definitions are added in clause 1.1 of the Corporate Guarantee:

""Accounting Period" means each financial year and each half-year of each financial year of the Guarantor, for which Accounting Information is required to be delivered pursuant to Clause 11.9 *(Provision of financial statements)*."

""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)."; and

4.3.2 the definition of Cash and Cash Equivalents in clause 1.1 of the Corporate Guarantee is deleted and is replaced as follows:

""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 required to be maintained in accordance with clause 11.19 (*Borrower's Minimum Liquidity*) of the Loan Agreement);

(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 Guarantor 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."

4.3.3 clause 10.15 (*Sanctions*) of the Guarantee is deleted and is replaced as follows:

11.20 Sanctions

None of the Security Parties, nor any of their subsidiaries, directors or officers, any affiliate, agent or employee of the Security Parties is a Person, that is, or is owned or controlled by Persons that are Sanctioned Persons or (ii) located, organized or resident in a Sanctioned Country.

4.3.4 clause 12.2 (b) (*Financial Covenants*) of the Corporate Guarantee is deleted and is replaced as follows:

""(b) 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 11.19 (*Borrower's Minimum Liquidity*) of the Loan Agreement; and"

4.3.5 the following additional clause 12.2 (c) (*Financial Covenants*) is added to the Corporate Guarantee:

(c) 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.

4.3.6 the form of Compliance Certificate set out in the Schedule of the Corporate Guarantee is deleted and replaced with the form of Compliance Certificate set out in Schedule 4 of this Supplemental Agreement.

4.4 All other terms and conditions of the Corporate Guarantee shall remain unaltered and in full force and effect.

5 Confirmations and Undertakings

5.1 On the Effective Date, each of the Obligors confirms that all of its respective obligations under or pursuant to each of the Finance Documents to which it is a party remain in full force and effect, despite the amendments to the Loan Agreement, the Corporate Guarantee and the other Finance Documents made in this Supplemental Agreement, as if all references in any of the Finance Documents to the Loan Agreement, the Corporate Guarantee and the other Finance Documents are references to the Loan Agreement, the Corporate Guarantee and the other Finance Documents as amended and supplemented by this Supplemental Agreement.

5.2 The definition of any term defined in any of the Finance Documents shall, to the extent necessary, be modified to reflect the amendments to the Loan Agreement, the Corporate Guarantee and the other Finance Documents made in or pursuant to this Supplemental Agreement.

5.3 If an Obligor is not a party to the Loan Agreement, that Obligor agrees to be bound by the new clause 1.7 of the Loan Agreement as amended and supplemented by this Supplemental Agreement (Contractual recognition of bail-in) as if it is a party to the Loan Agreement.

5.4 Within 30 days after the Effective Date the Borrowers shall deliver or cause to be delivered to or to the order of the Agent the following documents and evidence:

5.4.1 such of the legal opinions specified in paragraph 3 of Schedule 3 as have not already been provided to the Agent; and

5.4.2 Letters of undertaking in respect of the Insurances as required by the Finance Documents together with copies of the relevant policies or cover notes or entry certificates duly endorsed with the interest of the Creditor Parties.

5.5 The provisions of Clause 2.2 shall apply to all the documents and evidence delivered to the Agent pursuant to Clause 5.4.

6 Notices, Counterparts, Governing Law and Jurisdiction

The provisions of clauses 28 (*Notices*), 30.3 (*Counterparts*) and 31 (*Law and Jurisdiction*) of the Loan Agreement shall apply to this Supplemental Agreement as if they are set out in full and as if (a) references to each party to the Loan Agreement are references to each party to this Supplemental Agreement, (b) references to the Finance Documents include this Supplemental Agreement and (c) references to a Borrower are references to each relevant Obligor.

7 Costs and expenses

The Borrowers shall pay to the Agent within three Business Days in Paris from the Agent's demand the amount of all expenses incurred by the Agent or the Security Trustee in connection with the negotiation, preparation, execution or registration of this Supplemental Agreement or any related document or with any transaction contemplated by this Supplemental Agreement or a related document (including, without limitation, out of pocket expenses, legal fees and any related VAT), whether the amendments set out in Clause 4 become effective.

Schedule 1

The Lenders

Names

Name of Lender	Address of lending office
BNP Paribas	16 Boulevard des Italiens, 75009 Paris France

Schedule 2

Effective Date Confirmation

To: Weno Shipping Company Inc.
Pulap Shipping Company Inc.
Trust Company Complex
Ajeltake Road, Ajeltake Island
Majuro MH96960
Marshall Islands

Diana Shipping Inc.
Trust Company Complex
Ajeltake Road, Ajeltake Island
Majuro MH96960
Marshall Islands

Diana Shipping Services S.A.
Edificio Universal, Piso 12
Avenida Federico Boyd
Panama
Republic of Panama

We, **BNP Paribas**, refer to the supplemental agreement dated June 2020 (the "**Supplemental Agreement**") relating to a secured loan agreement dated 18 December 2014 as amended and supplemented by a supplemental letter agreement dated 13 July 2018 (together, the "**Loan Agreement**") made between, amongst others, the above named Weno Shipping Company Inc. and Pulap Shipping Company Inc. as the Borrowers, the banks listed in it as the Lenders, ourselves as the Agent, ourselves as the Security Trustee and ourselves as the Swap Bank in respect of a loan to the Borrowers from the Lenders of up to $55,000,000.

We hereby confirm that all conditions precedent referred to in Clause 2.1 of the Supplemental Agreement have been satisfied. In accordance with Clauses 1.1 and 4 of the Supplemental Agreement the Effective Date is the date of this confirmation and the amendments to the Loan Agreement and the Corporate Guarantee are now effective.

Dated June 2020

Signed:_____

For and on behalf of
BNP Paribas

Schedule 3

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, this Supplemental Agreement and any document to be executed by that Obligor pursuant to this Supplemental Agreement.

(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 or (in respect of the Guarantor) the executive committee of the directors:

(i) approving the terms of, and the transactions contemplated by, this Supplemental Agreement and any document to be executed by that Obligor pursuant to this Supplemental Agreement and resolving that it execute this Supplemental Agreement and any such document; and

(ii) authorising a specified person or persons to execute this Supplemental Agreement and any such document (including all documents and notices to be signed and/or dispatched under any such document) on its behalf.

(d) **Copy passports** A copy of the passport of each person authorised by 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 Guarantor), approving the terms of, and the transactions contemplated by, this Supplemental Agreement and any document to be executed by each Obligor pursuant to this Supplemental Agreement.

(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 Schedule 3 is correct, complete and in full force and effect;

(ii) setting out the names of the directors, officers and shareholders of that Obligor and the proportion of shares held by each shareholder; and

(iii) confirming that none of the documents delivered to the Agent pursuant to clauses 9.1 and 9.3 of the Loan Agreement have been amended or modified in any way since the date of their delivery to the Agent, or certifying copies, as true, complete, accurate and neither amended nor revoked, of any which have been amended or modified.

(g) **Powers of attorney** The original notarially attested and legalised power of attorney of each Obligor under which this Supplemental Agreement and any document to be executed by each Obligor pursuant to this Supplemental Agreement are to be executed by that Obligor.

2 Security and related documents

(a) **Mortgage Addenda, Insurance Assignment** and **Account Pledge Supplements** The Mortgage Addenda, the Insurance Assignment and the Account Pledge Supplements, duly executed together with all other documents required by any of them, including, without limitation all notices of assignment and/or charge and evidence that those notices will be duly acknowledged by the recipients.

(b) **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 Marshall Islands confirming that (a) each Ship is permanently registered under that flag in the ownership of the relevant Borrower, (b) each Mortgage Addendum has been registered against the relevant Ship and (c) there are no further Encumbrances registered against each such Ship (other than the relevant Mortgage).

(c) **Evidence of insurance** Evidence that the Ships are insured in the manner required by the Finance Documents, together with the written approval of the Insurances by an insurance adviser appointed by the Agent.

3 **Legal opinions**

The following legal opinions, each addressed to the Agent, the Security Trustee, the Swap Bank and the Lenders and capable of being relied upon by any persons who become Lenders pursuant to the primary syndication of the Loan:

(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 Supplemental Agreement;

(b) a legal opinion of the following legal advisers to the Agent:

(i) Clark, Atcheson & Reisert as to Marshall Islands law;

(ii) Arias, Fábrega & Fábrega as to Panamanian law; and

(iii) Schellenberg Wittmer as to Swiss law.

4 **Other documents and evidence**

(a) **Process agent** Evidence that any process agent appointed pursuant to clause 39.2 (*Service of process*) of the Loan Agreement (as amended under this Supplemental Agreement) has accepted its appointment.

(b) **Other authorisations** A certified copy of any other authorisation, consent, approval, resolution, licence, exemption, filing, notarisation or registration 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 this Supplemental Agreement or for the validity and enforceability of this Supplemental Agreement and any document to be executed pursuant to this Supplemental Agreement.

(c) **Fees** The New Fee Letter duly executed and evidence that the fees referred to in the New Fee Letter have been paid free and clear of all present and future withholding taxes and/or levies.

(d) **"Know your customer" documents** Such documentation and other evidence as is reasonably requested by the Agent in order for the Lenders to comply with all necessary "know your customer" or similar identification procedures in relation to the transactions contemplated in this Supplemental Agreement, including, without limitation, all information required by the local financial services authorities of the countries in which the Creditor Parties and Account Bank reside, including Switzerland, the European Union and the United States of America, including two certified forms of identification on all account signatories, and of two directors of the Borrowers and Guarantor, and written disclosure of the ultimate beneficial owners of the Guarantor and Borrowers.

Schedule 4

Form of Compliance Certificate

To: BNP Paribas
35, Rue de la Gare,
Millenaire 4, 75019
Paris
France

Date: [•]

Dear Sirs,

We refer to:

(a) a loan agreement dated 18 December 2014 as amended and supplemented by a supplemental letter agreement dated 13 July 2018 and a first supplemental agreement dated [•] 2020 (together, the "**Loan Agreement**") made between, amongst others, (1) Weno Shipping Company Inc. and Pulap Shipping Company Inc. as joint and several borrowers (together, the **"Borrowers**"), (2) the banks and financial institutions listed therein as lenders and (3) yourselves and agent, swap bank and security trustee; and

(b) a guarantee dated 18 December 2014 as amended and supplemented by a supplemental letter dated 4 March 2016 and a first supplemental agreement dated [•] 2020 (the "**Guarantee**") made between (1) Diana Shipping Inc. (the "**Guarantor**") as guarantor and (2) yourselves as security trustee.

Words and expressions defined in the Loan Agreement and the Guarantee 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 Borrowers, the 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 Borrowers and the 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 oil material details of matter or event]).* In addition as of [•], each Borrower and the Guarantor confirms compliance with the financial covenants set out in Clause 12.2 of the Guarantee and clause 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.

In witness of which the parties to this Supplemental Agreement have executed this Supplemental Agreement as a deed the day and year first before written.

Signed and delivered as)
a Deed by)
Weno Shipping Company Inc.)
acting by)
)
its duly authorised)
)
in the presence of:)

Witness signature:……
Name:
Address:

Signed and delivered as)
a Deed by)
Pulap Shipping Company Inc.)
acting by)
)
its duly authorised)
)
in the presence of:)

Witness signature:……
Name:
Address:

Signed and delivered as)
a Deed by)
Diana Shipping Inc.)
acting by)
)
its duly authorised)
)
in the presence of:)

Witness signature:……
Name:
Address:

Signed and delivered as	)
a Deed by	)
Diana Shipping Services S.A.	)
acting by	)
	)
its duly authorised	)
	)
in the presence of:	)

Witness signature:……

Name:

Address:

Signed and delivered as)
a Deed by)
BNP Paribas)
(as lender))
acting by)
)
its duly authorised)
)
in the presence of:)

Witness signature:……
Name:
Address:

Signed and delivered as)
a Deed by)
BNP Paribas)
(as agent))
acting by)
)
its duly authorised)
)
in the presence of:)

Witness signature:……
Name:
Address:

Signed and delivered as)
a Deed by)
BNP Paribas)
(as security trustee))
acting by)
)
its duly authorised)
)
in the presence of:)

Witness signature:……
Name:
Address:

Signed and delivered as)
a Deed by)
BNP Paribas)
(as swap bank))
acting by)
)
its duly authorised)
)
in the presence of:)

Witness signature:……
Name:
Address:

STEAMSHIP SHIPBROKING ENTERPRISES INC.

THIS AGREEMENT dated this 1st day of July 2020 by and between Diana Shipping Inc., a Marshall Islands company having its registered office at Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands MH96960 (the "Company") and Steamship Shipbroking Enterprises Inc. a Marshall Islands company having its registered office at Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands MH96960 (the "Broker").

BY WHICH, in consideration of the mutual covenants and agreements set forth herein, the parties hereto agree as follows:

1. The Company. Diana Shipping Inc. is a leading global provider of shipping transportation services through its ownership of dry bulk vessels. The Company'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.

2. Engagement. The Company hereby engages the Broker to act as broker for the Company and for any of its affiliated companies that own vessels managed by Diana Shipping Services S.A. as directed by the Company to assist the Company in the provision of the Services by providing to the Company or to an entity designated by the Company from time to time, brokerage services relating to the purchase, sale or chartering of vessels, brokerage services relating to the repairs and other maintenance of vessels, and any relevant consulting services permitted by Greek laws or the Broker's Law 27/1975 license (collectively the "Brokerage Services"), and the Broker hereby accepts such appointment.

3. Duration. The duration of the engagement shall be for a term of twenty four (24) months commencing the 1st day of July 2020 and ending (unless terminated earlier on the basis of any other provision of this Agreement) on the 30th day of June 2022 (the said period as it may be extended being hereinafter referred to as the "Term").

4. Representations of Broker. The Broker represents that it has personnel fully qualified, without the benefit of any further training or experience and has obtained all necessary permits and licenses, to perform the Brokerage Services. The duties of the Broker shall be offered on a worldwide basis. Broker's duties and responsibilities hereunder shall always be subject to the policies and directives of the board of directors of the Company as communicated from time to time to the Broker. Subject to the above, the precise duties, responsibilities and authority of the Broker may be expanded, limited or modified, from time to time, at the discretion of the board of directors of the Company.

5. Commission. Because of their permanent relation the Company shall pay the Broker a lump sum commission in the amount of United States Dollars $275,730 per month, starting on the 1st day of July 2020 payable quarterly in advance, subject to required deductions and withholdings. Commissions on a percentage basis for specific deals may be agreed by separate agreements in writing.

6. Expenses. The Company shall not pay or reimburse the Broker for any out-of pocket expenses as such expenses are included in the commission paid to the Broker.

7. Termination. This Agreement, unless otherwise agreed in writing between the parties, shall be terminated as follows:

(a) At the end of the Term, unless extended by mutual agreement in writing.

(b) The parties, by mutual agreement, may terminate this Agreement at any time.

(c) Either party may terminate this Agreement for any material breach by the other party of their respective obligations under this Agreement.

8. Change of Control.

(a) In the event of a "Change in Control" (as defined herein) within the duration of this Agreement, the Broker has the option to terminate this Agreement within six (6) months following such Change in Control, and shall be eligible to receive the payment specified in sub-paragraph (c), below, provided that the conditions of said paragraph are satisfied.

(b) For purposes of this Agreement, the term "Change of Control" shall mean the:

(i) acquisition by any individual, entity or group of beneficial ownership of twenty-five percent (25%) or more of either (A) the then-outstanding shares of common stock of the Company (B) the combined voting power of the then-outstanding voting securities of the Company entitled to vote generally in the election of directors; provided, however, that this Clause 8(b)(i) shall not apply to an individual, entity or group that beneficially owns twenty-five percent (25%) or more as of the date the Company's common shares are approved for listing on the NYSE.

(ii) consummation of a reorganization, merger or consolidation of the Company or the sale or other disposition of all or substantially all of the assets of the Company and/or of the Affiliates; or

(iii) approval by the shareholders of the Company of a complete liquidation or dissolution of the Company.

(c) If the Broker terminates this Agreement within six (6) months following a Change of Control, the Broker shall receive a payment equal to five (5) years' annual commission. Receipt of the foregoing shall be contingent upon the Broker's execution and non-revocation of a Release of Claims in favor of the Company and the Affiliates in a form that is reasonably satisfactory to the Company and its counsel.

9. Notices. Every notice, request, demand or other communication under this Agreement shall:

(a) be in writing delivered personally or by courier or by fax or shall be served through a process server;

(b) be deemed to have been received, subject as otherwise provided in this Agreement in the case of fax upon receipt of a successful transmission report (or —if sent after business hours— the following business day) and in the case of a letter when delivered personally or through courier or served at the address below; and

(c) be sent:

(i) If to the Company, to:

c/o Diana Shipping Services S.A.
Pendelis 16, Palaio Faliro, 175 64
Athens, Greece
Telephone: +30 210 9470000

Telefax: +30 210 9424975
Attn: Director and President

(ii) If to the Broker, to:
c/o Steamship Shipbroking Enterprises Inc.
Ymittou 6, Palaio Faliro, 175 64
Athens, Greece
Telephone: +30 210 9485360
Telefax: +30 210 9401810
Attn: Director and President

or to such other person, address or telefax, as is notified by the relevant Party to the other Party to this Agreement and such notification shall not become effective until notice of such change is actually received by the other Party. Until such change of person or address is notified, any notification to the above addresses and fax numbers are agreed to be validly effected for the purposes of this Agreement.

