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

FORM 20-F

(Mark One)

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

OR

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

For the fiscal year ended December 31, 2017

OR

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

For the transition period from_____to_____

OR

☐ **SHELL COMPANY REPORT PURSUANT TO SECTION 13 or 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
Date of event requiring this shell company report. . . . . .

Commission file number 001-35025

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

Diana Containerships Inc.
(Translation of Registrant's name into English)

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

Pendelis 18, 175 64 Palaio Faliro, Athens, Greece
(Address of principal executive offices)

Mr. Ioannis Zafirakis
Pendelis 18, 17564 Palaio Faliro, Athens, Greece
Tel: + 30-216-600-24000, Fax: + 30-216-600-2599
E-mail: izafirakis@dcontainerships.com
(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)

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

Title of each class	Name of each exchange on which registered
Common stock, $0.01 par value	The NASDAQ Stock Market LLC
Preferred stock purchase rights	The NASDAQ Stock Market LLC

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

None
(Title of Class)

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

None
(Title of Class)

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

As of December 31, 2017, there were 4,051,266 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 and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

☒ Yes ☐ No

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

Large accelerated filer ☐ Accelerated filer ☐ Non-accelerated filer ☒

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

Diana Containerships Inc., or the Company, desires to take advantage of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 and is including this cautionary statement in connection with this safe harbor legislation. This document and any other written or oral statements made by us or on our behalf may include forward-looking statements, which reflect our current views with respect to future events and financial performance. The words "believe", "anticipate," "intends," "estimate," "forecast," "project," "plan," "potential," "will," "may," "should," "expect" and similar expressions identify forward-looking statements.

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

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

In addition to these important factors and matters discussed elsewhere herein, including under the heading "Item 3. Key Information – D. Risk Factors," important factors that, in our view, could cause actual results to differ materially from those discussed in the forward-looking statements include the strength of world economies, fluctuations in currencies and interest rates, general market conditions, including fluctuations in charter hire rates and vessel values, changes in demand in the container shipping industry, changes in the supply of vessels, changes in the Company's operating expenses, including bunker prices, crew costs, drydocking and insurance costs, our future operating or financial results, changes to our financial condition and liquidity, including our ability to pay amounts that we owe and obtain additional financing to fund capital expenditures, acquisitions and other general corporate activities, our ability to continue as a going concern, potential liability from pending or future litigation, changes in governmental rules and regulations or actions taken by regulatory authorities, general domestic and international political conditions, potential disruption of shipping routes due to accidents, labor disputes or political events, and other important factors described from time to time in the reports filed by the Company with the Securities and Exchange Commission, or the SEC.

We caution readers of this annual report not to place undue reliance on any forward-looking statements, which speak only as of their dates. We undertake no obligation to update or revise any forward-looking statements.

PART I

Item 1. Identity of Directors, Senior Management and Advisers

Not Applicable.

Item 2. Offer Statistics and Expected Timetable

Not Applicable.

Item 3. Key Information

A. Selected Financial Data

The following tables set forth our selected consolidated financial data and other operating data. The selected consolidated financial data in the tables as of and for the years ended December 31, 2017, 2016, 2015, 2014 and 2013, are derived from our audited consolidated financial statements and notes thereto which have been prepared in accordance with U.S. generally accepted accounting principles, or U.S. GAAP. 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.

All share and per share amounts disclosed in this annual report give retroactive effect to the six reverse stock splits of our common shares effected in 2016 and 2017, for all periods presented. See "Item 4. Information on the Company – A. History and Development of the Company."

	For the years ended December 31,				
	2017	**2016**	**2015**	**2014**	**2013**
	(in thousands of U.S. dollars, except for share and per share data)				
Statement of Operations Data:					
Time charter revenues	$ 23,806	$ 36,992	$ 70,746	$ 65,678	$ 74,337
Prepaid charter revenue amortization	-	(3,798)	(8,566)	(11,610)	(20,322)
Time charter revenues, net	23,806	33,194	62,180	54,068	54,015
Voyage expenses	1,702	3,169	2,619	332	705
Vessel operating expenses	22,732	30,213	35,847	26,559	30,870
Depreciation and amortization of deferred charges	8,147	12,740	13,140	10,309	11,070
Management fees	-	-	-	-	305
General and administrative expenses	8,366	7,241	6,194	6,306	5,059
Impairment losses	8,363	118,861	6,607	-	42,323
(Gain) / Loss on vessels' sale	(945)	2,899	8,300	695	16,481
Foreign currency losses / (gains)	51	111	(55)	17	66
Operating income / (loss)	(24,610)	(142,040)	(10,472)	9,850	(52,864)
Interest and finance costs	(13,843)	(7,094)	(7,166)	(6,746)	(4,554)
Interest income	87	120	107	134	72
Gain from bank debt write off	42,185	-	-	-	-
Net income / (loss)	$ 3,819	$ (149,014)	$ (17,531)	$ 3,238	$ $ (57,346)
Earnings / (loss) per common share, basic and diluted	$ 8.94	$ (100,821.38)	$ (11,917.74)	$ 2,205.72	$ $ (85,463.49)
Earnings / (loss) per common share, diluted	$ 8.94	$ (100,821.38)	$ (11,917.74)	$ 2,205.72	$ $ (85,463.49)
Dividends declared and paid, per share	$ -	$ 246.96	$ 493.92	$ 10,125.36	$ 44,452.80
Weighted average number of common shares, basic	427,333	1,478	1,471	1,468	671
Weighted average number of common shares, diluted	427,361	1,478	1,471	1,468	671