10. **Entire Agreement.** This Agreement supersedes all prior agreements written or oral, with respect thereto.

11. **Amendments.** This Agreement may be amended, superseded, canceled, renewed or extended and the terms hereof may be waived, only by a written instrument signed by the parties.

12. **Independent Contractor.** All services provided hereunder shall be provided by the Broker as an independent contractor. No employment contract, partnership or joint venture between the Broker and the Company has been created in or by this Agreement or as a result of services provided hereunder.

13. **Assignment.** This Agreement, and the Broker's rights and obligations hereunder, may not be assigned by the Broker; any purported assignment in violation hereof shall be null and void. This Agreement, and the Company's rights and obligations hereunder, may not be assigned by the Company; provided, however, that in the event of any sale, transfer or other disposition of all or substantially all of the Company's assets and business, whether by merger, consolidation or otherwise, the Company shall assign this Agreement and its rights hereunder to the successor to its assets and business.

14. **Binding Effect.** This Agreement shall be binding upon and inure to the benefit of the parties and their respective successors, permitted assigns, heirs, executors and legal representative.

15. **Counterparts.** This Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original but all such counterparts together shall constitute one and the same instrument. Each counterpart may consist of two copies hereof each signed by one of the parties hereto.

16. **Headings.** The headings in this Agreement are for reference only and shall not affect the interpretation of this Agreement.

17. Governing Law and Jurisdiction.

(a) This Agreement shall be governed by and construed in accordance with English Law.

(b) Any dispute arising out of or in connection with this Agreement shall be referred to arbitration in London in accordance with the Arbitration Act 1996 or any statutory modification or re-enactment thereof save to the extent necessary to give effect to the provisions of this clause.

IN WITNESS WHEREOF, the parties hereto have signed their names as of the day

and year first above written.

DIANA SHIPPING INC.

_____
By: Semiramis Paliou
Title: Director, Deputy Chief Executive Officer and
Chief Operating Officer

STEAMSHIP SHIPBROKING ENTERPRISES INC.

_____
By: Ioannis Zafirakis
Title: Director and Treasurer

SUBSIDIARIES AS AT DECEMBER 31, 2020

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
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 S.A.	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.	Marshall Islands
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 12.1

CERTIFICATION OF THE PRINCIPAL EXECUTIVE OFFICER

I, Semiramis Paliou, 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, 2021

/s/ Semiramis Paliou
Semiramis Paliou
Chief Executive Officer (Principal Executive Officer)

Exhibit 12.1

CERTIFICATION OF THE PRINCIPAL EXECUTIVE OFFICER

I, Semiramis Paliou, 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, 2021

/s/ Semiramis Paliou
Semiramis Paliou
Chief Executive Officer (Principal Executive 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, 2020 as filed with the Securities and Exchange Commission (the "SEC") on or about the date hereof (the "Report"), I, Semiramis Paliou, 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, 2021

/s/ Semiramis Paliou
Semiramis Paliou
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, 2020 as filed with the Securities and Exchange Commission (the "SEC") on or about the date hereof (the "Report"), I, Ioannis Zafirakis, Interim 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, 2021

/s/ Ioannis Zafirakis
Ioannis Zafirakis
Chief Financial Officer and Treasurer (Principal Financial Officer)

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, 2021, 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, 2020.

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

Athens, Greece
March 12, 2021

First Amendment and Restatement Agreement re Secured Loan Facility Agreement dated 27 June 2019

Dated May 2020

(1) Kaben Shipping Company Inc.
Taroa Shipping Company Inc.
Gala Properties Inc.
Tuvalu Shipping Company Inc.
Jabat Shipping Company Inc.
Bikini Shipping Company Inc.
(as borrowers)

(2) Diana Shipping Inc.
(as guarantor)

(3) ABN AMRO Bank N.V.
(as lender)

(4) ABN AMRO Bank N.V.
(as agent)

(5) ABN AMRO Bank N.V.
(as swap provider)

(6) ABN AMRO Bank N.V.
(as security agent)

Stephenson Harwood LLP
Ariston Building, 2nd Floor
Filellinon 2 & Akti Miaouli, 185 36 Piraeus, Greece
T: +30 210 429 5160 | F: +30 210 429 5166
www.shlegal.com

STEPHENSON HARWOOD

Contents

Amendment and Restatement Agreement

Dated May 2020

Between:

(1) **Kaben Shipping Company Inc.**, **Taroa Shipping Company Inc.**, and **Gala Properties Inc.** (the "**Original Borrowers**") and **Tuvalu Shipping Company Inc.**, **Jabat Shipping Company Inc.** and **Bikini Shipping Company Inc.** (the "**New Borrowers**"), each a company incorporated according to the law of the Republic of the Marshall Islands with registered address at Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands MH 96960 (together, the "**Borrowers**"); and

(2) **Diana Shipping Inc.**, a company incorporated according to the law of the Republic of the Marshall Islands, whose registered address is at Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands MH 96960 (the "**Guarantor**"); and

(3) the banks listed in Schedule 1, each acting through its office at the address indicated against its name in Schedule 1 (together the "**Lenders**" and each a "**Lender**"); and

(4) **ABN AMRO Bank N.V**, acting as agent through its office at Coolsingel 93, 3012 AE Rotterdam, The Netherlands (in that capacity the "**Agent**"); and

(5) **ABN AMRO Bank N.V**, acting as swap provider through its office at Coolsingel 93, 3012 AE Rotterdam, The Netherlands (in that capacity the "**Swap Provider**"); and

(6) **ABN AMRO Bank N.V**, acting as security agent through its office at Coolsingel 93, 3012 AE Rotterdam, The Netherlands (in that capacity the "**Security Agent**").

Supplemental to a secured loan agreement dated 27 June 2019 (the "**Loan Agreement**") made between the Original Borrowers, the Guarantor, the Lenders, the Agent, the Swap Provider and the Security Agent on the terms and subject to the conditions of which each of the Lenders agreed to advance to the Original Borrowers its respective Commitment of an aggregate amount not exceeding $25,000,000.

Whereas

The Original Borrowers have requested the Finance Parties to amend and restate the Loan Agreement in the form attached to this Amendment and Restatement Agreement at 0.

It is agreed that:

1 Interpretation

1.1 In this Amendment and Restatement Agreement:

"**Effective Date**" means the date on which the Agent confirms to the Borrowers and the other Obligors in writing substantially in the form set out in Schedule 2 that all of the conditions referred to in Clause 2.1 have been satisfied, which confirmation the Agent shall be under no obligation to give if either (a) those conditions are not satisfied prior to 30 June 2020 or (b) a Default shall have occurred.

"**Finance Parties**" means the Agent, the Security Agent, the Swap Provider and the Lenders.

"**Obligors**" means all parties to this Amendment and Restatement Agreement other than the Finance Parties and "**Obligor**" means any one of them.

1.2 All words and expressions defined in the Loan Agreement shall have the same meaning when used in this Amendment and Restatement Agreement unless the context otherwise requires, and clause 1.2 of the Loan Agreement shall apply to the interpretation of this Amendment and Restatement Agreement as if it is set out in full.

1.3 The Agent and the Borrowers hereby designate this Amendment and Restatement Agreement as a Finance Document.

1.4 All obligations, representations, warranties, covenants and undertakings of the Borrowers under or pursuant to this Amendment and Restatement Agreement shall, unless otherwise expressly provided, be entered into, made or given by them jointly and severally.

2 Conditions

2.1 As conditions for the agreement of the Finance Parties to amend and restate the Loan Agreement in the form attached to this Amendment and Restatement Agreement at 0, the Borrowers shall deliver or cause to be delivered to or to the order of the Agent all of the documents and other evidence listed in Schedule 3.

2.2 All documents and evidence delivered to the Agent pursuant to Clause 2.1 shall:

2.2.1 be in form and substance acceptable to the Agent;

2.2.2 if required by the Agent, be certified, notarised, legalised or attested in a manner acceptable to the Agent.

3 Representations

3.1 Each of the representations contained in clause 20 of the Loan Agreement shall be deemed repeated by the Borrowers and the Guarantor at the date of this Amendment and Restatement Agreement and at the Effective Date, by reference to the facts and circumstances then pertaining, as if references to the Finance Documents include this Amendment and Restatement Agreement.

3.2 Any representation made by an Obligor in any of the Security Documents to which it is a party shall be deemed repeated by that Obligor at the date of this Amendment and Restatement Agreement and at the Effective Date, by reference to the facts and circumstances then pertaining.

4 Amendment and restatement of Loan Agreement and amendments to the Security Documents

With effect from the Effective Date:

4.1 the Loan Agreement shall be read and construed as if its text is replaced by the text of the amended and restated loan agreement attached to this Amendment and Restatement Agreement as 0; and

4.2 each Security Document shall, to the extent necessary, be modified to reflect the amendment and restatement of the Loan Agreement made in this Amendment and Restatement Agreement.

5 Confirmations and Undertakings

5.1 Each of the Obligors confirms that all of its respective obligations under or pursuant to each of the Security Documents to which it is a party remain in full force and effect, despite the amendment and restatement of the Loan Agreement made in this Amendment and Restatement Agreement, as if all references in any of the Security Documents to the Loan Agreement are references to the Loan Agreement as amended and restated in this Amendment and Restatement Agreement and that any security created under such Security Documents shall be extended to secure all liabilities of the Obligors under the Loan Agreement as amended by this Amendment and Restatement Agreement

5.2 Each of the Original Borrowers further acknowledges and confirms that all of its respective obligations under or pursuant to the Account Security Deed dated 27 June 2019 (the "**Account Security Deed**"):

5.2.1 shall not be affected by the amendment of the Loan Agreement or by this Amendment and Restatement Agreement;

5.2.2 shall remain in full force and effect;

5.2.3 shall extend to, and shall secure, the liabilities and obligations of the each Original Borrower under the Loan Agreement as amended by and in accordance with the terms of this Amendment and Restatement Agreement; and

5.2.4 that the obligations secured under the Account Security Deed will be the obligations defined in Account Security Deed as those obligations have been amended pursuant to this Amendment and Restatement Agreement.

5.3 The definition of any term defined in any of the Security Documents shall, to the extent necessary, be modified to reflect the amendment and restatement of the Loan Agreement made in this Amendment and Restatement Agreement.

5.4 Within 5 days after the Effective Date the Borrowers shall deliver or cause to be delivered to or to the order of the Agent such of the legal opinions specified in Schedule 3 as have not already been provided to the Agent.

5.5 The provisions of Clause 2.2 shall apply to all the documents and evidence delivered to the Agent pursuant to Clause 5.4.

6 Notices, Counterparts, Governing Law and Enforcement

The provisions of clauses 34, 41, 43 and 44 of the Loan Agreement shall apply to this Amendment and Restatement Agreement as if they are set out in full and as if (a) references to each Party are references to each party to this Amendment and Restatement Agreement, (b) references to the Finance Documents include this Amendment and Restatement Agreement and (c) references to a Borrower are references to each Obligor other than the Guarantor.

Schedule 1

The Lenders

Names

Name of Original Lender	Address of lending office
ABN AMRO Bank N.V.	Coolsingel 93, 3012 AE Rotterdam, The Netherlands

Schedule 2

Effective Date Confirmation

To: Kaben Shipping Company Inc.
Taroa Shipping Company Inc.
Gala Properties Inc.
Tuvalu Shipping Company Inc.
Jabat Shipping Company Inc.
Bikini Shipping Company Inc.
Diana Shipping Inc.
Trust Company Complex
Ajeltake Road, Ajeltake Island
Majuro
Marshall Islands, MH96960

We, **ABN AMRO Bank N.V.**, refer to the first amendment and restatement agreement dated May 2020 (the "**Amendment and Restatement Agreement**") relating to a secured loan agreement dated 27 June 2019 (the "**Loan Agreement**") made between the above named Kaben Shipping Company Inc., Taroa Shipping Company Inc., Gala Properties Inc., Tuvalu Shipping Company Inc., Jabat Shipping Company Inc. and Bikini Shipping Company Inc. as the Borrowers, Diana Shipping Inc. as the Guarantor, the banks listed in it as the Lenders, ourselves as the Agent, ourselves as the Swap Provider and ourselves as the Security Agent in respect of a loan to the Borrowers from the Lenders of up to $25,000,000.

We hereby confirm that all conditions precedent referred to in Clause 2.1 of the Amendment and Restatement Agreement have been satisfied. In accordance with Clauses 1.1 and 4 of the Amendment and Restatement Agreement the Effective Date is the date of this confirmation and the amendment and restatement of the Loan Agreement are now effective.

Dated May 2020

Signed:_____

For and on behalf of
ABN AMRO Bank N.V.

Schedule 3

Conditions Precedent

1 Obligors

(a) **Constitutional documents** Copies of the constitutional documents of the New Borrowers together with such other evidence as the Agent may reasonably require that the New Borrowers are duly incorporated in their country of incorporation and remain in existence with power to enter into, and perform their obligations under, this Amendment and Restatement Agreement and any document to be executed by the New Borrowers pursuant to this Amendment and Restatement Agreement.

(b) **Certificates of good standing** A certificate of good standing in respect of each Obligor and Diana Shipping (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 Guarantor) and Diana Shipping and a copy of a resolution of the executive committee of the board of directors of the Guarantor:

(i) approving the terms of, and the transactions contemplated by, this Amendment and Restatement Agreement and any document to be executed by that Obligor and Diana Shipping pursuant to this Amendment and Restatement Agreement and resolving that it execute this Amendment and Restatement Agreement and any such document; and

(ii) authorising a specified person or persons to execute this Amendment and Restatement Agreement and any such document (including all documents and notices to be signed and/or dispatched under any such document) on its behalf.

(d) **Copy passports** A copy of the passport of each person authorised by the resolutions referred to in (c) and each of the managing directors and officers of each Obligor.

(e) **Shareholder resolutions** A copy of a resolution signed by all the holders of the issued shares in each Obligor (other than the Guarantor) and Diana Shipping, approving the terms of, and the transactions contemplated by, this Amendment and Restatement Agreement and any document to be executed by that Obligor pursuant to this Amendment and Restatement Agreement.

(f) **Officer's certificates** An original certificate of a duly authorised officer of each Obligor and Diana Shipping:

(i) certifying that each copy document relating to it specified in this Schedule 3 is correct, complete and in full force and effect;

(ii) setting out the names of (a) the directors and officers of that Obligor and Diana Shipping and (b) the shareholders of that Obligor (other than the Guarantor) and Diana Shipping and the proportion of shares held by each shareholder; and

(iii) confirming that none of the documents delivered to the Agent pursuant to clauses 4.1 and 4.3 of the Loan Agreement have been amended or modified in any way since the date of their delivery to the Agent, or certifying copies, as true, complete, accurate and neither amended nor revoked, of any which have been amended or modified.

(g) **Powers of attorney** The original notarially attested and legalised power of attorney of each of the Obligors and Diana Shipping under which this Amendment and Restatement Agreement and any document to be executed by that Obligor and Diana Shipping pursuant to this Amendment and Restatement Agreement are to be executed by that Obligor and Diana Shipping.

2 **Legal opinions**

The following legal opinions, each addressed to the Agent, the Security Agent and the Lenders and capable of being relied upon by any persons who become Lenders pursuant to the primary syndication of the Loan:

(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 Amendment and Restatement Agreement;

(b) a legal opinion of Ince & Co to the Agent as to Marshall Islands law.

3 **Other documents and evidence**

(a) **Process agent** Evidence that any process agent appointed pursuant to Clause 6 has accepted its appointment.

(b) **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 Borrower accordingly) in connection with the entry into and performance of the transactions contemplated by this Amendment and Restatement Agreement or for the validity and enforceability of this Amendment and Restatement Agreement and any document to be executed pursuant to this Amendment and Restatement Agreement.

(c) **"Know your customer" documents** Such documentation and other evidence as is reasonably requested by the Agent in order for the Lenders to comply with all necessary "know your customer" or similar identification procedures in relation to the transactions contemplated in this Amendment and Restatement Agreement.

Schedule 4

Form of Amended and Restated Loan Agreement

In witness of which the parties to this Amendment and Restatement Agreement have executed this Amendment and Restatement Agreement as a deed the day and year first before written.

Signed and delivered as)
a Deed by)
Kaben Shipping Company Inc.)
(as borrower))
acting by)
)
its duly authorised)
)
in the presence of:)
Witness signature:……
Name:
Address:

Signed and delivered as)
a Deed by)
Taroa Shipping Company Inc.)
(as borrower))
acting by)
)
its duly authorised)
)
in the presence of:)
Witness signature:……
Name:

Signed and delivered as)
a Deed by)
Gala Properties Inc.)
(as borrower))
acting by)
)
its duly authorised)
)
in the presence of:)
Witness signature:……
Name:
Address:

Signed and delivered as)
a Deed by)
Tuvalu Shipping Company Inc.)
(as borrower))
acting by)
)
its duly authorised)
)
in the presence of:)
Witness signature:……
Name:
Address:

Signed and delivered as)
a Deed by)
Jabat Shipping Company Inc.)
(as guarantor))
acting by)
)
its duly authorised)
)
in the presence of:)
Witness signature:……
Name:
Address:

Signed and delivered as)
a Deed by)
Bikini Shipping Company Inc.)
(as guarantor))
acting by)
)
its duly authorised)
)
in the presence of:)
Witness signature:……
Name:
Address:

Signed and delivered as)
a Deed by)
Diana Shipping Inc.)
(as guarantor))
acting by)
)
its duly authorised)
)
in the presence of:)
Witness signature:……
Name:
Address:

Signed and delivered as)
a Deed by)
ABN AMRO Bank N.V)
(as a Lender))
acting by)
)
its duly authorised)
)
in the presence of:)
Witness signature:……
Name:
Address:

Signed and delivered as)
a Deed by)
ABN AMRO Bank N.V)
(as Agent))
acting by)
)
its duly authorised)
)
in the presence of:)
Witness signature:……
Name:
Address:

Signed and delivered as)
a Deed by)
ABN AMRO Bank N.V)
(as Swap Provider))
acting by)
)
its duly authorised)
)
in the presence of:)
Witness signature:……
Name:
Address:

Signed and delivered as)
a Deed by)
ABN AMRO Bank N.V)
(as Security Agent))
acting by)
)
its duly authorised)
)
in the presence of:)
Witness signature:……
Name:
Address:

$52,885,000

Secured Loan Agreement

Dated 27 June 2019

(1) Kaben Shipping Company Inc.
Taroa Shipping Company Inc.
Gala Properties Inc.
Tuvalu Shipping Company Inc.
Jabat Shipping Company Inc.
Bikini Shipping Company Inc
(as Borrowers)

(2) Diana Shipping Inc.
(as Original Guarantor)

(3) The Financial Institutions listed in 0
(as Original Lenders)

(4) ABN AMRO Bank N.V.
(as Lender)

(5) ABN AMRO Bank N.V.
(as Facility Agent)

(5) ABN AMRO Bank N.V.
(as Swap Provider)

(6) ABN AMRO Bank N.V.
(as Security Agent)

Stephenson Harwood LLP
Ariston Building, 2nd Floor
Filellinon 2 & Akti Miaouli, 185 36 Piraeus, Greece
T: +30 210 429 5160 | F: +30 210 429 5166
www.shlegal.com

STEPHENSON HARWOOD

Contents

Loan Agreement

Dated 27 June 2019 as amended and restated on May 2020

Between:

(1) **Kaben Shipping Company Inc.** ("**Kaben**"), **Taroa Shipping Company Inc.** ("**Taroa**"), **Gala Properties Inc.** ("**Gala**"), **Tuvalu Shipping Company Inc.** ("**Tuvalu**"), **Jabat Shipping Company Inc.** ("**Jabat**"), and **Bikini Shipping Company Inc.** ("**Bikini**"), each 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 0 (*The Parties*), each acting through its Facility Office (together, the "**Original Lenders**" and each an "**Original Lender**"); and

(4) **ABN AMRO Bank N.V.**, a banking corporation duly incorporated under the laws of the Netherlands whose registered office is at Gustav Mahlerlaan 10, 1082 PP Amsterdam, The Netherlands, acting as agent through its office at Coolsingel 93, 3012 AE Rotterdam, The Netherlands (in that capacity, the "**Agent**"); and

(5) **ABN AMRO Bank N.V.**, acting as swap provider through its office at Coolsingel 93, 3012 AE Rotterdam, The Netherlands (in that capacity, the "**Swap Provider**"); and

(6) **ABN AMRO Bank N.V.**, acting as security agent through its office at Coolsingel 93, 3012 AE Rotterdam, The Netherlands (in that capacity, the "**Security Agent**").

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 0 (*Form of Accession Deed*).

"**Account Holder**" means ABN AMRO Bank N.V. a banking corporation duly incorporated under the laws of the Netherlands whose registered office is at Gustav Mahlerlaan 10, 1082 PP Amsterdam, The Netherlands acting through its branch at Coolsingel 93, 3012 AE Rotterdam, The Netherlands 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 0 (*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.

"**Amendment and Restatement Agreement**" means the first amendment and restatement agreement to this Agreement made between the Borrowers, the Guarantor and the Finance Parties.

"**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 Brokers**" means H. Clarkson & Co Ltd, Arrow Sale and Purchase (UK) Limited, Braemar Seascope Limited, Fearnleys, SSY Valuation Services Limited, VesselsValue and any other ship broker acceptable to the Agent in its absolute discretion.

"**Assignments**" means first priority deeds of assignment of the Insurances, Earnings, Charters and Requisition Compensation of the Vessels from the Borrowers; and first priority assignments of the Insurances from the Managers contained in the Managers' Undertakings.

"**Assignment Agreement**" means an agreement substantially in the form set out in 0 (*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 (a) 31 July 2019 (in respect of Tranche A) or (b) 30 June 2020 (in respect of Tranche B) or such later date as may be requested by the Borrowers and agreed by all Lenders.

"**Balloon**" means the aggregate of Balloon A and Balloon B.

"**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, Athens, New York, Amsterdam and Rotterdam.

"**Change in Ultimate Beneficial Owner**" means, in respect of an Obligor, any event by which a private individual (i) acquires the legal and/or beneficial ownership (directly or indirectly) of 25 per cent. or more of the issued share capital of that Obligor or (ii) acquires the power (whether by way of ownership of shares, proxy, contract, agency or otherwise) to (directly or indirectly) cast, or control the casting of, 25 per cent. or more of the votes that might be cast at a general meeting of that Obligor or (iii) gains effective control over that Obligor (such private individual being referred to as the "**Ultimate Beneficial Owner**").

"**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 a 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 Part I of 0 (*The Parties*) and the amount of any other Commitment transferred to it under this Agreement; and

(b) in relation to any other Lender, the amount of any Commitment transferred to it under this Agreement,

to the extent not cancelled, reduced or transferred by it under this Agreement.

"**Compliance Certificate**" means a certificate substantially in the form set out in 0 (*Form of Compliance Certificate*).

"**Confidential Information**" means all information relating to any Obligor, any other member of the Group, the Finance Documents or the Loan of which 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 0 (*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 0 or 0 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.

"**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 the Loan available (or has notified the Agent or the Borrowers (which have notified the Agent) that it will not make its participation in the Loan available) by the Utilisation Date of the Loan in accordance with Clause 0 (*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 0:

(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 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.

"**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 Charterer 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 maintained in the names of the Borrowers with the Account Holder and designated "Kaben Shipping Company Inc. – Earnings Account", "Taroa Shipping Company Inc. – Earnings Account", "Gala Properties Inc. – Earnings Account", "Tuvalu Shipping Company Inc. – Earnings Account", "Jabat Shipping Company Inc. – Earnings Account", "Bikini 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, attached, detained or injuncted and/or where 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, 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 0 (*Events of Default*).

"**Existing Borrowers**" means Kaben, Taroa and Gala.

"**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.

"**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 Agent and the Borrowers or the Security Agent and the Borrowers setting out any of the fees referred to in Clause 0 (*Fees*).

"**Finance Documents**" means this Agreement, the Master Agreement, the Security Documents, any Accession Deed, any Compliance Certificate, the Utilisation Request, the Fee Letter, the Amendment and Restatement Agreement, any document which is executed for the purpose of establishing any priority or subordination arrangement in relation to the Indebtedness and any other document designated as such by the Agent and the Borrowers.

"**Finance Parties**" means 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 0 to (j).

"**GAAP**" means generally accepted accounting principles in the US.

"**Group**" means the Original Guarantor and its Subsidiaries.

"**Guarantee**" means a guarantee and indemnity in respect of the obligations of each other Obligor granted by each Guarantor and contained in Clause 0 (*Guarantee and Indemnity*).

"**Guarantor**" means the Original Guarantor or any Additional Guarantor, unless it has ceased to be a Guarantor in accordance with Clause 0 (*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.

"**Initial Aggregate Market Value**" means the aggregate market value of all the Vessels as evidenced by the arithmetic average of the aggregate sum of two sets of valuations of each Vessel received by, and addressed to, the Agent under Clause 0 (*Conditions precedent*) within 35 days before the Utilisation Date and prepared at the expense of the Borrowers by an Approved Broker selected by the Borrowers 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. If the aggregate sums of those two sets of valuations differ by at least 10%, then a third set of valuations addressed to the Agent for each Vessel shall be obtained at the expense of the Borrowers from another Approved Broker selected by the Borrowers and the Initial Aggregate Market Value shall be the arithmetic average of the aggregate sums of the two sets of valuations with the lowest aggregate value.

"**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 a resolution passed for its winding-up, official management or liquidation (other than pursuant to a consolidation, amalgamation or merger);

(g) 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));

(h) 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;

(i) 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 0 to (i); or

(j) 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 Period" means each period determined in accordance with Clause 0 (*Interest Periods*) and, in relation to an Unpaid Sum, each period determined in accordance with Clause 0 (*Default interest*).

"Interpolated Screen Rate" means, in relation to LIBOR, 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 relevant Interest Period; and

(b) the applicable Screen Rate for the shortest period (for which that Screen Rate is available) which exceeds the relevant Interest Period,

each as of 11.00 a.m. on the Quotation Day for dollars.

"Inventory of Hazardous Materials" means 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 a 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 0 (*Utilisation conditions precedent*) or Clause 0 (*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 0 (*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:

(a) the applicable Screen Rate; or

(b) (if no Screen Rate is available for the relevant 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 the relevant Interest Period and it is not possible to calculate the Interpolated Screen Rate) 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 of the amount advanced (in respect of Tranche A) and the amount to be advanced (in respect of Tranche B) by the Lenders to the Borrowers under Clause 0 (*The Loan*) or, where the context permits, the principal amount advanced and for the time being outstanding.

"**Majority Lenders**" means a Lender or Lenders whose Commitments aggregate more than $66^2/_3$% of the Total Commitments (or, if the Total Commitments have been reduced to zero, aggregated more than $66^2/_3$% of the Total Commitments immediately prior to the reduction).

"**Management Agreements**" means the agreements for the technical and commercial management of the Vessels entered or to be entered into between the Borrowers respectively and the Managers.

"**Managers**" means Diana Shipping or 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 or any other company which the Agent (acting on the instructions of the Majority Lenders) may approve from time to time as the manager of a Vessel.

"**Managers' Undertakings**" means written undertakings of the Managers in form and substance acceptable to the Agent.

"**Mandatory Cost**" means, in respect of the Lenders, the cost to a Lender (as conclusively certified by it) of complying with any requirements of any competent authority or agency relating to monetary control and liquidity (including reserve asset and/or special deposit or liquidity requirements or other requirements having the same or a similar purpose whether or not having the force of law but with which it is customary to comply) in relation to making available the Loan.

"**Margin**" means:

(a) 2.25 per cent per annum in respect of Tranche A; and

(b) 2.40 per cent per annum in respect of Tranche B.

"**Market Value**" means the value of each Vessel or any other vessel over which additional security has been created or which is being offered as additional security in accordance with Clause 0 (*Additional Security*) conclusively determined by two Approved Brokers selected by the Borrowers and appointed by, and reporting to, 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 two valuations. The Market Value shall be calculated as the arithmetic average of two valuations (in form and substance acceptable to the Agent) of a Vessel or vessel and addressed to the Agent.

"**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 before or 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 an amount equal to the lesser of:

(a) $52,885,000; and

(b) 57% of the Initial Aggregate Market Value.

"**Minimum Liquidity Amount**" means in relation to each Borrower an amount of no less than $400,000.

"**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.

"**Mortgage Addenda**" means:

(a) the first addendum to the first preferred Marshall Islands Mortgage over Vessel A dated 28 June 2019;

(b) the first addendum to the first preferred Marshall Islands Mortgage over Vessel B dated 28 June 2019;

(c) the first addendum to the first preferred Marshall Islands Mortgage over Vessel C dated 28 June 2019;

and each a "**Mortgage Addendum**".

"**Mortgage**" means the first preferred mortgage over each Vessel including, if applicable any Mortgage Addendum.

"**New Borrowers**" means Tuvalu, Jabat and Bikini.

"**New Lender**" has the meaning given to that term in Clause 0 (*Assignments and transfers by the Lenders*).

"**New Vessels**" means Vessel D, Vessel E and Vessel F.

"**Non-Consenting Lender**" has the meaning given to that term in Clause 0 (*Replacement of Lender*).

"**Obligor**" means each Borrower and each Guarantor.

"**Original Financial Statements**" means the audited consolidated financial statements of the Original Guarantor for the financial year ended 31 December 2018.

"**Original Jurisdiction**" means, in relation to an Obligor, the jurisdiction under whose laws that Obligor is incorporated as at the date of this Agreement or, in the case of an Additional Guarantor, as at the date on which that Additional Guarantor becomes Party as a Guarantor.

"**Other Facility**" means a facility agreement dated 26 March 2015 (as amended and supplemented from time to time) entered into between, among others, (1) the New Borrowers (as joint and several borrowers), (2) certain banks (as lenders) and (3) ABN AMRO Bank N.V. (as agent and security agent), in connection with a term loan of up to $53,000,000.

"**Party**" means a party to this Agreement.

"**Permitted Disposal**" means any sale, lease, licence, transfer or other disposal:

(a) of assets in exchange for other assets comparable or superior as to type, value and quality (other than an exchange of a non-cash asset for cash);

(b) of obsolete or redundant equipment for cash;

(c) arising as a result of any Permitted Encumbrance; and

(d) of a Vessel made in accordance with this Agreement.

"**Permitted Encumbrance**" means:

(a) any Encumbrance which has the prior written approval of the Agent;

(b) any Encumbrance created or expressed to be created under or pursuant to or evidenced by the Security 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;

(d) any Quasi-Security arising as a result of a disposal which is a Permitted Disposal; and

(e) any right of pledge and/or set off under and pursuant to the general banking conditions (Algemene Bankvoorwaarden) of ABN AMRO Bank N.V.

"**Prohibited Person**" means any person (whether designated by name or by reason of being included in a class of persons) against whom Sanctions are directed.

"**Quasi-Security**" has the meaning given to that term in Clause 0 (*Negative pledge*).

"**Quotation Day**" means, in relation to any period for which an interest rate is to be determined (for dollars) two Business Days before the first day of that period, unless market practice differs in the Relevant Market, in which case the Quotation Day will be determined by the 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:

(i) if:

(A) the Reference Bank is a contributor to the applicable Screen Rate; and

(B) it consists of a single figure,

the rate (applied to the relevant Reference Bank and the relevant currency and period) which contributors to the applicable Screen Rate are asked to submit to the relevant administrator; or

(ii) in any other case, the rate at which the relevant Reference Bank could fund itself in the relevant currency for the relevant period with reference to the unsecured wholesale funding market.

"**Reference Banks**" means, in relation to LIBOR, the principal London offices of ABN AMRO Bank N.V. or such other banks as may be appointed by the Agent.

"**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 Management Agreements, any Charter and each Borrower's constitutional documents.

"**Relevant Market**" means the London interbank market.

"**Relevant Jurisdiction**" means, in relation to an Obligor:

(a) its Original Jurisdiction;

(b) any jurisdiction where any asset 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 0 (*Repayment*).

"**Repayment Instalment**" means any instalment of each Tranche to be repaid by the Borrowers under Clause 0 (*Repayment*).

"**Repeating Representations**" means each of the representations set out in Clause 0 (*Representations*) other than the representations contained in Clauses 20.1.12 (a) to (c), 0 (*No filing or stamp taxes*), 0 (*Deduction of Tax*) and 0 (Taxation).

"**Representative**" means any delegate, agent, manager, administrator, nominee, attorney, trustee or custodian.

"**Requisition Compensation**" means all compensation or other money which may from time to time be payable to a Borrower as a result of a Vessel being requisitioned for title or in any other way compulsorily acquired (other than by way of requisition for hire).

"**Restricted Party**" means a person:

(a) listed on or owned or controlled by a person listed on any Sanctions List; or

(b) located in, organised under the laws of or owned or controlled by, or acting on behalf of, a person located in or organised under the laws of a country or territory which is a subject of country-wide or territory-wide Sanctions (including, without limitation, at the date of this Agreement, Cuba, Iran, North Korea, Syria and Sudan); or

(c) otherwise a subject of Sanctions.

"**Sanctions**" means any trade, economic or financial sanctions laws, regulations, embargoes or restrictive measures administered, enacted or enforced by a Sanctions Authority with which the Borrowers (or Lenders) are legally bound to comply.

"**Sanctions Authority**" means:

(a) the Security Council of the United Nations;

(b) the United States;

(c) the United Kingdom;

(d) the European Union

(e) any member state of the European Union (including, without limitation, The Netherlands);

(f) any country in which any Obligor is registered or has material (financial or otherwise) interests or operations; and

(g) the governments and official institutions or agencies of any of paragraphs (a) to (f) above, including without limitation the U.S. Office of Foreign Asset Control ("**OFAC**"), the U.S. Department of State, and Her Majesty's Treasury ("**HMT**").

"**Sanctions List**" means the Specially Designated Nationals and Blocked Persons list maintained by OFAC, the Consolidated List of Financial Sanctions Targets maintained by HMT, or any similar list maintained by, or public announcement of Sanctions designation made by, a Sanctions Authority, each as amended, supplemented or substituted from time to time.

"**Screen Rate**" means in relation to LIBOR, 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, each Guarantee, the Account Security Deed, the Share Securities, the Managers' Undertakings, the Master Agreement Proceeds Charge, any Subordinated Debt Encumbrance 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 pledges 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.