	As of and for the years ended December 31,				
	2017	2016	2015	2014	2013
	(in thousands of U.S. dollars, except for fleet data and average daily results)				
Balance Sheet Data:					
Cash and cash equivalents	$ 6,444	$ 8,316	$ 29,388	$ 82,003	$ 19,685
Vessels held for sale	18,378	-	-	-	-
Total current assets	28,000	22,875	34,914	86,446	22,980
Vessels' net book value	201,308	240,352	384,549	306,094	265,372
Property and equipment, net	911	946	987	1,089	321
Restricted cash	-	9,000	9,000	9,870	9,870
Total assets	232,307	266,531	435,723	409,263	316,709
Total current liabilities	101,215	129,863	24,697	9,290	3,779
Bank and other debt (net of unamortized deferred financing costs)	12,119	127,129	142,678	98,298	98,102
Related party financing (net of unamortized deferred financing costs)	84,832	45,617	48,950	50,867	50,233
Total stockholders' equity	$ 130,772	$ 90,880	$ 239,174	$ 256,443	$ 164,465
Cash Flow Data:					
Net cash provided by/ (used in) operating activities	$ (12,653)	$ (11,963)	$ 17,445	$ 25,487	$ 31,740
Net cash provided by / (used in) investing activities	6,665	10,574	(111,751)	(51,636)	(81,663)
Net cash provided by / (used in) financing activities	4,116	(19,683)	41,691	88,467	38,082
Fleet Data:					
Average number of vessels (1)	11.4	13.1	12.6	8.8	9.6
Number of vessels at end of period	11.0	12.0	14.0	11.0	9.0
Ownership days (2)	4,178	4,780	4,600	3,198	3,516
Available days (3)	4,155	4,735	4,515	3,198	3,516
Operating days (4)	3,152	3,304	4,155	3,189	3,442
Fleet utilization (5)	75.9%	69.8%	92.0%	99.7%	97.9%

Average Daily Results:					
Time charter equivalent (TCE) rate (6)	$ 5,320	$ 6,341	$ 13,192	$ 16,803	$ 15,162
Daily vessel operating expenses (7)	5,441	6,321	7,793	8,305	8,780

(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. 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.

(6) Time charter equivalent rates, or TCE rates, are defined as our time charter revenues, net, 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 provide 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.

	For the years ended December 31,				
	2017	**2016**	**2015**	**2014**	**2013**
	(in thousands of U.S. dollars, except for available days and TCE rate)				
Time charter revenues, net of prepaid charter revenue amortization	$ 23,806	$ 33,194	$ 62,180	$ 54,068	$ 54,015
Less: voyage expenses	(1,702)	(3,169)	(2,619)	(332)	(705)
Time charter equivalent revenues	$ 22,104	$ 30,025	$ 59,561	$ 53,736	$ 53,310
Available days	4,155	4,735	4,515	3,198	3,516
Time charter equivalent (TCE) rate	$ 5,320	$ 6,341	$ 13,192	$ 16,803	$ 15,162

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

B. Capitalization and Indebtedness

Not Applicable.

C. Reasons for the Offer and Use of Proceeds

Not Applicable.

D. Risk Factors

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

Industry Specific Risk Factors

The containership sector is cyclical and volatile, with charter hire rates and profitability at reduced levels, and the recent global economic downturn has resulted in decreased demand for container shipping.

Our growth generally depends on continued growth in world and regional demand for containership services, and the global economic slowdown that commenced in 2008 and from which the global economy has not fully recovered resulted in decreased demand for containerships and a related decrease in charter rates that have not fully recovered.

The ocean-going containership sector is both cyclical and volatile in terms of charter hire rates and profitability. Containership charter rates peaked in 2005 and generally stayed strong until the middle of 2008, when the effects of the 2008 economic crisis began to affect global container trade. Containership charter rates subsequently improved and stabilized somewhat, although current rates remain below their long-term averages and may decline further. Fluctuations in charter rates result from changes in the supply of and demand for ship capacity and changes in the supply of and demand for the major products internationally transported by containerships. The factors affecting the supply of and demand for containerships and supply of and demand for products shipped in containers are outside of our control, and the nature, timing and degree of changes in industry conditions are unpredictable. We cannot assure you that we will be able to successfully charter our vessels in the future or renew existing charters upon their expiration or termination, most of which are scheduled to expire in the first half of 2018, assuming the earliest redelivery dates, at rates sufficient to allow us to meet our obligations or at all.

The factors that influence demand for containership capacity include:

- supply of and demand for products suitable for shipping in containers;
- changes in global production of products transported by containerships;
- the distance container cargo products are to be moved by sea;
- the globalization of manufacturing;
- global and regional economic and political conditions;
- developments in international trade;
- changes in seaborne and other transportation patterns, including changes in the distances over which container cargoes are transported;
- environmental and other regulatory developments;
- currency exchange rates;
- weather; and
- cost of bunkers.

The factors that influence the supply of containership capacity include:

- the number of newbuilding orders and deliveries;
- the extent of newbuilding vessel deferrals;
- the scrapping rate of older containerships;
- newbuilding prices and containership owner access to capital to finance the construction of newbuildings;
- charter rates and the price of steel and other raw materials;
- changes in environmental and other regulations that may limit the useful life of containerships;
- the number of containerships that are sailing at reduced speed, or slow-steaming, to conserve fuel;
- the number of containerships that are out of service;
- port congestion and canal closures; and
- demand for fleet renewal.

Our ability to employ any containerships that we acquire in the future and recharter our containerships upon the expiration or termination of their current charters, and the charter rates payable under any charters or renewal options or replacement charters will depend upon, among other things, the prevailing state of the containership charter market, which can be affected by consumer demand for products shipped in containers. When our containerships' charters expire, we may be forced to recharter our containerships at reduced or even unprofitable rates, or we may not be able to recharter our vessels at all, which may reduce or eliminate our earnings or make our earnings volatile. The same issues will exist if we acquire additional vessels and attempt to obtain multi-year time charter arrangements as part of our acquisition and financing plan, which may affect our ability to operate our vessels profitably. The containership market also affects the value of our vessels, which follow the trends of freight rates and containership rates.

Liner companies, which are the most significant charterers of containerships, have been placed under significant financial pressure, thereby increasing our charter counterparty risk.

The decline in global trade as a result of the lingering effects of the economic slowdown has resulted in a significant decline in demand for the seaborne transportation of products in containers, including for exports from China to Europe and the United States. Consequently, the cargo volumes and freight rates achieved by liner companies, which charter containerships from ship owners like us, declined sharply in the second half of 2011, and continued to be weak throughout 2012 to 2015, especially for medium to smaller size containerships. Although freight rates recovered somewhat throughout 2016 and 2017, rates remain below their historical averages, which has adversely affected their profitability. The financial challenges faced by liner companies, some of which announced efforts to obtain third party aid and restructure their obligations, have reduced demand for containership charters compared to historical averages. The combination of the current surplus of containership capacity and the expected increase in the size of the world containership fleet over the next several years may make it difficult to secure substitute employment for our containerships if our counterparties fail to perform their obligations under the currently arranged time charters, and any new charter arrangements we are able to secure may be at lower rates.

We are dependent upon a limited number of customers in a consolidating industry for a large part of our revenues. The loss of these customers could adversely affect our financial performance.

All of our vessels are currently employed on time charter, to an aggregate of 5 different charterers. Should charter rates for containerships improve, we may seek to charter a greater portion of our containerships pursuant to medium- and long-term fixed-rate time charters with leading liner companies, and we may remain dependent upon a limited number of liner operators. In addition, in recent years there have been significant examples of consolidation in the containership sector. Financial difficulties in the industry may accelerate the trend towards consolidation. The cessation of business with liner companies to which our vessels are chartered or their failure to fulfill their obligations under the charters for our containerships could have a material adverse effect on our financial condition, results of operations and cash flows.

An over-supply of containership capacity may lead to a further reduction in charter rates, which may limit our ability to operate our vessels profitably or at all.

According to industry sources, as of January 1, 2018, newbuilding containerships with an aggregate capacity of 2.8 million TEUs, representing approximately 13% of the total worldwide containership fleet capacity as of that date, were on order. The size of the orderbook when compared to the fleet is small relative to historical levels and will result in the increase in the size of the world containership fleet over the next few years. However, the orderbook remains heavily skewed towards ships of at least 8,000 TEU in size. An over-supply of containership capacity, combined with a decline in the demand for containerships, may result in a further reduction of charter hire rates. If such a reduction continues in the future, we may only be able to charter our fleet for reduced rates or unprofitable rates or we may not be able to charter our containerships at all.

The reduction in charter rates may cause certain vessel owners or operators, including us, to elect to "lay up" one or more of its vessels for an extended period of time. The lay up of a vessel significantly reduces the vessel's operating costs during the lay-up period, but the owners will continue to incur certain expenses relating to maintenance, insurance and debt service costs, among others. In addition, vessel owners will incur expenditures to re-commission a vessel and place it back into service, the amount of which cannot generally be determined at the time of lay up. These expenditures may be extensive, and may delay the eventual re-activation of the vessel until such time as the owner determines that there is a sustainable rebound in charter rates, which may result in lost earnings during the early stages of a recovery. As we have done in the past, there is a risk that we may elect to lay up one or more vessels in the future.