"**Subordinated Debt Encumbrance**" means any Encumbrance in favour of the Security Agent pursuant to Clause 23.17.2 (*No borrowings*).

"**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) four point two (4.2) years from the Utilisation Date of Tranche B and (b) 30 June 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 0), unless that Vessel is released and returned to the possession of the relevant Borrower within 30 days after the capture, seizure, arrest, detention, hijacking, theft, condemnation as prize, confiscation or forfeiture in question.

"**Tranches**" means Tranche A and Tranche B and "**Tranche**" means any one of them.

"**Tranche A**" means the part of the Loan originally in the amount of up to USD25,000,000 which already advanced to the Existing Borrowers in respect of Vessel A, Vessel B and Vessel C and of which USD 22,600,000 is outstanding on the Effective Date (as defined in the Amendment and Restatement Agreement).

"**Tranche B**" means the part of the Loan in an amount of up to USD 30,285,000 to be advanced to the Borrowers in respect of the New Vessels, for the purpose of refinancing the Financial Indebtedness under the Other Facility.

"**Transfer Certificate**" means a certificate substantially in the form set out in 0 (*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 any Finance Document; 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.

"**Utilisation Date**" means the date on which Tranche B is advanced under Clause 0 (*Advance*).

"**Utilisation Request**" means a notice substantially in the form set out in 0 (*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 0, or imposed elsewhere.

"**Vessel A**" means the m.v. "SELINA" with IMO number 9473183 currently registered under the flag of the Republic of the Marshall Islands in the ownership of Kaben and everything now or in the future belonging to her on board and ashore.

"**Vessel B**" means the m.v. "ISMENE" with IMO number 9493535 currently registered under the flag of the Republic of the Marshall Islands in the ownership of Taroa and everything now or in the future belonging to her on board and ashore.

"**Vessel C**" means the m.v. "HOUSTON" with IMO number 9539602 currently registered under the flag of the Republic of the Marshall Islands in the ownership of Gala and everything now or in the future belonging to her on board and ashore.

"**Vessel D**" means the m.v. "NEW YORK" with IMO number 9405332 currently registered under the flag of the Republic of the Marshall Islands in the ownership of Bikini and everything now or in the future belonging to her on board and ashore.

"**Vessel E**" means the m.v. "MYRTO" with IMO number 9518086 currently registered under the flag of the Republic of the Marshall Islands in the ownership of Tuvalu and everything now or in the future belonging to her on board and ashore.

"**Vessel F**" means the m.v. "MAIA" with IMO number 9422938 currently registered under the flag of the Republic of the Marshall Islands in the ownership of Jabat and everything now or in the future belonging to her on board and ashore.

"**Vessels**" means Vessel A, Vessel B, Vessel C, Vessel D, Vessel E and Vessel F and each a "**Vessel**".

1.2 **Construction** Unless a contrary indication appears, any reference in this Agreement to:

1.2.1 any "**Lender**", any "**Borrower**", any "**Guarantor**", 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 0 (*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 (unless otherwise specified) 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 0:

"**Article 55 BRRD**" means Article 55 of Directive 2014/59/EU establishing a framework for the recovery and resolution of credit institutions and investment firms.

"**Bail-In Action**" means the exercise of any Write-down and Conversion Powers.

"**Bail-In Legislation**" means:

(a) in relation to an EEA Member Country which has implemented, or which at any time implements, Article 55 BRRD, the relevant implementing law or regulation as described in the EU Bail-In Legislation Schedule from time to time; and

(b) in relation to any state other than such an EEA Member Country or (to the extent that the United Kingdom is not such an EEA Member Country) the United Kingdom, any analogous law or regulation from time to time which requires contractual recognition of any Write-down and Conversion Powers contained in that law or regulation.

"**EEA Member Country**" means any member state of the European Union, Iceland, Liechtenstein and Norway.

"**EU Bail-In Legislation Schedule**" means the document described as such and published by the Loan Market Association (or any successor person) from time to time.

"**Resolution Authority**" means any body which has authority to exercise any Write-down and Conversion Powers.

"**UK Bail-In Legislation**" means (to the extent that the United Kingdom is not an EEA Member Country which has implemented, or implements, Article 55 BRRD) Part I of the United Kingdom Banking Act 2009 and any other law or regulation applicable in the United Kingdom relating to the resolution of unsound or failing banks, investment firms or other financial institutions or their affiliates (otherwise than through liquidation, administration or other insolvency proceedings).

"**Write-down and Conversion Powers**" means:

(a) in relation to any Bail-In Legislation described in the EU Bail-In Legislation Schedule from time to time, the powers described as such in relation to that Bail-In Legislation in the EU Bail-In Legislation Schedule; and

(b) in relation to any other applicable Bail-In Legislation:

(i) any powers under that Bail-In Legislation to cancel, transfer or dilute shares issued by a person that is a bank or investment firm or other financial institution or affiliate of a bank, investment firm or other financial institution, to cancel, reduce, modify or change the form of a liability of such a person or any contract or instrument under which that liability arises, to convert all or part of that liability into shares, securities or obligations of that person or any other person, to provide that any such contract or instrument is to have effect as if a right had been exercised under it or to suspend any obligation in respect of that liability or any of the powers under that Bail-In Legislation that are related to or ancillary to any of those powers; and

(ii) any similar or analogous powers under that Bail-In Legislation; and

(c) in relation to any UK Bail-In Legislation:

(i) any powers under that UK Bail-In Legislation to cancel, transfer or dilute shares issued by a person that is a bank or investment firm or other financial institution or affiliate of a bank, investment firm or other financial institution, to cancel, reduce, modify or change the form of a liability of such a person or any contract or instrument under which that liability arises, to convert all or part of that liability into shares, securities or obligations of that person or any other person, to provide that any such contract or instrument is to have effect as if a right had been exercised under it or to suspend any obligation in respect of that liability or any of the powers under that UK Bail-In Legislation that are related to or ancillary to any of those powers; and

(ii) any similar or analogous powers under that UK Bail-In Legislation.

1.9.2 Notwithstanding any other term of any Finance Document or any other agreement, arrangement or understanding between the Parties, each Party acknowledges and accepts that any liability of any Party to any other Party under or in connection with the Finance Documents may be subject to Bail-In Action by the relevant Resolution Authority and acknowledges and accepts to be bound by the effect of:

(a) any Bail-In Action in relation to any such liability, including (without limitation):

(i) a reduction, in full or in part, in the principal amount, or outstanding amount due (including any accrued but unpaid interest) in respect of any such liability;

(ii) a conversion of all, or part of, any such liability into shares or other instruments of ownership that may be issued to, or conferred on, it; and

(iii) a cancellation of any such liability; and

(b) a variation of any term of any Finance Document to the extent necessary to give effect to any Bail-In Action in relation to any such liability.

1.10 Sanctions

1.10.1 In this Clause 0:

"**Restricted Lender**" means a Lender that notifies the Agent to the effect that the Sanctions Provisions will only apply for its benefit according to Clause 0.

"**Sanctions Provisions**" means the representations and warranties given in Clause 0 (*Sanctions*) and the undertakings given in Clause 0 (*Sanctions*).

1.10.2 The Sanctions Provisions shall only be given to a Lender the extent that the making, the receiving of the benefit of and/or, where applicable, the repetition of these representations and warranties, and the compliance with these undertakings do not result in a violation of or conflict with:

(a) any provision of Council Regulation (EC) 2271/1996 of 22 November 1996 protecting against the effects of the extra-territorial application of legislation adopted by a third country, and actions based thereon or resulting therefrom;

(b) if applicable, section 7 of the German Foreign Trade Regulation (*Außenwirtschaftsverordnung*) (in conjunction with section 4 paragraph 1 of No.3 foreign trade law (AWG) (*Außenwirtschaftsgesetz*)); or

(c) any similar applicable anti-boycott law or regulation.

1.10.3 In connection with any amendment, waiver, determination or direction relating to any part of a Sanctions Provision of which a Restricted Lender does not have the benefit pursuant to this Clause 0, the Commitments of that Restricted Lender will be excluded for the purpose of determining whether the consent of the relevant Lenders has been obtained or whether the determination or direction by the relevant Lenders has been made.

1.10.4 Any amendment, waiver, determination or direction relating to any part of this Clause 0 will be subject to the consent of each Restricted Lender.

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 in an aggregate amount not exceeding the Maximum Loan Amount comprising of Tranche A (which has already been advanced) and Tranche B.

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 0. 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 proceeds of Tranche B for the purpose of refinancing any Financial Indebtedness under the Other Facility.

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 Conditions precedent

4.1.1 **Utilisation conditions precedent** The Lenders will only be obliged to comply with Clause 0 (*Lenders' participation*) in relation to the advance of Tranche B if, on or before the Utilisation Date, the Agent has received all of the documents and other evidence listed in Part I of 0 (*Conditions Precedent*) in form and substance satisfactory to the Agent, save that references in Section 2 of that Part I to "the Vessel" or "Vessels" or to any person or document relating to a Vessel shall be deemed to relate solely to the New Vessels or to any person or document relating to the New Vessels 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 0, 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**

The Lenders will only be obliged to advance a Tranche if on the date of the Utilisation Request and on the Utilisation Date:

(a) no Default is continuing or would result from the advance of a Tranche; and

(b) the representations made by each Borrower and each Guarantor under Clause 0 (*Representations*) are true.

(c) no event or circumstance has occurred since 29 April 2020 which the Lenders have determined that it has or is reasonably likely to have a Material Adverse Effect;

4.3 **Conditions subsequent** The Borrowers undertake to deliver or to cause to be delivered to the Agent within 5 days after the Utilisation Date the additional documents and other evidence listed in Part II of 0 (*Conditions Subsequent*).

4.4 **No waiver** If the Lenders agree to advance a Tranche to the Borrowers before all of the documents and evidence required by Clause 0 (*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 Utilisation Date or such other date specified by the Agent (acting on the instructions of all the Lenders).

The advance of a Tranche under this Clause 0 shall not be taken as a waiver of the Lenders' right to require production of all the documents and evidence required by Clause 0 (*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 Tranche to be advanced by delivery to the Agent of a duly completed Utilisation Request not more than ten Business Days before the proposed Utilisation Date and not later than 11.00 am (London time) 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 relevant Availability Period; and

5.2.3 the proposed Interest Period complies with Clause 0 (*Interest Periods*).

5.3 **Lenders' participation**

5.3.1 Subject to Clauses 0 (*The Loan*), 3 (*Purpose*) and 0 (*Conditions of Utilisation*), each Lender shall make its participation in any Tranche available by the Utilisation Date through its Facility Office.

5.3.2 The amount of each Lender's participation in any Tranche 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 Loan** The Borrowers shall repay the Loan to the Agent, as follows:

6.1.1 Tranche A, by 17 equal consecutive instalments, the first 16 such instalments each in the sum of $800,000 and the 17th and final such instalment in the sum of $9,800,000 (comprising an instalment of $800,000 and a balloon payment in the sum of $9,000,000 ("**Balloon A**")) the first payment of Tranche A shall be made on 30 June 2020 and the subsequent instalments shall fall due at consecutive intervals of three Months thereafter and the 17th and final instalment (including Balloon A) in respect of Tranche A shall fall due on the Termination Date; and

6.1.2 Tranche B, by 17 equal consecutive instalments, the first 16 such instalments each in the sum of $993,750 and the 17th and final such instalment in the sum of $14,385,000 (comprising an instalment of $993,750 and a balloon payment in the sum of $13,391,250 ("**Balloon B**")), the first payment of Tranche B shall be made on 30 June 2020 and the subsequent instalments shall fall due at consecutive intervals of three Months thereafter and the 17th and final instalment (including Balloon B) in respect of Tranche B shall fall due on the Termination Date.

6.2 **Reduction of Repayment Instalments** If the facility amount advanced to the Borrowers in respect of Tranche B is less than $30,285,000 the amount of each Repayment Instalment in respect of Tranche B shall be reduced pro rata to the amount actually advanced.

6.3 **Reborrowing** The Borrowers may not reborrow any part of the Loan which is repaid.

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:

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 0 (*Replacement of Lender*), the Borrowers shall repay that Lender's participation in the Loan on the last day of the current Interest Period or, if earlier, the date specified by that Lender in the notice delivered to the Agent and notified by the Agent to the Borrowers (being no earlier than the last day of any applicable grace period permitted by law).

7.2 **Voluntary cancellation** The Borrowers may, if they give the Agent not less than 10 Business Days' (or such shorter period as the Majority Lenders may agree) prior notice, cancel the whole or any part (being a minimum amount of $500,000) of the undrawn amount of the Loan. Any cancellation under this Clause 0 shall reduce the Commitments of the Lenders rateably.

7.3 **Voluntary prepayment of Loan** The Borrowers may prepay the whole or any part of the Loan (but, if in part, being a minimum amount that reduces the Loan by an amount which is an integral multiple of $500,000) subject as follows:

7.3.1 they give the Agent not less than ten Business Days' (or such shorter period as the Majority Lenders may agree) prior notice;

7.3.2 the Loan may only be prepaid after the last day of the Availability Period; and

7.3.3 any prepayment under this Clause 7.3 shall satisfy the obligations under Clause 6.1 (*Repayment of Loan*) in the manner selected by the Borrower and specified in the notice set out in clause 7.3.1

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 a Borrower or a Guarantor is required to be increased under Clause 0 (*Tax gross-up*); or

(b) any Lender claims indemnification from a Borrower or a Guarantor under Clause 0 (*Tax indemnity*) or Clause 0 (*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 0 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 which ends after the Borrowers have given notice under Clause 0 in relation to a Lender (or, if earlier, the date specified by the Borrowers in that notice), the Borrowers shall repay that Lender's participation in the Loan together with all interest and other amounts accrued under the Finance Documents.

7.5 **Mandatory prepayment on sale or Total Loss** If a Vessel is sold or becomes a Total Loss, the Borrowers shall prepay the Loan in an amount equal to the Mandatory Prepayment Amount, in the case of sale, on the date falling the earlier of (a) such sale and (b) the receipt of the proceeds of such sale, and in the case of a Total Loss, on the earlier of the date falling 180 days after any such Total Loss and the date on which the proceeds of any such Total Loss are realised,. Any prepayment under this Clause shall satisfy the obligations under Clause 6.1 (*Repayment of Loan*) and the proceeds shall be applied on a pro rata basis between the two Tranches and on a pro rata basis against the remaining Repayment Instalments and Balloon for each Tranche.

For the purpose of this clause:-

"**Mandatory Prepayment Amount**" an amount being the greater of:

(a) any additional amount required to ensure that the VTL Coverage (as defined in clause 0 (*Additional Security*)) is fully complied with following such prepayment; and

(b) any additional amount required to ensure that the Relevant Percentage immediately following such sale or Total Loss remains at least equal to the Relevant Percentage applicable immediately prior to any such sale or Total Loss.

"**Relevant Percentage**" means, at any relevant time, the percentage of the aggregate of the Market Value of the Vessels and the value of any additional security (such value to be determined in accordance with Clause 0 (*VTL Coverage*)) against the Loan 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.

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 30 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 Mandatory Prepayment - Change of Control

If there is a Change of Control, then:

(i) the Borrowers shall promptly notify the Agent upon becoming aware of that event; and

(ii) subject to:

(A) any Lender so requiring (such a Lender, an "**Outgoing Lender**"); and

(B) the Agent giving no less than 60 Business Days' notice to the Borrowers,

the Commitment of that Outgoing Lender will be immediately cancelled and, subject to Clause 7.8.2 below, the Borrowers shall repay immediately that Outgoing Lender's participation in each Tranche.

For the purpose of this Agreement "**Change of Control**" occurs if the Original Guarantor:

(a) ceases to hold directly or indirectly the legal ownership of l00% of the issued share capital of any Borrower; or

(b) loses the power (whether by way of ownership of shares, proxy, contract, agency or otherwise) to directly or indirectly cast, or control the casting of, 100% of the votes that might be cast at a general meeting of any Borrower; or

(c) loses effective control of any Borrower.

7.8 Restrictions

7.8.1 Any notice of prepayment or cancellation given under this Clause 0 shall be irrevocable and, unless a contrary indication appears in this Agreement, shall specify the date or dates upon which the relevant prepayment or cancellation is to be made and the amount of that prepayment or cancellation.

7.8.2 Any prepayment under this Agreement shall be made together with accrued interest on the amount prepaid and, subject to any Break Costs, without premium or penalty.

7.8.3 The Borrowers shall not repay, prepay or cancel all or any part of the Loan except at the times and in the manner expressly provided for in this Agreement.

7.8.4 No amount of the Total Commitments cancelled under this Agreement may be subsequently reinstated.

7.8.5 The Borrowers may not reborrow any part of the Loan which is prepaid.

7.8.6 If the Agent receives a notice under this Clause 0 it shall promptly forward a copy of that notice to the Borrowers or the affected Lender, as appropriate.

7.9 Unwinding of Transactions

On or prior to any repayment or prepayment of the Loan under this Agreement, the Borrowers shall, on a joint and several basis, wholly or partially reverse, offset, unwind or otherwise terminate one or more of the continuing Transactions so that the notional principal amount of the continuing Transactions thereafter remaining does not 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 this.