A decline in the state of global financial markets and economic conditions may adversely affect our earnings and financial condition and our ability to obtain financing on acceptable terms or at all, which may hinder or prevent us from expanding our business.

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

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

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

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

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

China exports considerably more goods than it imports. Our containerships may be deployed on routes involving containerized trade in and out of emerging markets, and our charterers' container shipping and business revenue may be derived from the shipment of goods from the Asia Pacific region to various overseas export markets including the United States and Europe. Any reduction in or hindrance to the output of China-based exporters could have a material adverse effect on the growth rate of China's exports and on our charterers' business. For instance, the government of China has implemented economic policies aimed at increasing domestic consumption of Chinese-made goods and restricting currency exchanges within China. This may have the effect of reducing the supply of goods available for export from China and may, in turn, result in a decrease of demand for container shipping. Additionally, though in China there is an increasing level of autonomy and a gradual shift in emphasis to a "market economy" and enterprise reform, many of the reforms, particularly some limited price reforms that result in the prices for certain commodities being principally determined by market forces, are unprecedented or experimental and may be subject to revision, change or abolition. The level of imports to and exports from China could be adversely affected by changes to these economic reforms by the Chinese government, as well as by changes in political, economic and social conditions or other relevant policies of the Chinese government. Changes in laws and regulations, including with regards to tax matters, and their implementation by local authorities could affect our charterers' business and have a material adverse impact on our business, results of operations and financial condition.

In addition, leaders in the United States have indicated the United States may seek to implement more protective trade measures. The current U.S. president was elected on a platform promoting trade protectionism and his election has created uncertainty about the future relationship between the United States and China and other exporting countries, including with respect to trade policies, treaties, government regulations and tariffs. On January 23, 2017, the U.S. President signed an executive order withdrawing the United States from the Trans-Pacific Partnership, a global trade agreement intended to include the United States, Canada, Mexico, Peru and a number of Asian countries.

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

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

Vessel values may fluctuate, which may adversely affect our financial condition, or result in the incurrence of a loss upon disposal of a vessel, impairment losses or increases in the cost of acquiring additional vessels.

Vessel values may fluctuate due to a number of different factors, including: general economic and market conditions affecting the shipping industry; competition from other shipping companies; the types and sizes of available vessels; the availability of other modes of transportation; increases in the supply of vessel capacity; the cost of newbuildings; governmental or other regulations; and the need to upgrade secondhand and previously owned vessels as a result of charterer requirements, technological advances in vessel design or equipment or otherwise. In addition, as vessels grow older, they generally decline in value. Due to the cyclical nature of the containership market, if we sell any of our owned vessels at a time when prices are depressed, we could incur a loss and our business, results of operations, cash flow and financial condition could be adversely affected. Moreover, if the book value of a vessel is impaired due to unfavorable market conditions we may incur a loss that could adversely affect our operating results. In 2017 and 2016, we recognized $8.4 million and $118.9 million of impairment charges, respectively, for two and seven of our vessels, respectively.

Conversely, if vessel values are elevated at a time when we wish to acquire additional vessels, the cost of acquisition may increase and this could adversely affect our business, results of operations, cash flows, financial condition and ability to pay dividends to our shareholders.

The containership sector is highly competitive, and we may be unable to compete successfully for charters with established companies or new entrants that may have greater resources and access to capital, which may have a material adverse effect on us.

The containership sector is a highly competitive industry that is capital intensive and highly fragmented. Competition arises primarily from other vessel owners, some of whom may have greater resources and access to capital than we have. Competition among vessel owners for the seaborne transportation of semi-finished and finished consumer and industrial products can be intense and depends on the charter rate, location, size, age, condition and the acceptability of the vessel and its operators to charterers. Due in part to the highly fragmented market, many of our competitors with greater resources and access to capital than we have could operate larger fleets than we may operate and thus be able to offer lower charter rates or higher quality vessels than we are able to offer. If this were to occur, we may be unable to retain our current charterers or attract new charterers on attractive terms or at all, which may have a material adverse effect on our business, prospects, financial condition, liquidity and results of operations.

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

Vessel operating expenses include the costs of crew, provisions, deck and engine stores, lube oil, bunkers, insurance and maintenance and repairs, which depend on a variety of factors, many of which are beyond our control. Some of these costs, primarily relating to insurance and enhanced security measures implemented after September 11, 2001 and as a result of increases in the frequency of acts of piracy, have been increasing. If our vessels suffer damage, they may need to be repaired at a drydocking facility. The costs of drydock repairs are unpredictable and can be substantial. See "Our vessels may suffer damage due to the inherent operational risks of the seaborne transportation industry and we may experience unexpected drydocking costs or delays, which may adversely affect our business and financial condition." Increases in any of these costs could have a material adverse effect on our business, results of operations, cash flows, financial condition and ability to pay dividends to our shareholders.

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

While we generally do 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. The price and supply of fuel is unpredictable and fluctuates based on events outside our control, including geopolitical developments, supply of and demand for oil and gas, actions by the Organization of Petroleum Exporting Countries and other oil and gas producers, war and unrest in oil producing countries and regions, regional production patterns and environmental concerns and regulations. Fuel may become much more expensive in the future, including as a result of the imposition of sulfur oxide emissions limits in 2020 under new regulations adopted by the International Maritime Organization, or the IMO, which may reduce the profitability and competitiveness of our business versus other forms of transportation, such as truck or rail.

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

The international containership sector is subject to additional security and customs inspection and related procedures in countries of origin, destination and trans-shipment points. These security procedures can result in cargo seizure, delays in the loading, offloading, trans-shipment, or delivery of containers and the levying of customs duties, fines or other penalties against exporters or importers and, in some cases, carriers.

It is possible that changes to existing inspection procedures will be proposed or implemented. Any such changes may affect the containership sector and have the potential to impose additional financial and legal obligations on carriers and, in certain cases, to render the shipment of certain types of goods by container uneconomical or impractical. These additional costs could reduce the volume of goods shipped in containers, resulting in a decreased demand for containerships. In addition, it is unclear what financial costs any new security procedures might create for containership owners and operators. Any additional costs or a decrease in container volumes could have an adverse impact on our ability to attract customers and therefore have an adverse impact on our ability to operate our vessels profitably.

Recent action by the IMO's Maritime Safety Committee and U.S. agencies indicate that cybersecurity regulations for the maritime industry are likely to be further developed in the near future in an attempt to combat cybersecurity threats. This might cause companies to cultivate additional procedures for monitoring cybersecurity, which could require additional expenses and/or capital expenditures. However, the impact of such regulations is hard to predict at this time.

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

The hull and machinery of every commercial vessel must be classed by a classification society authorized by its country of registry. The classification society certifies that a vessel is safe and seaworthy in accordance with the applicable rules and regulations of the country of registry of the vessel and the IMO's International Convention for the Safety of Life at Sea of 1974, or SOLAS.

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

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

Our business and the operations of our containerships 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 containerships operate, as well as in the country or countries of their registration, including those governing the management and disposal of hazardous substances and wastes, the cleanup of oil spills and other contamination, air emissions (including greenhouse gases), water discharges and ballast water management. These regulations include, but are not limited to, European Union regulations, the U.S. Oil Pollution Act of 1990, requirements of the U.S. Coast Guard and the U.S. Environmental Protection Agency, the U.S. Clean Air Act of 1970 (including its amendments of 1977 and 1990), the U.S. Clean Water Act, and the U.S. Maritime Transportation Security Act of 2002, and regulations of the IMO, including the International Convention on Civil Liability for Oil Pollution Damage of 1969, the International Convention for the Prevention of Pollution from Ships of 1973, as modified by the Protocol of 1978, collectively referred to as MARPOL 73/78 or MARPOL, including designations of Emission Control Areas, thereunder, SOLAS, the International Convention on Load Lines of 1966, the International Convention of Civil Liability for Bunker Oil Pollution Damage, and the ISM Code. Because such conventions, laws, and regulations are often revised, we cannot predict the ultimate cost of complying with such requirements or the impact thereof on the re-sale price or useful life of any containership 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.

We may be unable to attract and retain qualified, skilled employees or crew necessary to operate our business.

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

Labor interruptions could disrupt our business.

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

Our vessels may suffer damage due to the inherent operational risks of the seaborne transportation industry and we may experience unexpected drydocking costs or delays, which may adversely affect our business and financial condition.

Our vessels and their cargoes may be at risk of being damaged or lost because of events such as:

marine disasters;

bad weather;

business interruptions caused by mechanical failures;

grounding, fire, explosions and collisions; and

human error, war, terrorism, piracy and other circumstances or events.

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

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

Continuing conflicts and recent developments in the Middle East, Ukraine and other geographic countries and areas, geopolitical events such as Brexit, terrorist or other attacks, and war (or threatened war) or international hostilities, such as those between the United States and North Korea, may lead to armed conflict or acts of terrorism around the world, which may contribute to further economic instability in the global financial markets. These uncertainties could also adversely affect our ability to obtain additional financing on terms acceptable to us or at all. In the past, political conflicts have also resulted in attacks on vessels, mining of waterways and other efforts to disrupt international shipping, particularly in the Arabian Gulf region. Acts of terrorism and piracy have also affected vessels trading in regions such as the South China Sea, the Gulf of Guinea and the Gulf of Aden off the coast of Somalia. Any of these occurrences could have a material adverse impact on our operating results.