Section 5 Costs of Utilisation

8 Interest

8.1 **Calculation of interest** The rate of interest on the Loan for each Interest Period is the percentage rate per annum which is the aggregate of the applicable:

8.1.1 Margin; and

8.1.2 LIBOR; and

8.1.3 Mandatory Cost, if any

8.2 **Payment of interest** The Borrowers shall pay accrued interest on the Loan on the last day of each Interest Period (and, if the Interest Period is longer than three Months, on the dates falling at intervals of three Months after the first day of the Interest Period).

8.3 **Default interest** If 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 the Loan in the currency of the overdue amount for successive Interest Periods, each of a duration selected by the Agent (acting reasonably). Any interest accruing under this Clause 0 shall be immediately payable by the Borrowers or any Guarantor on demand by the Agent.

Default interest (if unpaid) arising on an overdue amount will be compounded with the overdue amount at the end of each Interest Period applicable to that overdue amount but will remain immediately due and payable.

8.4 **Notification of rates of interest** The Agent shall promptly notify the Borrowers of the determination of a rate of interest under this Agreement.

9 Interest Periods

9.1 **Selection of Interest Periods** The Borrowers may select in a written notice to the Agent the duration of an Interest Period for the Loan subject as follows:

9.1.1 each notice is irrevocable and must be delivered to the 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 0, the relevant Interest Period will, subject to Clauses 9.2 (*Interest Periods to meet Repayment Dates*) and 0 (*Non-Business Days*), be three Months;

9.1.3 subject to this Clause 0, the Borrowers may select an Interest Period of three, six or nine 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 and end on the date which numerically corresponds to the Utilisation Date 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, there shall be a separate Interest Period for a part of the Loan equal to the Repayment Instalment due on that next Repayment Date and that separate Interest Period shall expire on that next Repayment Date.

9.3 **Non-Business Days** If an Interest Period would otherwise end on a day which is not a Business Day, that Interest Period will instead end on the next Business Day in that calendar month (if there is one) or the preceding Business Day (if there is not).

10 Changes to the Calculation of Interest

10.1 Calculation of Reference Bank Rate

10.1.1 Subject to Clause 0 (*Market disruption*), if LIBOR is to be determined by reference to a Reference Bank Rate but a Reference Bank does not supply a quotation by 11.00 am on the Quotation Day, the Reference Bank Rate shall be calculated on the basis of the quotations of the remaining Reference Banks.

10.1.2 If at or about noon on the Quotation Day for the relevant Interest Period LIBOR is to be determined by reference to the Reference Bank Rate and none or only one of the Reference Banks supplies a rate to the Agent to determine LIBOR for dollars, Clause 0 (*Cost of funds*) shall apply to the 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 Loan exceed 30% of the Loan) that the cost to it of funding its participation in the Loan from whatever source it may reasonably select would be in excess of LIBOR then Clause 0 (*Cost of funds*) shall apply to the Loan for the relevant Interest Period.

10.3 Cost of funds

10.3.1 If this Clause 0 applies for any Interest Period, then the rate of interest on each Lender's share of the Loan for that Interest Period shall be the percentage rate per annum which is the sum of:

(a) the Margin; and

(b) the rate notified to the 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 Loan from whatever source it may reasonably select.

10.3.2 If this Clause 0 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 0 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 0, the rate of interest shall continue to be determined in accordance with Clause 0.

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 the Loan or Unpaid Sum being paid by the Borrowers on a day other than the last day of an Interest Period for the Loan or Unpaid Sum.

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 **Arrangement fee** The Borrowers shall pay to the Agent an arrangement fee in the amount and at the times agreed in the Fee Letter.

11.2 **Agency fee** If any bank, financial institution, trust, fund or other entity other than the Original Lenders becomes a Party to this Agreement as a Lender, then the Borrowers shall pay to the Agent (for its own account) an agency fee payable in the amount and at the times to be agreed by the Agent and the Borrowers.

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 0 (*The Parties*) 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 is:

(a) a Lender 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) a Lender 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) 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 0 (*Tax gross-up*) or a payment under Clause 0 (*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 0 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**

12.2.1 Each Borrower and each Guarantor shall (and shall procure that each other Obligor will) make all payments to be made by it without any Tax Deduction, unless a Tax Deduction is required by law.

12.2.2 The Borrowers shall promptly upon becoming aware that an Obligor must make a Tax Deduction (or that there is any change in the rate or the basis of a Tax Deduction) notify the 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 that Obligor.

12.2.3 (If a Tax Deduction is required by law to be made by an Obligor, the amount of the payment due from that Obligor shall be increased to an amount which (after making any Tax Deduction) leaves an amount equal to the payment which would have been due if no Tax Deduction had been required.

12.2.4 A payment shall not be increased under Clause 0 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 0 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 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 0 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 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 0 or Clause 0 (as applicable).

12.2.5 If an Obligor is required to make a Tax Deduction, the Borrowers and each Guarantor 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.

12.2.6 Within 30 days of making either a Tax Deduction or any payment required in connection with that Tax Deduction, the Borrower or Guarantor 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.

12.2.7 (a) Subject to 0, a Treaty Lender and each Obligor which makes a payment to which that Treaty Lender is entitled shall co-operate in completing any procedural formalities necessary for that 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 0 (*The Parties*); 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 0.

12.2.8 If a Lender has confirmed its scheme reference number and its jurisdiction of tax residence in accordance with Clause 0 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.

12.2.9 If a Lender has not confirmed its scheme reference number and jurisdiction of tax residence in accordance with Clause 0, no Borrower or Guarantor 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.

12.2.10 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.

12.2.11 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 and each Guarantor 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 0 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 0 (*Tax gross-up*);

(ii) would have been compensated for by an increased payment under Clause 0 (*Tax gross-up*) but was not so compensated solely because one of the exclusions in Clause 0 (*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 0 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 or a Guarantor under this Clause 0, notify the Agent.

12.4 **Tax Credit** If an 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 the Obligor which that Finance Party determines will leave it (after that payment) in the same after-Tax position as it would have been in had the Tax Payment not been made by the 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 0 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 0.

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 0, 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 0 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 0 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) or any equivalent person in any jurisdiction other than the United Kingdom.

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 0, 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 0 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 0 shall not oblige any Finance Party to do anything, and Clause 0 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 0 or 0 (including, for the avoidance of doubt, where Clause 0 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 0 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 0 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 0 or 0 without further verification. The Agent shall not be liable for any action taken by it under or in connection with Clause 0, 0 or 0.

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 0 (*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 0 (*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 0 (*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 0 (*Tax indemnity*) (or would have been compensated for under Clause 0 but was not so compensated solely because any of the exclusions in Clause 0 applied);

13.3.4 compensated for by the payment of the Mandatory Cost;

13.3.5 attributable to the wilful breach by the relevant Finance Party or its Affiliates of any law or regulation.

In this Clause 0, a reference to a "**Tax Deduction**" has the same meaning given to the term in Clause 0 (*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 0 (*Sharing among the Finance Parties*);

(c) funding, or making arrangements to fund, its participation in the 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) the Loan (or part of the Loan) not being prepaid in accordance with a notice of prepayment given by the Borrowers.

14.2.2 The Borrowers shall promptly indemnify 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 0 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 0 subject to Clause 0 (*Third party rights*) and the provisions of the Third Parties Act.

14.2.3 Subject to any limitations set out in Clause 0, 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 0 (*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 0 (*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 all or any part of the Loan ceasing to be available or any amount becoming payable under or pursuant to any of Clause 0 (*Illegality*), Clause 0 (*Tax Gross Up and Indemnities*) or Clause 0 (*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 0 (*Mitigation*). A Finance Party is not obliged to take any steps under Clause 0 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 the amount of all costs and expenses (including legal fees) 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 and any other documents referred to in this Agreement;

16.1.2 the negotiation, preparation, printing, execution and perfection of any other Finance Documents executed after the date of this Agreement;

16.1.3 any other document which may at any time be required by 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 0 an Obligor requests an amendment, waiver or consent or 0 an amendment is required pursuant to Clause 0 (*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 0 (*Indemnity to the Agent*) or to the Security Agent under Clause 0 (*Indemnity to the Security Agent*) or to either of them under this Clause 0 or Clause 0 (*Lenders' indemnity to the Agent*) 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, within three Business Days of 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, within three Business Days of 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 **Accounts**

17.1.1 The Borrowers shall maintain the Earnings Accounts with the Account Holder for the duration of the Facility Period free of Encumbrances and rights of set off other than those created by or under the Finance Documents.

17.1.2 No Borrower shall open any bank account with any bank or financial institution other than the Account Holder.

17.2 **Earnings** The Borrowers shall procure that all Earnings, any and all proceeds of a sale of a Vessel and any Requisition Compensation are credited to the Earnings Account.

17.3 **Application of Earnings Accounts** The Borrowers shall transfer or cause to be transferred from the Earnings Accounts to the Agent for the account of the Lenders:

17.3.1 on each Repayment Date, the amount of the Repayment Instalment then due for the relevant Tranche; and

17.3.2 on each Interest Payment Date, the amount of interest then due for the relevant Tranche,

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 Accounts is insufficient to pay any Repayment Instalment or to make any payment of interest when due, the Borrowers' obligation to pay that Repayment Instalment or to make that payment of interest shall not be affected.

17.5 **Withdrawals**

17.5.1 During the Facility Period, no sum may be withdrawn from the Earning Accounts without the prior written consent of the Security Agent (other than in accordance with this Clause 17), and any amounts standing to the credit of each Earnings Account shall be applied as follows:

(a) firstly, for transfers to the Agent made in accordance with Clause 0 (*Application of Earnings Accounts*);

(b) secondly against any amount or costs due and payable pursuant to a Finance Document; and

any amount remaining to the credit of the Earnings Accounts following the making of any transfer listed in paragraphs (a) to (b), shall (unless an Event of Default has occurred is continuing) be released to the Borrowers.

17.5.2 The Accounts shall not be overdrawn as a result of a withdrawal made in accordance with this Clause 0.

17.6 **Relocation of 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 any of the Earnings Accounts to any other branch of the Account Holder, without prejudice to the continued application of this Clause 0 and the rights of the Finance Parties under the Finance Documents.

17.7 **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.

17.8 **Statements** Without prejudice to the rights of the Security Agent under Clause 0 (*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.

17.9 **Application after acceleration** From and after the giving of notice to the Borrowers by the Agent under Clause 0 (*Acceleration*), the Borrowers shall procure that all sums from time to time standing to the credit of any of the Earnings Accounts are immediately transferred to the Security Agent or any Receiver or Delegate for application in accordance with Clause 0 (*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 throughout the Facility Period 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 0 is less than 125% of the aggregate of (i) the amount of the Loan then outstanding and (ii) 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 an additional security in amount and form acceptable to the Security Agent for a value determined in accordance with the first part of this Clause 0; or

(c) prepay the Loan in the amount equal to the shortfall.

18.1.2 Clauses 0 (*Reborrowing*), 0 (*Voluntary prepayment of Loan*) and 0 (*Restrictions*) shall apply, *mutatis mutandis*, to any prepayment made under this Clause 0.

18.1.3 If, at any time after the Borrowers have provided additional security in accordance with the Agent's request under this Clause 0, the Agent shall determine when testing compliance with the VTL Coverage that all or any part of that additional security may be released without resulting in a shortfall in the VTL Coverage, then, provided that no Default is continuing, the Security Agent shall effect a release of all or any part of that additional security in accordance with the Agent's instructions, but this shall be without prejudice to the Agent's right to make a further request under this Clause 0 should the value of the remaining security subsequently merit it.

18.2 Provision of valuations

18.2.1 The Borrowers shall provide the Agent with two sets of valuations each in evidence of the Market Value of the Vessels for the purpose of Clause 0 (*VTL Coverage*) twice per calendar year throughout the Facility Period.

18.2.2 Additionally, the Agent shall at the request of the Lenders be entitled to obtain one set of valuations in evidence of the Market Value of a Vessel for the purpose of Clause 0 (*VTL Coverage*) at any time and 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 that Clause.

18.2.3 The Agent may at any time after a Default has occurred and is continuing or following the occurrence of an event described in Clause 7.5 (*Mandatory prepayment of sale or Total Loss*) or during the continuation of an Event of Default obtain two sets of valuations in evidence of the Market Value of a Vessel or any other vessel over which additional security has been created in accordance with Clause 0 (*VTL Coverage*).

18.2.4 All valuations referred to in this Clause 0, except where specified in Clause 0, and all valuations to be obtained pursuant to Clause 0 (*Conditions of Utilisation*) shall be obtained at the cost and expense of the Borrowers and the Borrowers shall within three Business Days of demand by the 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 0 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 0 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 0 will not be affected by an act, omission, matter or thing which, but for this Clause 0, would reduce, release or prejudice any of its obligations under this Clause 0 (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 0 (*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 0. 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 0.

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 shall 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 0:

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 0 (*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 0 (*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 0 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 0) 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 0 (*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 0 (*Insolvency proceedings*) or creditors' process described in Clause 0 (*Creditors' process*) has been taken or, to the knowledge of any Borrower or any Guarantor, threatened in relation to an Obligor; and none of the circumstances described in Clause 0 (*Insolvency*) applies to an Obligor.

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 0 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 0 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 Default and, on the date of this Agreement and the Utilisation Date, no Default is continuing or is reasonably likely to result from the advance of any Tranche or the entry into, the performance of, or any transaction contemplated by, any of the Relevant Documents.

(b) No other event or circumstance is outstanding which constitutes (or, with the expiry of a grace period, the giving of notice, the making of any determination or any combination of any of the foregoing, would constitute) a default or termination event (however described) under any other agreement or instrument which is binding on any of the Obligors or to which its assets are subject which has or is reasonably likely to have a Material Adverse Effect.

20.1.11 No misleading information Save as disclosed in writing to the Agent 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 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 (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 the Group's financial condition and results of operations for the relevant semester.

(c) The audited Original Financial Statements fairly represent the Group's financial condition and results of operations during the relevant financial year.

(d) There has been no material adverse change in the assets, business or consolidated financial condition of the Group since the date of the Original Financial Statements.

(e) The Group's most recent financial statements delivered pursuant to Clause 0 (*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 0 (*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.

(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.

20.1.14 No breach of laws None of the Obligors has breached any law or regulation which breach has or is reasonably likely to have a Material Adverse Effect.

20.1.15 Environmental laws

(a) Each of the Obligors and each other member of the Group is in compliance with Clause 0 (*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 is materially overdue in the filing of any Tax returns or is overdue in the payment of any amount in respect of Tax.

(b) No claims or investigations are being, or are reasonably likely to be, made or conducted against any of the Obligors with respect to Taxes.

(c) Each of the Obligors is resident for Tax purposes only in its Original Jurisdiction.

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 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:

(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.

(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 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 0 (*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) None of the Obligors, any other member of the Group or any Affiliate of any of them is a Restricted Party or is owned or controlled by, or acting directly or indirectly on behalf of or for the benefit of, a Restricted Party and none of such persons owns or controls a Restricted Party.

(b) No proceeds of the Loan shall be made available, directly or indirectly, to or for the benefit of a Restricted Party or otherwise shall be, directly or indirectly, applied in a manner or for a purpose prohibited by Sanctions.

(c) Each of the Obligors, each other member of the Group and each Affiliate of any of them is in compliance with all Sanctions.

20.1.26 **Ownership and control of Borrowers** Each Borrower is a wholly owned direct or indirect subsidiary of the Original Guarantor and is controlled by the Original Guarantor.

20.1.27 **Ranking** Any Encumbrance created or expressed to be created in favour of the Security Agent pursuant to the Security Documents has or will have the ranking in priority which it is expressed to have in the Security Documents and it is not subject to any prior ranking or pari passu ranking of an Encumbrance.

20.1.28 **Ownership of assets** With effect on and from the date of its creation or intended creation, each Obligor will be the sole legal and beneficial owner of any asset that is the subject of any Security Document created or intended to be created.

20.1.29 **Centre of main interests and establishments** For the purposes of The Council of the European Union Regulation No. 1346/2000 on Insolvency Proceedings (the "Regulation"), each Obligor's centre of main interest (as that term is used in Article 3(1) of the Regulation) is situated in its Original Jurisdiction and it has no "establishment" (as that term is used in Article 2(h) of the Regulation) in any other jurisdiction.

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 this Agreement, the date of the Utilisation Request, on the Utilisation Date, on the first day of each Interest Period and, in the case of those contained in Clauses 0 and 0 (*Financial statements*) and for so long as any amount is outstanding under the Finance Documents or any Commitment is in force.

21 Information Undertakings

The undertakings in this Clause 0 remain in force for the duration of the Facility Period.

21.1 **Financial statements** 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 its audited consolidated financial statements for that financial year;

21.1.2 as soon as the same become available, but in any event within 120 days after the end of each half year during each of its 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 0 (*Financial statements*) and each set of its semi-annual financial statements delivered pursuant to Clause 0 (*Financial statements*), a Compliance Certificate setting out (in detail) computations as to compliance with Clause 0 (*Financial Covenants*) and Clause 0 (*VTL Coverage*) as at the date as at which those financial statements were drawn up and any sets of valuations of the Vessels required to calculate the Market Value in order to test compliance with Clause 0 (*Financial Covenants*) and Clause 0 (*VTL Coverage*).

21.2.2 Each Compliance Certificate shall be signed by two authorised signatories or the chief financial officer of the Original Guarantor.