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

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

While none of our vessels called on ports located in countries subject to countrywide U.S. sanctions during 2017, and we intend to comply with all applicable sanctions and embargo laws and regulations, there can be no assurance that we will maintain such compliance, particularly as the scope of certain laws may be unclear and may be subject to changing interpretations. The U.S. sanctions and embargo laws and regulations vary in their application, as they do not all apply to the same covered persons or proscribe the same activities, and such sanctions and embargo laws and regulations may be amended or strengthened over time. With effect from July 1, 2010, the U.S. enacted the Comprehensive Iran Sanctions Accountability and Divestment Act, or CISADA, which expanded the scope of the Iran Sanctions Act. Among other things, CISADA expands the application of the prohibitions to companies such as ours and introduces limits on the ability of companies and persons to do business or trade with Iran when such activities relate to the investment, supply or export of refined petroleum or petroleum products. In addition, on May 1, 2012, President Obama signed Executive Order 13608 which prohibits foreign persons from violating or attempting to violate, or causing a violation of any sanctions in effect against Iran or facilitating any deceptive transactions for or on behalf of any person subject to U.S. sanctions. Any persons found to be in violation of Executive Order 13608 will be deemed a foreign sanctions evader, and U.S. persons are generally prohibited from all transactions or dealings with such persons, whether direct or indirect. Among other things, foreign sanctions evaders are unable to transact in U.S. dollars.

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

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

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

U.S. sanctions prohibiting certain conduct that is now permitted under the JCPOA have not actually been repealed or permanently terminated at this time. Rather, the U.S. government has implemented changes to the sanctions regime by: (1) issuing waivers of certain statutory sanctions provisions; (2) committing to refrain from exercising certain discretionary sanctions authorities; (3) removing certain individuals and entities from OFAC's sanctions lists; and (4) revoking certain Executive Orders and specified sections of Executive Orders. These sanctions will not be permanently "lifted" until the earlier of "Transition Day," set to occur on October 20, 2023, or upon a report from the IAEA stating that all nuclear material in Iran is being used for peaceful activities. On October 13, 2017, the U.S. President announced that he would not certify Iran's compliance with the JCPOA. This did not withdraw the U.S. from the JCPOA or reinstate any sanctions. However, the U.S. President must periodically renew sanctions waivers and his refusal to do so could result in the reinstatement of certain sanctions currently suspended under the JCPOA. Although it is our intention to comply with the provisions of the JCPOA, there can be no assurance that we will be in compliance in the future as such regulations and U.S. sanctions may be amended over time, and the U.S. retains the authority to revoke the aforementioned relief if Iran fails to meet its commitments under the JCPOA, as noted above.

Current or future counterparties of ours may be affiliated with persons or entities that are or may be in the future the subject of sanctions imposed by the Obama administration, the EU and/or other international bodies as a result of the annexation of Crimea by Russia in March 2014. If we determine that such sanctions require us to terminate existing or future contracts to which we or our subsidiaries are party or if we are found to be in violation of such applicable sanctions, our results of operations may be adversely affected or we may suffer reputational harm. Currently, we do not believe that any of our existing counterparties are affiliated with persons or entities that are subject to such sanctions.

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

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 loss of earnings.

A government of a vessel's registry could requisition for title or seize one or more of our vessels. Requisition for title occurs when a government takes control of a vessel and becomes the owner. A government could also requisition one or more of our vessels for hire. Requisition for hire occurs when a government takes control of a vessel and effectively becomes the charterer at dictated charter rates. Generally, requisitions occur during a period of war or emergency. Even if we would be entitled to compensation in the event of a requisition of one or more of our vessels, the amount and timing of the payment would be uncertain. Government requisition of one or more of our vessels could have a material adverse effect on our business, results of operations, cash flows and financial condition.

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

We may operate in a number of countries throughout the world, including countries known to have a reputation for corruption. We are committed to doing business in accordance with applicable anti-corruption laws and have adopted a code of business conduct and ethics which is consistent and in full compliance with the FCPA. We are subject, however, to the risk that we, our affiliated entities or our or their respective officers, directors, employees and agents may take actions determined to be in violation of such anti-corruption laws, including the FCPA. 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.

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.

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

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

GDPR broadens the scope of personal privacy laws to protect the rights of EU citizens and requires organizations to report on data breaches within 72 hours and be bound by more stringent rules for obtaining the consent of individuals on how their data can be used. GDPR will 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 are highly volatile and have declined in recent years and may further decline, which could limit the amount of funds that we can borrow and trigger breaches of certain financial covenants under our existing or future loan facilities.

The market values of our vessels are related to prevailing freight charter rates. 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 value 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; and

the cost of newbuildings.