21.3 **Requirements as to financial statements**

Each set of financial statements delivered pursuant to Clause 0 (*Financial statements*):

21.3.1 shall be certified by a director of the Original Guarantor as fairly representing its financial condition and operations as at the date as at which those financial statements were drawn up;

21.3.2 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 0 (*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 litigation, arbitration or administrative proceedings which are current, threatened or pending against any Obligor 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 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 (including, without limitation, any breach of Clause 0 (*Financial Covenants*)) (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).

21.5.3 promptly upon becoming aware of any Change in Ultimate Beneficial Owner, the name of the Ultimate Beneficial Owner and such documentation and other evidence as is reasonably requested by the Agent, the Security Agent or any Lender in order for the Agent, the Security Agent or such 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 in relation to the Ultimate Beneficial Owner.

21.6 **"Know your customer" checks**

21.6.1 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; or

(d) any anti-money laundering or anti-terrorism financing laws and regulations applicable to the Agent or any Lender,

obliges the Agent or any Lender (or, in the case of Clause 0, 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 0, on behalf of any prospective new Lender) in order for the Agent, such Lender or, in the case of the event described in Clause 0, 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.

21.6.2 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.

21.6.3 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 member of the Group becomes an Additional Guarantor pursuant to Clause 0 (*Changes to the Obligors*).

21.6.4 Following the giving of any notice pursuant to Clause 0, 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 member of the Group to this Agreement as an Additional Guarantor.

22 Financial Covenants

22.1 The Original Guarantor shall maintain throughout the Facility Period a Market Value Adjusted Net Worth of not less than:-

22.1.1 25% of Market Value Adjusted Total Assets; and

22.1.2 $150,000,000.

The financial covenants contained in this Clause 22 shall be tested for the first time on 30 June 2020, and thereafter semi-annually on the basis of the annual financial statements and semi annual financial statements (as applicable) to be provided under Clause 21.1 (*Financial statements*) and shall be confirmed in the relevant Compliance Certificate.

The expressions used in this Clause shall be construed in accordance with GAAP, and for the purposes of this Agreement:-

"**Fleet Vessel**" means any vessel (including, but not limited to, the Vessels) from time to time wholly owned by a member of the Group (directly or indirectly) including chartered-in vessels for which a member of the Group has a purchase obligation but excluding, for the avoidance of doubt, any newbuilding vessels not delivered to the relevant member of the Group at the relevant time, and "Fleet Vessels" means more than one of them).

"**Market Value Adjusted Net Worth**" means the amount by which the Market Value Adjusted Total Assets exceed the Total Liabilities;

"**Market Value Adjusted Total Assets**" means, at any time, Total Assets adjusted to reflect the difference between the book values of all Fleet Vessels and the aggregate Market Value of all Fleet Vessels and any vessels from time to time wholly owned by a member of the Group (directly or indirectly) which are subject to lease transactions;

"**Total Assets**" means, as at the date of calculation or, as the case may be, for any accounting period, the aggregate value of all assets of the Group (including, without limitation, the Vessels) included in the annual or semi-annual (as the case may be) financial statements provided under Clause 21.1 (*Financial statements*) in accordance with GAAP, as at that date or for that period as shown in the most recent financial statements provided by the Original Guarantor pursuant to Clause 21.1 (*Financial statements*); and

"**Total Liabilities**" means, as at the date of calculation or, as the case may be, for any accounting period, the total liabilities of the Group as determined in conformity with GAAP, as at that date or for that period as shown in the most recent financial statements provided by the Original Guarantor pursuant to Clause 21.1 (*Financial statements*).

22.2 Each Borrower shall at all times during the Facility Period maintain the Minimum Liquidity Amount in a bank account with the Account Holder, in each case free of any Encumbrances other than in favour of the Security Agent.

23 General Undertakings

The undertakings in this Clause 0 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 0 applies, and anti-corruption laws, to which Clause 0 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 0 (*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 (other than the Original Guarantor) 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 0 "**Quasi-Security**" means an arrangement or transaction described in Clause 0.

Except as permitted under Clause 0:

23.9.1 The Borrowers shall not create nor permit to subsist any Encumbrance over any of its assets.

23.9.2 The Borrowers shall not:

(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 0 and 0 do not apply to any Encumbrance or (as the case may be) Quasi-Security, which is a Permitted Encumbrance.

23.10 **Disposals**

23.10.1 Except as permitted under Clause 0, the Borrowers shall not 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 0 does not apply to: (a) any sale, lease, transfer or other disposal which is a Permitted Disposal and (b) (subject to the provisions of the Security Documents) any charter of a Vessel with a duration not exceeding 24 months.

23.11 Arm's length basis

23.11.1 Except as permitted under Clause 0, the Borrowers shall not 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 0: fees, costs and expenses payable under the Relevant Documents in the amounts set out in the Relevant Documents delivered to the Agent under Clause 0 (*Utilisation conditions precedent*) or agreed by the Agent.

23.12 **Merger** The Borrowers shall not enter into any amalgamation, demerger, merger, consolidation or corporate reconstruction.

23.13 **Change of business** The Borrowers shall not make any substantial change to the general nature of its business from that carried on at the date of this Agreement.

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** The Borrowers shall not 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** No 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 (including without limitation any loans from the Original Guarantor or any other member of the Group) (except for the Loan), unless:

23.17.1 it is subordinated to the Loan on terms acceptable to the Agent in its absolute discretion including in respect of intragroup loans, without limitation provisions prohibiting repayment if an Event of Default has occurred and is continuing; and

23.17.2 the relevant creditor has entered into an assignment or any other Encumbrance in favour of the Security Agent and on terms acceptable to the Security Agent in its absolute discretion and has provided to the Agent such constitutional documents, corporate authorisations and other documents and matters as the Agent may reasonably require, in form and substance satisfactory to the Agent, to verify that the person's obligations are legally binding, valid and enforceable and to satisfy any applicable legal and regulatory requirements.

23.18 **No substantial liabilities** Except in the ordinary course of business, no Borrower shall incur any liability to any third party which is in the Agent's opinion of a substantial nature.

23.19 **No loans or credit** None of the Borrowers shall be a creditor in respect of any Financial Indebtedness.

23.20 **No guarantees or indemnities** None of the Borrowers shall incur or allow to remain outstanding any guarantee in respect of any obligation of any person other than guarantees issued in the ordinary course of the Borrowers' business in connection with operation of the Vessels.

23.21 No dividends

23.21.1 If an Event of Default has occurred or is continuing or would result from any of the actions referred to under (a) – (e) below, the Borrowers shall not:

(a) declare, make or pay any dividend, charge, fee or other distribution (or interest on any unpaid dividend, charge, fee or other distribution) (whether in cash or in kind) on or in respect of its share capital (or any class of its share capital);

(b) repay or distribute any dividend or share premium reserve;

(c) pay any management, advisory or other fee to or to the order of any of the shareholders of the Guarantor;

(d) redeem, repurchase, defease, retire or repay any of its share capital or resolve to do so; or

(e) issue any new shares in its share capital or resolve to do so.

23.21.2 If an Event of Default has occurred or is continuing or would result from any of the actions referred to below in this Clause 23.21.2, the Original Guarantor shall not declare, make, pay, repay or distribute any dividend (or interest on any unpaid dividend) (whether in cash or in kind) on or in respect of its share capital.

23.22 **People with significant control regime** Each Borrower and each Guarantor shall (and shall procure that each other Obligor will):

23.22.1 within the relevant timeframe, comply with any notice it receives pursuant to Part 21A of the Companies Act 2006 from any company incorporated in the United Kingdom whose shares are the subject of any Security Document; and

23.22.2 promptly provide the Security Agent with a copy of that notice.

23.23 **No change in Relevant Documents** Neither any Borrower nor any Guarantor shall (and the Borrowers shall procure that no other Obligor will) amend, vary, novate, supplement, supersede, waive or terminate any term of, any of the Relevant Documents which are not Finance Documents, or any other document delivered to the Agent pursuant to Clause 0 (*Utilisation Conditions precedent*) or Clause 0 (*Further conditions precedent*) or Clause 0 (*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 **Inventory of Hazardous Materials** Each Borrower shall ensure that each Vessel owned by it carries an IHM issued by the relevant approved classification society on the date such IHM becomes mandatory pursuant to any applicable law or regulation. Each Borrower shall procure that such IHM is maintained during the Facility period.

23.26 **Recycling** Each Borrower shall confirm that as long as it is in a lending relationship with ABN AMRO Bank N.V., 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 Recycling Regulation.

23.27 **Sanctions**

23.27.1 Each Obligor shall (and each Borrower shall procure that each member of the Group will) comply with all Sanctions.

23.27.2 None of the Borrowers or the Guarantors shall (and the Borrowers shall procure that no Obligor and no member of the Group will) become a Restricted Party or act on behalf of, or as an agent of, a Restricted Party, to the extent this would lead to non-compliance by it or any other Party with any applicable Sanctions.

23.27.3 None of the Borrowers or the Guarantors shall (and the Borrowers shall procure that no Obligor and no member of the Group will) use, lend, contribute or otherwise make available the proceeds of any Loan or other transaction contemplated by this Agreement directly or indirectly for the purpose of financing any trade, business or other activities with any Restricted Party, to the extent, in each case, such use, lending, contributing or otherwise making available the proceeds would lead to non-compliance by it or any other Party with any applicable Sanctions.

23.27.4 None of the Borrowers or the Guarantors shall (and the Borrowers shall procure that no Obligor and no member of the Group will) use any revenue or benefit derived from any activity or dealing with a Restricted Party in discharging any obligation due or owing to the Finance Parties to the extent such use would lead to non-compliance by it or any other Party with any applicable Sanctions.

23.27.5 The Borrowers and the Guarantor shall (and each Borrower shall procure that each other Obligor or member of the Group will) procure that no proceeds from any activity or dealing with a Restricted Party are credited to any bank account held with any Finance Party or any Affiliate of a Finance Party, to the extent crediting such bank account would lead to non-compliance by it, any Finance Party or any Affiliate of a Finance Party with any applicable Sanctions.

23.27.6 None of the Borrowers or the Guarantors shall (and the Borrowers shall procure that no Obligor and no member of the Group will) to the extent permitted by law and promptly upon becoming aware of them, supply to the Agent details of any claim, action, suit, proceedings or investigation against it with respect to Sanctions by any Sanctions Authority.

23.28 **Ownership** The Borrowers shall procure that there is no change in the ownership of any Borrower without the prior written consent of the Agent (acting on the instructions of all the Lenders).

23.29 **No dealings with Master Agreement** No Borrower shall assign, novate or encumber or in any other way transfer any of its rights or obligations under the Master Agreement, nor enter into any interest rate exchange or hedging agreement with anyone other than the Swap Provider.

23.30 **Poseidon Principles**

23.30.1 In this Clause 0:

"Poseidon Principles" means the financial industry framework for assessing and disclosing the climate alignment of ship finance portfolios published on 18 June 2019 as the same may be amended or replaced (to reflect changes in applicable law or regulation or the introduction of, or changes to, mandatory requirements of the International Maritime Organization) from time to time.

"**Relevant Lender**" means a Lender if it has, at any time during the Facility Period, become a signatory to the Poseidon Principles.

"**Statement of Compliance**" means a statement of compliance related to fuel oil consumption pursuant to regulations 6.6 and 6.7 of Annex VI.

23.30.2 Each Borrower shall, upon the request of the Relevant Lender and at the cost of the Borrowers, on or before 31 July in each calendar year, supply or procure the supply to the Relevant Lender of all information necessary in order for the Relevant Lender to comply with its obligations under the Poseidon Principles in respect of the preceding calendar year, including, without limitation, all ship fuel oil consumption data required to be collected and reported in accordance with regulation 22A of Annex VI and any Statement of Compliance, in each case relating to its Vessel for the preceding calendar year, provided that the Relevant Lender shall not publicly disclose such information with the identity of the relevant Vessel without the prior written consent of the relevant Borrower and, for the avoidance of doubt, such information shall be "Confidential Information" for the purposes of Clause 0 (*Confidential Information*) but each Borrower acknowledges that, in accordance with the Poseidon Principles, such information will form part of the information published regarding the applicable Relevant Lender's portfolio climate alignment.

24 Events of Default

24.1 **Events of Default** Each of the events or circumstances set out in this Clause 0 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 21.2 (*Compliance Certificate*), Clause 0 (*Financial Covenants*) and 23.27 (*Sanctions*) is not satisfied.

(b) An Obligor does not comply with any obligation in a Finance Document relating to the Insurances or with Clauses 3.1 (*Purpose*), 0 (*No waiver*), 7.5 (*Mandatory prepayment on sale or Total Loss*), 7.8 (*Prepayment – Change of Control*), 0 (*Additional security*), 21.1 (*Financial statements*), 23.21 (*No dividends*), 0 (*Anti-corruption law*), 0 (*Compliance with laws*), 0 (*Anti-corruption law*), 0 (*Pari passu ranking*).

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 0 (*Non-payment*) and Clause 0 (*Other specific obligations*).

(b) No Event of Default under this Clause 0 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).

(e) No Event of Default will occur under this Clause 24.1.5 if the aggregate amount of Financial Indebtedness or commitment for Financial Indebtedness falling within (a) to (d) is less than $10,000,000 in aggregate in the case of each Guarantor or each other member of the Group (other than a Borrower) and (ii) less than $500,000 in aggregate in the case of a Borrower (or, in each case, its equivalent in any other currency or currencies).

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.

This Clause 0 shall not apply to (i) any winding-up petition which is frivolous or vexatious and is discharged, stayed or dismissed within 30 days of commencement or (ii) any arrest or detention of a Vessel from which that Vessel is released within 60 days from the date of that arrest or detention.

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 30 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 or any other member of the Group ceases, or threatens to cease, to carry on all or a substantial part of its business except as a result of a Permitted Disposal.

24.1.11 **Change in ownership or control of a Borrower** There is any change in the ownership of a Borrower.

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 0, 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 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 0 (*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 in its discretion 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 180 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 180 days after that Total Loss has occurred) or (in each such case) such longer period as the Agent may in its discretion 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, and in respect of the registration of a Vessel only, it is not renewed within 90 days of termination.

24.1.19 **War** The country of registration of a Vessel or of another Relevant Jurisdiction becomes involved in war (whether or not declared) or civil war or is occupied by any other power or a seizure of power takes place by unconstitutional means and the Agent considers that, as a result, either (a) the security conferred by any of the Security Documents is materially prejudiced or (b) any such event is reasonably likely to have a Material Adverse Effect and the Borrowers do not take the actions required by the Agent in its absolute discretion to ensure that such event will not have such a Material Adverse Effect within 14 days from the Agent's notice to take such actions.

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 **Listing of Original Guarantor** The shares (or any part thereof) of the Original Guarantor cease to be listed on the New York Stock Exchange or Nasdaq Global Select Market, Nasdaq Global Market, Nasdaq Capital Market and any successor thereof or any other internationally recognised stock exchange acceptable to the Agent.

24.2 **Acceleration** On and at any time after the occurrence of an Event of Default which is continuing 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 0, a Lender (the "**Existing Lender**") may:

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 obtain the prior written consent of the Borrowers before it may make an assignment or transfer in accordance with Clause 0 (*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) made at a time when an Event of Default is continuing.

25.2.2 The consent of the Borrowers to an assignment or transfer must not be unreasonably withheld or delayed. The Borrowers will be deemed to have given their consent five Business Days after the Lender has requested it unless consent is expressly refused by the Borrowers within that time.

25.2.3 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.

25.2.4 A transfer will only be effective if the procedure set out in Clause 0 (*Procedure for transfer*) is complied with.

25.2.5 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 0 (*Tax Gross Up and Indemnities*) or Clause 0 (*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 0 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 0 (*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 0 (*Tax gross-up*) if the Borrower making the payment has not made a Borrower DTTP Filing in respect of that Treaty Lender.

25.2.6 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 0, 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 0 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 0; 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 0 (*Conditions of assignment or transfer*) a transfer is effected in accordance with Clause 0 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 0, 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 0 (*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 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 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 0 (*Conditions of assignment or transfer*) an assignment may be effected in accordance with Clause 0 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 0, 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 0 (*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 0 to assign their rights under the Finance Documents (but not, without the consent of the relevant Obligor or unless in accordance with Clause 0 (*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 0 (*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 0, 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 0 (*Procedure for transfer*) or any assignment pursuant to Clause 0 (*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 0, have been payable to it on that date, but after deduction of the Accrued Amounts.

25.9.2 In this Clause 0 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 0 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 0 ("*Know your customer" checks*), the Borrowers may request that any member of the Group become a Guarantor.

26.2.2 A member of the Group shall become an Additional Guarantor if:

(a) the Borrowers 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 0 (Utilisation Conditions precedent) and, if applicable, Part II of 0 (*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 0 (Utilisation Conditions precedent) and, if applicable, Part II of 0 (*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 0, 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 may request that a 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 0 (*Guarantee and Indemnity*).

26.4 Repetition of Representations

Delivery of an Accession Deed constitutes confirmation by the relevant member of the Group 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

27.1 Appointment of the Agent

27.1.1 Each of the Lenders appoints the Agent to act as its agent under and in connection with the Finance Documents and each of 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 Lenders authorises the Agent and each of 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 0 (*Replacement of the Agent*) or where the context otherwise requires, references in this Clause 0 to the "**Agent**" shall mean the Agent and the Security Agent individually and collectively and references in this Clause 0 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 0.