The market values of our vessels are at low levels compared to historical averages. At times when we have loans outstanding with covenants based on vessels' market values, if the market values of our vessels decline further, we may not be in compliance with certain covenants contained in such loan facilities and we may not be able to refinance our debt or obtain additional financing or incur debt on terms that are acceptable to us or at all. As at December 31, 2017, we were in compliance with all of the covenants in our loan facilities. If we are not in compliance with the covenants in our loan facilities or are unable to obtain waivers or amendments or otherwise remedy the relevant breaches, our lenders under the facility could accelerate our debt and foreclose on our fleet. We may not be successful in obtaining any such waiver or amendment, and we may not be able to refinance our debt or obtain additional financing. Moreover, our loan facilities as amended or pursuant to any waiver, and any refinancing or additional financing, may be more expensive and carry more onerous terms than those in our existing debt agreements.

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

Restrictive covenants in our credit facilities and the Statements of Designations of our Series B-1 and Series B-2 Convertible Preferred Stock may impose financial and other restrictions on us.

We are party to a secured loan facility with Diana Shipping in the amount of $82.6 million and a secured loan facility with Addiewell Ltd., an unaffiliated third party, in the amount of $35.0 million. Additionally, in March 2017, we issued newly-designated Series B-1 and Series B-2 convertible preferred stock.

Pursuant to the Statements of Designations of our Series B-1 and Series B-2 convertible preferred stock, we cannot incur or guarantee indebtedness, other than certain Permitted Indebtedness (as defined in the Statements of Designations) or other than in the ordinary course of business and to an extent consistent with past practice and necessary and desirable for the prudent operation of our business.

Our loan facilities also impose operating and financial restrictions on us. Unless we obtain the lenders' consent, these restrictions may limit our ability to, among other things:

pay dividends or make other distributions, in cash or in kind, of our share capital;

incur additional indebtedness;

issue equity, unless the net proceeds of such sale are used to repay our existing indebtedness;

change the flag, class or management of our vessels;

create liens on our assets;

sell our vessels;

acquire 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;

enter into any amalgamation, demerger, merger or corporate reconstruction; and

change the general nature of the business.

Therefore, we may need to seek permission from our lenders and the holders of our Series B-1 and Series B-2 convertible preferred stock in order to engage in certain corporate actions. Our lenders' and preferred shareholders' interests may be different from ours and we cannot guarantee that we will be able to obtain our lenders' or preferred shareholders' permission when needed. This may limit our ability to pay any dividends to you, finance our future operations, make acquisitions or pursue business opportunities.

Our independent auditors have expressed doubt about our ability to continue as a going concern. The existence of such report may adversely affect our stock price, our business relationships and our ability to raise capital. There is no assurance that we will not receive a similar report for the year ended December 31, 2018.

Our financial statements have been prepared assuming that we will continue as a going concern and do not include any adjustments that might be necessary if we are unable to continue as a going concern. Accordingly, the financial statements did not include any adjustments relating to the recoverability and classification of recorded asset amounts, the amounts and classification of liabilities, or any other adjustments that might result in the event we are unable to continue as a going concern, except for the current classification of debt. However, there are material uncertainties related to events or conditions which raise substantial doubt on our ability to continue as a going concern and, therefore, we may be unable to realize our assets and discharge our liabilities in the normal course of business.

Our independent registered public accounting firm has issued their opinion with an explanatory paragraph in connection with our audited financial statements included in this annual report that expresses substantial doubt about our ability to continue as a going concern. Given the prolonged market downturn in the containerships segment and the continued depressed outlook on charter rates and vessels' market values, we expect that cash on hand and cash provided by operating activities might not be sufficient to cover our liquidity needs that become due within one year after the date that the financial statements are issued. In addition, we are also exploring several alternatives aiming to manage our working capital requirements, including potential sales of additional vessels, seeking for more favorable chartering opportunities, or a combination thereof. However, there can be no assurance that such efforts will be successful, and accordingly, that our independent registered public accounting firm's report on our future financial statements for any future period will not include a similar explanatory paragraph. Our independent registered public accounting firm's expression of such doubt or our inability to overcome the factors leading to such doubt could have a material adverse effect on our stock price, our business relationships and ability to raise capital and therefore could have a material adverse effect on our business and financial prospects.

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

We and certain of our current executive officers are defendants in a purported class action lawsuits pending in the U.S. District Court for the Eastern District of New York. The lawsuit alleges violations of the Securities Exchange Act of 1934, as amended.

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

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

Our future growth will depend on our ability to successfully charter our vessels, for which we will face substantial competition.

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

- shipping industry relationships and reputation for customer service and safety;
- containership experience and quality of ship operations, including cost effectiveness;
- quality and experience of seafaring crew;
- the ability to finance containerships at competitive rates and financial stability generally;
- relationships with shipyards and the ability to get suitable berths;
- construction management experience, including the ability to obtain on-time delivery of new ships according to customer specifications;
- willingness to accept operational risks pursuant to the charter, such as allowing termination of the charter for force majeure events; and
- competitiveness of the bid in terms of overall price.