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 0 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 0, 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 0 (*Copy of Transfer Certificate or Assignment Agreement to Borrowers*), Clause 0 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 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 No fiduciary duties

27.4.1 Subject to Clause 0 (*Trust*) which relates to the Security Agent only, nothing in any Finance Document constitutes the Agent as a trustee or fiduciary of any other person.

27.4.2 Neither the Agent 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.

27.5 Business with Obligors and the Group The Agent 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.

27.6 Rights and discretions of the Agent

27.6.1 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.

27.6.2 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 0 (*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.

27.6.3 The Agent may engage and pay for the advice or services of any lawyers, accountants, surveyors or other experts.

27.6.4 Without prejudice to the generality of Clause 0 or Clause 0, 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.

27.6.5 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.

27.6.6 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.

27.6.7 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.

27.6.8 Without prejudice to the generality of Clause 0, 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.

27.6.9 Notwithstanding any other provision of any Finance Document to the contrary, neither the Agent 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.

27.6.10 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 0 (*Market Disruption*).

27.6.11 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.

27.7 **Responsibility for documentation** The Agent is not responsible or liable for:

27.7.1 the adequacy, accuracy and/or completeness of any information (whether oral or written) supplied by the Agent, an Obligor or any other person given in or in connection with any Relevant Document or the transactions contemplated in the Finance Documents;

27.7.2 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

27.7.3 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.

27.8 **No duty to monitor** The Agent shall not be bound to enquire:

27.8.1 whether or not any Default has occurred;

27.8.2 as to the performance, default or any breach by any Party of its obligations under any Finance Document; or

27.8.3 whether any other event specified in any Finance Document has occurred.

27.9 Exclusion of liability

27.9.1 Without limiting Clause 0 (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 0, 0 and 0, 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.

27.9.2 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 0 (*Third Party Rights*) and the provisions of the Third Parties Act.

27.9.3 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.

27.9.4 Nothing in this Agreement shall oblige the Agent 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 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.

27.9.5 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.

27.10 Lenders' indemnity to the Agent

27.10.1 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 0 (*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).

27.10.2 Subject to Clause 0, the Borrowers shall immediately on demand reimburse any Lender for any payment that Lender makes to the Agent pursuant to Clause 0

27.10.3 Clause 0 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.

27.11 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 0, 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 0. 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:

27.11.1 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;

27.11.2 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;

27.11.3 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;

27.11.4 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;

27.11.5 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

27.11.6 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 0 (*Application of Proceeds*).

The provisions of Part I of the Trustee Act 2000 shall not apply to the Security Agent or the Trust Property.

27.12 Resignation of the Agent

27.12.1 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.

27.12.2 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.

27.12.3 If the Majority Lenders have not appointed a successor Agent in accordance with Clause 0 within 20 days after notice of resignation was given, the retiring Agent (after consultation with the Borrowers) may appoint a successor Agent.

27.12.4 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 0, 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 0 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.

27.12.5 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.

27.12.6 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.

27.12.7 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 0) but shall remain entitled to the benefit of Clause 0 (*Indemnity to the Agent*) and this Clause 0 (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.

27.12.8 The Agent shall resign in accordance with Clause 0 (and, to the extent applicable, shall use reasonable endeavours to appoint a successor Agent pursuant to Clause 0) 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 0 (*FATCA information*) and a Borrower or 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 0 (*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 Borrower or 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 Borrower or that Lender, by notice to the Agent, requires it to resign.

27.13 Replacement of the Agent

27.13.1 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.

27.13.2 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.

27.13.3 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 0 but shall remain entitled to the benefit of Clause 0 (*Indemnity to the Agent*) and this Clause 0 (and any agency fees for the account of the retiring Agent shall cease to accrue from (and shall be payable on) that date).

27.13.4 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.

27.14 Confidentiality

27.14.1 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.

27.14.2 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.

27.15 **Relationship with the Lenders**

27.15.1 Subject to Clause 0 (*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.

27.15.2 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 0 (*Electronic communication*)) electronic mail address and/or any other information required to enable the transmission of information by that means (and, in each case, the department or officer, if any, for whose attention communication is to be made) and be treated as a notification of a substitute address, fax number, electronic mail address, department and officer by that Lender for the purposes of Clause 0 (*Addresses*) and Clause 0 (*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.

27.16 **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 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:

27.16.1 the financial condition, status and nature of each Obligor and each other member of the Group;

27.16.2 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;

27.16.3 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

27.16.4 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.

27.17 **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.

27.18 **Agent's management time** Any amount payable to the Agent under Clause 0 (*Indemnity to the Agent*), Clause 0 (*Indemnity to the Security Agent*), Clause 0 (*Costs and expenses*) and Clause 0 (*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 0 (*Fees*).

27.19 **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.

27.20 **Period without role for Agent**

(a) In this Clause 27.20, a "**Non-Agent Period**" means the period in which the Agent has no role pursuant to paragraph 27.20(b) below.

(b) The Agent shall not have a role under this Agreement, other than entering into the Finance Documents in its capacity as Agent, and the other provisions of this Clause 27.20 shall not apply to the extent that they relate to the Agent until one of the following conditions is satisfied:

(i) the Agent receives notice from the relevant Lender (with a copy to the Borrowers) that the Lenders are not only the Original Lenders; or

(ii) the Agent receives notice from the Original Guarantor (with a copy to the Original Lenders) requesting the Agent to commence acting in its role as agent.

The Agent shall commence acting in its role as agent at the date of receipt of the relevant notice.

(c) During a Non-Agent Period:

(i) subject to paragraph 27.20 (c) (iii) below, all references to "the Agent" (other than in this Clause 27.20) and all references to "the Agent", or "a Party" in any Finance Document shall, where it relates to the Agent, be construed as references to "the Original Lenders";

(ii) all payments which are expressed to be made to, received by or made available to or by the Agent (as applicable), must be made to, received by or made available to or by the Original Lenders;

(iii) the reference to the "Agent" in

(A) Clause 27.7 (*Responsibility for documentation*) to and including Clause 27.9 (*Exclusion of liability*);

(B) Clause 14 (*Other indemnities*); and

(C) Clause 16 (*Costs and Expenses*),

must at all times be construed to include the Original Lenders in respect of actions taken during the Non-Agent Period pursuant to paragraph 27.20 (c) (i) above.

(d) Until the date the Agent commences acting in its role as agent, no agency fee or other fees will be payable to the Agent.

(e) ABN AMRO Bank N.V. will be under no obligation to commence acting in its role as agent under this Agreement prior to having agreed with the Original Guarantor the agency fees payable to it in its capacity as Agent.

(f) Upon the Agent commencing to act as Agent pursuant to clause 27.20 (b), the Security Agent shall carry out its role through its separate and independent division at Gustav Mahlerlaan 10, 1082 PP Amsterdam, The Netherlands, PAC HQ9037.

(g) Following the change of office referred to in clause 27.20 (f), the Borrowers shall, upon the request of the Security Agent, enter into and execute such documentation as the Security Agent may request in writing in order to reflect the change of office and to preserve the rights of the Security Agent under, and security provided by, each of the Finance Documents pursuant thereto.

28 Parallel Debt (Covenant to pay the Security Agent)

28.1 Notwithstanding any other provision of this Agreement, each Obligor hereby irrevocably and unconditionally undertakes to pay to the Security Agent (such undertakings together, the "**Parallel Debt**"), as creditor in its own right and not as representative of the other Finance Parties, sums equal to and in the currency of each amount payable by such Obligor to Finance Parties under each of the Finance Documents as and when that amount falls due for payment under the relevant Finance Document or would have fallen due but for any discharge resulting from failure of another Finance Party to take appropriate steps, in insolvency proceedings affecting that Obligor, to preserve its entitlement to be paid that amount.

28.2 The Security Agent shall have its own independent right to demand payment of the amounts payable by each Obligor under the Parallel Debt, irrespective of any discharge of such Obligor's obligation to pay those amounts to the other Finance Parties resulting from failure by them to take appropriate steps, in insolvency proceedings affecting that Obligor, to preserve their entitlement to be paid those amounts.

28.3 Any amount due and payable by a Obligor under the Parallel Debt shall be decreased to the extent that the other Finance Parties have received (and are able to retain) payment in full of the corresponding amount under the other provisions of the Finance Documents and any amount due and payable by an Obligor to the other Finance Parties under those provisions shall be decreased to the extent that the Security Agent has received (and is able to retain) payment in full of the corresponding amount under the Parallel Debt.

28.4 The rights of the Finance Parties (other than the Security Agent) to receive payment of amounts payable by each Obligor under the Finance Documents are several and are separate and independent from, and without prejudice to, the rights of the Security Agent to receive payment under this Clause 28 (*Parallel Debt (Covenant to pay the Security Agent)*).

29 Application of Proceeds

29.1 **Order of application** Subject to Clause 0 (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 0, 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 0), in the following order:

29.1.1 in discharging any sums owing to the Security Agent, any Receiver or any Delegate;

29.1.2 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

29.1.3 in payment to the Agent for application in accordance with Clause 0 (*Partial payments).*

29.2 **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 0 (*Order of application*) in respect of:

29.2.1 any sum to the Security Agent, any Receiver or any Delegate; and

29.2.2 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.

29.3 **Investment of proceeds** Prior to the application of the proceeds of the Recoveries in accordance with Clause 0 (*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 0.

29.4 **Currency conversion**

29.4.1 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.

29.4.2 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.

29.5 **Permitted deductions** The Security Agent shall be entitled, in its discretion:

29.5.1 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

29.5.2 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).

29.6 **Good discharge**

29.6.1 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.

29.6.2 The Security Agent is under no obligation to make the payments to the Agent under Clause 0 in the same currency as that in which the obligations and liabilities owing to the relevant Finance Party are denominated.

30 Conduct of Business by the Finance Parties

No provision of this Agreement will:

30.1 interfere with the right of any Finance Party to arrange its affairs (tax or otherwise) in whatever manner it thinks fit;

30.2 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

30.3 oblige any Finance Party to disclose any information relating to its affairs (tax or otherwise) or any computations in respect of Tax.

31 Sharing among the Finance Parties

31.1 **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 0 (*Payment Mechanics*) (a "**Recovered Amount**") and applies that amount to a payment due under the Finance Documents then:

31.1.1 the Recovering Finance Party shall, within three Business Days, notify details of the receipt or recovery, to the Agent;

31.1.2 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 0 (*Payment Mechanics*), without taking account of any Tax which would be imposed on the Agent in relation to the receipt, recovery or distribution; and

31.1.3 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 0 (*Partial payments*).

31.2 **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 0 (*Partial payments*) towards the obligations of that Obligor to the Sharing Finance Parties.

31.3 **Recovering Finance Party's rights** On a distribution by the Agent under Clause 0 (*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.

31.4 **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:

31.4.1 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

31.4.2 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.

31.5 Exceptions

31.5.1 This Clause 0 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.

31.5.2 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

32 Payment Mechanics

32.1 **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 with such bank as the Agent specifies.

32.2 **Distributions by the Agent** Each payment received by the Agent under the Finance Documents for another Party shall, subject to Clause 0 (*Distributions to an Obligor*) and Clause 0 (*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.

32.3 **Distributions to an Obligor** The Agent may (with the consent of an Obligor or in accordance with Clause 0 (*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.

32.4 **Clawback and pre-funding**

32.4.1 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.

32.4.2 Unless Clause 0 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.

32.4.3 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 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.

32.5 Partial payments

32.5.1 If the Agent or the Security Agent (as applicable) 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 or the Security Agent (as applicable) shall apply that payment towards the obligations of that Obligor under the Finance Documents (other than the Master Agreement) in the following order:

(a) in or towards payment pro rata of any unpaid fees, costs and expenses of the Agent, the Security Agent, any Receiver or any Delegate under the Finance Documents;

(b) in or towards payment pro rata of any accrued interest, fee or commission due but unpaid under this Agreement;

(c) in or towards payment pro rata of any principal due but unpaid under this Agreement; and

(d) 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 on a pari passu basis with any repayment of the principal of the Loan.

32.5.2 The Agent shall, if so directed by the Majority Lenders and the Swap Provider, vary the order set out in Clauses 0 to 0.

32.5.3 Clauses 0 and 0 will override any appropriation made by an Obligor.

32.6 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.

32.7 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.

32.8 Currency of account

32.8.1 Subject to Clauses 0 to 0, dollars is the currency of account and payment for any sum due from an Obligor under any Finance Document.

32.8.2 A repayment or payment of all or part of the Loan or an Unpaid Sum shall be made in the currency in which the Loan or Unpaid Sum is denominated, pursuant to this Agreement, on its due date.

32.8.3 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.

32.8.4 Each payment in respect of costs, expenses or Taxes shall be made in the currency in which the costs, expenses or Taxes are incurred.

32.8.5 Any amount expressed to be payable in a currency other than dollars shall be paid in that other currency.

32.9 **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 0 and those entries will, in the absence of manifest error, be conclusive and binding.

32.10 **Change of currency**

32.10.1 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).

32.10.2 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.

32.11 **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:

32.11.1 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;

32.11.2 the Agent shall not be obliged to consult with the Borrowers in relation to any changes mentioned in Clause 0 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;

32.11.3 the Agent may consult with the Finance Parties in relation to any changes mentioned in Clause 0 but shall not be obliged to do so if, in its opinion, it is not practicable to do so in the circumstances;

32.11.4 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 0 (*Amendments and Waivers*);

32.11.5 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 0; and

32.11.6 the Agent shall notify the Finance Parties of all changes agreed pursuant to Clause 0.

33 Set-Off

33.1 **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.

33.2 **Master Agreement rights** The rights conferred on the Swap Provider by this Clause 0 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.

34 Notices

34.1 **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.

34.2 **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:

34.2.1 in the case of each Borrower, that identified with its name below;

34.2.2 in the case of each Guarantor, that identified with its name below;

34.2.3 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

34.2.4 in the case of the Swap Provider, that identified with its name below; and

34.2.5 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.

34.3 **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:

34.3.1 if by way of fax, when received in legible form; or

34.3.2 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 0 (*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 0, after 5.00 p.m. in the place of receipt shall be deemed only to become effective on the following day.

34.4 **Notification of address and fax number** Promptly upon changing its address or fax number, the Agent shall notify the other Parties.

34.5 **Electronic communication**

34.5.1 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.

34.5.2 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.

34.5.3 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.

34.5.4 Any electronic communication which becomes effective, in accordance with Clause 0, 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.

34.5.5 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 0.

34.6 **Use of websites**

34.6.1 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.

34.6.2 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.

34.6.3 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 0 or Clause 0, 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.

34.6.4 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.

34.7 **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:

34.7.1 in English; or

34.7.2 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.

35 Calculations and Certificates

35.1 **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 0 (*Control account*) are *prima facie* evidence of the matters to which they relate.

35.2 **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.

35.3 **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.

36 Partial Invalidity

If, at any time, any provision of a Finance Document is or becomes illegal, invalid or unenforceable in any respect under any law of any jurisdiction, neither the legality, validity or enforceability of the remaining provisions nor the legality, validity or enforceability of such provision under the law of any other jurisdiction will in any way be affected or impaired.

37 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 each Finance Document are cumulative and not exclusive of any rights or remedies provided by law.

38 Amendments and Waivers

38.1 Required consents

38.1.1 Subject to Clause 0 (*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.

38.1.2 The Agent may effect, on behalf of any Finance Party, any amendment or waiver permitted by this Clause 0.

38.1.3 Without prejudice to the generality of Clauses 0, 0 and 0 (*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.

38.1.4 Clause 0 (*Pro rata interest settlement*) shall apply to this Clause 0.

38.2 Exceptions

38.2.1 Subject to Clause 0 (*Replacement of Screen Rate*), 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 0 (*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 Borrower or a change to a Guarantor other than in accordance with Clause 0 (*Changes to the Obligors*);

(f) any provision which expressly requires the consent of all the Lenders;

(g) Clause 0 (*Finance Parties' rights and obligations*), Clause 0 (*Delivery of a Utilisation Request*), Clause 0 (*Illegality*), Clause 7.5 (*Mandatory prepayment on sale or Total Loss*), Clause 0 (*Changes to the Lenders*), Clause 0 (*Changes to the Obligors*), this Clause 0, Clause 0 (*Governing Law*) or Clause 0 (*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;

(j) Clause 0 (*Sanctions*) or anyone or more of the definitions of "Restricted Party", "Sanctions", "Sanctions Authority" and "Sanctions List";

shall not be made, or given, without the prior consent of all the Lenders.

38.2.2 An amendment or waiver which relates to the rights or obligations of the Agent, the Security Agent may not be effected without the consent of the Agent or the Security Agent.

38.3 **Replacement of Screen Rate**

38.3.1 In this Clause 0:

"**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 (i) and (ii), the "Replacement Benchmark" will be the replacement under (ii);

(b) in the opinion of the Majority Lenders and the Borrowers, generally accepted in the international or any relevant domestic syndicated loan markets as the appropriate successor to that Screen Rate; or

(c) in the opinion of the Majority Lenders and the Borrowers, 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 Borrowers materially changed;

(b)

(i)

(A) the administrator of that Screen Rate or its supervisor publicly announces that such administrator is insolvent; or

(B) information is published in any order, decree, notice, petition or filing, however described, 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) 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.

38.3.2 Subject to Clause 0 (*Exceptions*), if a Screen Rate Replacement Event has occurred in relation to a 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; 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 Borrowers.

38.4 **Excluded Commitments**

If:

38.4.1 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 five Business Days of that request being made; or

38.4.2 any Lender which is not a Defaulting Lender fails to respond to such a request,

(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.

38.5 **Replacement of Lender**

38.5.1 If:

(a) any Lender becomes a Non-Consenting Lender (as defined in Clause 0); or

(b) a Borrower or any other Obligor becomes obliged to repay any amount in accordance with Clause 0 (*Illegality*) or to pay additional amounts pursuant to Clause 0 (*Tax gross-up*), Clause 0 (*Tax Indemnity*) or Clause 0 (*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 0 (*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 selected by the Borrowers (a "**Replacement Lender**"), which confirms its willingness to assume and does assume all the obligations of the transferring Lender in accordance with Clause 0 (*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 0 (*Pro rata interest settlement*)), Break Costs and other amounts payable in relation thereto under the Finance Documents.

38.5.2 The replacement of a Lender pursuant to this Clause 0 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 15 after the date on which that Lender is deemed a Non-Consenting Lender;

(d) in no event shall the Lender replaced under this Clause 0 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 0 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.

38.5.3 A Lender shall perform the checks described in Clause 0 as soon as reasonably practicable following delivery of a notice referred to in Clause 0 and shall notify the Agent and the Borrowers when it is satisfied that it has complied with those checks.

38.5.4 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 51 per cent of the Total Commitments (or, if the Total Commitments have been reduced to zero, aggregated more than 51 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".

38.6 Disenfranchisement of Defaulting Lenders

38.6.1 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).

38.6.2 For the purposes of this Clause 0, 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 0, 0 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.

38.7 Replacement of a Defaulting Lender

38.7.1 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 0 (*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 selected by the Borrowers (a "Replacement Lender") 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 0 (*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 0 (*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 0.

38.7.2 Any transfer of rights and obligations of a Defaulting Lender pursuant to this Clause 0 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 15 days after the notice referred to in Clause 0;

(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 0 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.

38.7.3 The Defaulting Lender shall perform the checks described in Clause 0 as soon as reasonably practicable following delivery of a notice referred to in Clause 0 and shall notify the Agent and the Borrowers when it is satisfied that it has complied with those checks.

39 Confidentiality

39.1 **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 0 (*Disclosure of Confidential Information*) and Clause 0 (*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.

39.2 **Disclosure of Confidential Information** Any Finance Party may disclose:

39.2.1 to any of its Affiliates and Related Funds and any of its or their officers, directors, employees, professional advisers, auditors, partners, insurance and reinsurance providers 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 0 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;

39.2.2 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 0 or 0 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 0 (*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 0 or 0;

(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 0 (*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 0, 0 and 0, 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 0, 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 0, 0 and 0, 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;

39.2.3 to any person appointed by that Finance Party or by a person to whom Clause 0 or 0 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 0 if the service provider to whom the Confidential Information is to be given has entered into a Confidentiality Undertaking;

39.2.4 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.

39.3 Disclosure to numbering service providers

39.3.1 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 0 (*Governing law*);

(f) the names of the Agent;

(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 0 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.

39.3.2 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.

39.3.3 Each Borrower represents that none of the information set out in Clauses 0 to 0 is, nor will at any time be, unpublished price-sensitive information.

39.3.4 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.

39.4 **Entire agreement** This Clause 0 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.

39.5 **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.

39.6 **Notification of disclosure** Each of the Finance Parties agrees (to the extent permitted by law and regulation) to inform the Borrowers:

39.6.1 of the circumstances of any disclosure of Confidential Information made pursuant to Clause 0 (*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

39.6.2 upon becoming aware that Confidential Information has been disclosed in breach of this Clause 0.

39.7 **Continuing obligations** The obligations in this Clause 0 are continuing and, in particular, shall survive and remain binding on each Finance Party for a period of 12 months from the earlier of:

39.7.1 the date on which all amounts payable by the Obligors under or in connection with the Finance Documents have been paid in full and all Commitments have been cancelled or otherwise cease to be available; and

39.7.2 the date on which such Finance Party otherwise ceases to be a Finance Party.

40 Disclosure of Lender Details by Agent

40.1 **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 that Business Day, their respective Commitments, the address and fax number (and the department or officer, if any, for whose attention any communication is to be made) of each Lender for any communication to be made or document to be delivered under or in connection with the Finance Documents, the electronic mail address and/or any other information required to enable the transmission 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.

40.2 **Supply of Lender details at Borrowers' direction**

40.2.1 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.

40.2.2 Subject to Clause 0, the Borrowers shall procure that the recipient of information disclosed pursuant to Clause 0 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.

40.2.3 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.

40.3 **Supply of Lender details to other Lenders**

40.3.1 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.

40.3.2 The Agent shall, if so directed by the Requisite Lenders, request each Lender to indicate to it whether it is a Disclosing Lender.

40.4 **Lender enquiry** If any Lender believes that any entity is, or may be, a Lender and:

40.4.1 that entity ceases to have an Investment Grade Rating; or

40.4.2 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.

40.5 **Lender details definitions** In this Clause 0:

"**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).

41 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.

42 Joint and Several Liability

42.1 **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:

42.1.1 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;

42.1.2 any amendment, variation, novation or replacement of any other Finance Document;

42.1.3 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;

42.1.4 the winding-up or dissolution of any other Borrower or any other Obligor;

42.1.5 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

42.1.6 any other act, omission, thing or circumstance which would or might, but for this provision, operate to discharge, impair or otherwise affect such liability.

42.2 **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:

42.2.1 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

42.2.2 exercise any right of contribution from any other Borrower or any other Obligor under any Finance Document; or

42.2.3 exercise any right of set-off or counterclaim against any other Borrower or any other Obligor; or

42.2.4 receive, claim or have the benefit of any payment, distribution, security or indemnity from any other Borrower or any other Obligor; or

42.2.5 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

43 Governing Law

This Agreement and any non-contractual obligations arising out of or in connection with it are governed by English law.

44 Enforcement

44.1 Jurisdiction of English courts

44.1.1 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.

44.1.2 Notwithstanding Clause 0, 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.

44.2 Service of process

44.2.1 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.

44.2.2 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

Part I The Original Lenders

Name of Original Lender	Commitment	Treaty Passport scheme reference number and jurisdiction of residence (if applicable)
ABN AMRO Bank N.V.	Coolsingel 93, 3012 AE Rotterdam, The Netherlands	

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) **Copy passports** A copy of the passport of each person actually executing any of the Relevant Documents pursuant to the resolutions referred to in (c) and of the director and officers of each Obligor.

(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 0 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 Borrowers, of:

(i) any charterparty or other contract of employment of each Vessel which will be in force on the Utilisation Date including, without limitation, the Charter;

(ii) the confirmation (by email from the master of the Vessel) for the delivery of the Vessel pursuant to the Charter (if the Charter is a time charter) or the protocol of delivery and acceptance evidencing the unconditional physical delivery of each Vessel by the relevant Borrower to the Charterer pursuant to the Charter (if the Charter is a bareboat charter);

(iii) the Management Agreements;

(iv) each Vessel's current Safety Construction, Safety Equipment, Safety Radio and Load Line Certificates;

(v) evidence of each Vessel's current Certificate of Financial Responsibility issued pursuant to the United States Oil Pollution Act 1990;

(vi) each Vessel's current SMC;

(vii) each ISM Company's current DOC;

(viii) each Vessel's current ISSC;

(ix) each Vessel's current IAPPC;

(x) each Vessel's current Tonnage Certificate;

in each case together with all addenda, amendments or supplements

(b) **Security Documents** The Guarantee, the Account Security Deeds, the Share Securities, The Mortgages, the Mortgage Addenda, the Assignments in respect of the Vessels 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.

(c) Evidence of Borrower's title

(i) Evidence that on the Utilisation Date (A) each Vessel will be permanently registered under the relevant flag in the ownership of the relevant Borrower, (B) the Mortgages will be capable of being registered against the Vessels with first priority.

(ii) A Certificate of ownership and encumbrance (or equivalent) issued by the Registrar of Ships (or equivalent official) of the relevant flag confirming that (a) each of Vessel A, Vessel B and Vessel C is permanently registered under that flag in the ownership of the relevant Borrower, (b) the Mortgage Addenda have been registered and (c) there are no further Encumbrances registered against each Vessel other than the relevant Mortgages.

(d) **Confirmation of class** A Class Certificate for hull and machinery confirming that each relevant Vessel is classed with the highest class applicable to vessels of her type with Lloyd's Register or such other classification society which is a member of the International Association of Classification Societies as may be acceptable to the Agent free of overdue recommendations affecting class.

(e) **Evidence of insurance** Evidence that the relevant Vessels are 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.

(f) **Valuation** Two or three (as the case may be) valuations evidencing the Initial Aggregate Market Value.

(g) **Managers' Undertakings** The Managers' Undertakings together with notices of any assignments contained in the same and evidence that those notices will be duly acknowledged by the recipients.

(h) **Mandates** Such duly signed forms of mandate, and/or other evidence of the opening of the Earnings Accounts, as the Security Agent may require.

(i) **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.

(j) **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.

(k) **Master Agreement** The Master Agreement.

(l) **Other Relevant Documents** Copies of each of the Relevant Documents not otherwise comprised in the documents listed in this Part I of 0.

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) Patton, Moreno & Asvat as to Panamanian law and

(iii) NautaDutilh N.V. as to Dutch 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 0 (*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 0 (*Fees*) and Clause 0 (*Costs and Expenses*) have been paid or will be paid by the Utilisation Date.

(f) **"Know your customer" documents** Such documentation and other evidence as is reasonably requested by the Agent 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.

(g) **"Know your customer" procedure** Satisfactory conclusion of the Lenders' internal "know your customer" procedures.

(h) **Existing indebtedness** Evidence that any Financial Indebtedness under the Other Facility has been repaid in full.

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 relevant flag confirming that 0 each of Vessel D, Vessel E and Vessel F is permanently registered under that flag in the ownership of each Borrower, 0 the Mortgages have been registered with first priority against Vessel D, Vessel E and Vessel F and (c) there are no further Encumbrances registered against each such 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 0.

4 **Legal opinions** Such of the legal opinions specified in Part I of this 0 as have not already been provided to the Agent.

5 **Companies Act registrations** Evidence that the prescribed particulars of any Security Documents received by the Agent pursuant to Part I of this 0 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 Mortgages.

7 **Shares Security documents** Any original documents pursuant to the Shares Security, which have not already been provided to the Agent.

Schedule 3

Utilisation Request

From: Kaben Shipping Company Inc.
Taroa Shipping Company Inc.
Gala Properties Inc.
Tuvalu Shipping Company Inc.
Jabat Shipping Company Inc.
Bikini Shipping Company Inc.

To: ABN AMRO Bank N.V.

Dated:

Dear Sirs

Kaben Shipping Company Inc., Taroa Shipping Company Inc., Gala Properties Inc., Tuvalu Shipping Company Inc., Jabat Shipping Company Inc. and Bikini Shipping Company Inc. – $52,885,000 Loan Agreement dated 27 June 2019 (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 make Tranche B on the following terms:

Proposed Utilisation Date:	[ ] (or, if that is not a Business Day, the next Business Day)
Currency of Tranche:	dollars
Amount:	[ ]
Interest Period:	[ ]
Vessel:	[ ]

3 We confirm that each condition specified in Clause 0 (*Further conditions precedent*) is satisfied on the date of this Utilisation Request.

4 The proceeds of the Tranche should be paid as follows:

5 This Utilisation Request is irrevocable.

Yours faithfully

……

authorised signatory for

Kaben Shipping Company Inc.

Taroa Shipping Company Inc.

Gala Properties Inc.

Tuvalu Shipping Company Inc.

Jabat Shipping Company Inc.

Bikini Shipping Company Inc.

Schedule 4

Form of Transfer Certificate

To: **ABN AMRO Bank N.V.**, as Agent

From: [*The Existing Lender*] (the "**Existing Lender**") and [*The New Lender*] (the "**New Lender**")

Dated:

Kaben Shipping Company Inc., Taroa Shipping Company Inc., Gala Properties Inc., Tuvalu Shipping Company Inc., Jabat Shipping Company Inc. and Bikini Shipping Company Inc. – $52,885,000 Loan Agreement dated 27 June 2019 (the "Agreement")

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.

1 We refer to Clause 0 (*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 0 (*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 0 (*Addresses*) of the Loan Agreement are set out in the Schedule.

2 The New Lender expressly acknowledges the limitations on the Existing Lender's obligations set out in Clause 0 (*Limitation of responsibility of Existing Lenders*) of the Loan Agreement.

3 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].

[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:

(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.

[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.]

[6/7] 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.

[7/8] This Agreement and any non-contractual obligations arising out of or in connection with it are governed by English law.

[8/9] 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 the Transfer Date is confirmed as [ ].

ABN AMRO Bank N.V.

By:

Schedule 5

Form of Assignment Agreement

To: **ABN AMRO Bank N.V.** as Agent and as Security Agent and **Kaben Shipping Company Inc.**, **Taroa Shipping Company Inc.**, **Gala Properties Inc.**, **Tuvalu Shipping Company Inc.**, **Jabat Shipping Company Inc.** and **Bikini Shipping Company Inc.** as Borrowers, for and on behalf of each Obligor

From: [the *Existing Lender*] (the "**Existing Lender**") and [the *New Lender*] (the "**New Lender**")

Dated:

Kaben Shipping Company Inc., Taroa Shipping Company Inc., Gala Properties Inc., Tuvalu Shipping Company Inc., Jabat Shipping Company Inc. and Bikini Shipping Company Inc. – $52,885,000 Loan Agreement dated 27 June 2019 (the "Agreement")

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.

1 We refer to Clause 0 (*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 0.

2 The proposed Transfer Date is [ ].

3 On the Transfer Date the New Lender becomes Party to the relevant Finance Documents as a Lender.

4 The Facility Office and address, fax number and attention details for notices of the New Lender for the purposes of Clause 0 (*Addresses*) of the Loan Agreement are set out in the Schedule.

5 The New Lender expressly acknowledges the limitations on the Existing Lender's obligations set out in Clause 0 (*Limitation of responsibility of Existing Lenders*) of the Loan Agreement.

6 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].

7 [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.]

8 [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 0 (*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] [is/are] governed by English law.

[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.

ABN AMRO Bank N.V.

By:

Schedule 6

Form of Accession Deed

To: **ABN AMRO Bank N.V.** as Agent and as Security Agent for itself and each of the other Finance Parties

From: [*Affiliate of a Borrower*][*Member of the Group*] and [*Borrowers*]

Dated:

Dear Sirs

Kaben Shipping Company Inc., Taroa Shipping Company Inc., Gala Properties Inc., Tuvalu Shipping Company Inc., Jabat Shipping Company Inc. and Bikini Shipping Company Inc. – $52,885,000 Loan Agreement dated 27 June 2019 (the "Agreement")

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.

1 [*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 0 (*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 [ ].

2 [*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] 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]

[*Borrowers*]

_____

By:

Schedule 7

Form of Compliance Certificate

To: ABN AMRO Bank N.V.

From: Diana Shipping Inc.

Dated:

Dear Sirs

Kaben Shipping Company Inc., Taroa Shipping Company Inc., Gala Properties Inc., Tuvalu Shipping Company Inc., Jabat Shipping Company Inc. and Bikini Shipping Company Inc. – $52,885,000 Loan Agreement dated 27 June 2019 (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 on [●]:

Total Assets:

Market Value Adjusted Total Assets: [ ]

Total Liabilities: [ ]

Market Value Adjusted Net Worth: [ ]

Market Value Adjusted Net Worth: [ ]% of Market Value Adjusted Total Assets

Minimum Liquidity Amount: [ ]

3 [We confirm that no Default is continuing.]

Signed: ……

Chief Finance Officer

of

Diana Shipping Inc.

Signatures

The Borrowers

Kaben 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)

Taroa 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)

Gala Properties 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)

Tuvalu 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)

Jabat 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)

Bikini 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 Agent

ABN AMRO Bank N.V.)
)
By:)
)
Address: Gustav Mahlerlaan 10,)
1082 PP Amsterdam, The Netherlands)
Fax no.: +31 (0) 10 401 53 23)
Department/Officer: Global Transportation)
and Logistics)

The Security Agent

ABN AMRO Bank N.V.)
)
By:)
)
Address: Gustav Mahlerlaan 10,)
1082 PP Amsterdam, The Netherlands)
Fax no.: +31 (0) 10 401 53 23)
Department/Officer: Global Transportation)
and Logistics)

The Original Lenders

ABN AMRO Bank N.V.)
)
By:)
)
Address: Gustav Mahlerlaan 10,)
1082 PP Amsterdam, The Netherlands)
Fax no.: +31 (0) 10 401 53 23)
Department/Officer: Global Transportation)
and Logistics)

The Swap Provider

ABN AMRO Bank N.V.)
)
By:)
)
Address: Gustav Mahlerlaan 10,)
1082 PP Amsterdam, The Netherlands)
Fax no.: +31 (0) 10 401 53 23)
Department/Officer: Global Transportation)
and Logistics)