We expect substantial competition for providing new containership service from a number of experienced companies, including state-sponsored entities and major shipping companies. Many of these competitors have significantly greater financial resources than we do, and can therefore operate larger fleets and may be able to offer better charter rates. See "The containership sector is highly competitive, and we may be unable to compete successfully for charters with established companies or new entrants that may have greater resources and access to capital, which may have a material adverse effect on us." As a result of these factors, we may be unable to obtain new customers on a profitable basis, if at all, which will impede our ability to establish our operations and implement any future growth successfully.

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

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

Currently, we have secured time charters for our operating vessels with minimum remaining durations up to 2 months. Generally, we intend to selectively employ our vessels under short-, medium- or long-term time charters, which exposes us to counterparty risks. The ability and willingness of each of our counterparties to perform its obligations under a vessel purchase agreement or time charter agreement with us will depend on a number of factors that are beyond our control and may include, among other things, general economic conditions, the condition of the containership market and the overall financial condition of the counterparty. From time to time, we may enter into agreements to acquire vessels, and if the seller of a vessel fails to deliver a vessel to us as agreed, or if we cancel a purchase agreement because a seller has not met its obligations, this may have a material adverse effect on our business.

In addition, in depressed market conditions, there have been reports of charterers renegotiating their charters or defaulting on their obligations under charters and our future customers may fail to pay charterhire or attempt to renegotiate charter rates. If our future charterers fail to meet their obligations to us or attempt to renegotiate our future charter agreements, it may be difficult to secure substitute employment for such vessels, and any new charter arrangements we secure may be at lower rates. As a result, we could sustain significant losses which could have a material adverse effect on our business, financial condition, results of operations and cash flows.

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

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

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

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

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

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

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

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

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

We may not be able to implement our growth successfully.

From time to time, our business plan is to identify and acquire suitable vessels at favorable prices and trade our vessels on short-, medium- or long-term time charters. Our business plan will therefore depend upon our ability to identify and acquire suitable vessels to grow our fleet in the future and successfully employ our vessels.

Growing any business by acquisition presents numerous risks, including undisclosed liabilities and obligations, difficulty obtaining additional qualified personnel and managing relationships with customers and suppliers. In addition, competition from other companies, many of which may have significantly greater financial resources than us, may reduce our acquisition opportunities or cause us to pay higher prices. We cannot assure you that we will be successful in executing our plans to establish and grow our business or that we will not incur significant expenses and losses in connection with these plans. Our failure to effectively identify, purchase, develop and integrate any vessels could impede our ability to establish our operations or implement our growth successfully. Our acquisition growth strategy exposes us to risks that may harm our business, financial condition and operating results, including risks that we may:

- fail to realize anticipated benefits, such as cost savings or cash flow enhancements;
- incur or assume unanticipated liabilities, losses or costs associated with any vessels or businesses acquired, particularly if any vessel we acquire proves not to be in good condition;
- be unable to hire, train or retain qualified shore and seafaring personnel to manage and operate our growing business and fleet;
- decrease our liquidity by using a significant portion of available cash or borrowing capacity to finance acquisitions;
- significantly increase our interest expense or financial leverage if we incur debt to finance acquisitions; or
- incur other significant charges, such as impairment of goodwill or other intangible assets, asset devaluation or restructuring charges.

We have acquired re-sale newbuilding vessels in the past and we may in the future agree to acquire additional newbuilding vessels, and any delay in the delivery of vessels under contract could have a material adverse effect on us.

We have acquired re-sale newbuilding vessels in the past and may acquire additional newbuildings in the future. The completion and delivery of newbuildings could be delayed because of, among other things:

- quality or engineering problems;
- changes in governmental regulations or maritime self-regulatory organization standards;
- work stoppages or other labor disturbances at the shipyard;
- bankruptcy of or other financial crisis involving the shipyard;
- a backlog of orders at the shipyard;
- political, social or economic disturbances;
- weather interference or a catastrophic event, such as a major earthquake or fire;
- requests for changes to the original vessel specifications;
- shortages of or delays in the receipt of necessary construction materials, such as steel;
- an inability to finance the constructions of the vessels; or
- an inability to obtain requisite permits or approvals.

If the seller of any newbuilding vessel we have contracted to purchase is not able to deliver the vessel to us as agreed, or if we cancel a purchase agreement because a seller has not met his obligations, it may result in a material adverse effect on our business, prospects, financial condition, liquidity and results of operations.

Increased competition in technological innovation could reduce the demand for our vessels and our ability to successfully implement our business strategy.

The charter hire rates and the value and operational life of a vessel are determined by a number of factors including the vessel's efficiency, operational flexibility and physical life. Efficiency includes speed, fuel economy and the ability to load and discharge cargo quickly. Flexibility includes the ability to enter harbors, 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 containerships are built that are more efficient or flexible or have longer physical lives than our vessels, competition from these more technologically advanced containerships could adversely affect the amount of charter hire payments we receive for our vessels or our ability to charter our vessels at all.

Our executive officers and directors do not devote all of their time to our business, which may hinder our ability to operate successfully.

Our executive officers and directors are involved in other business activities, such as the operation of Diana Shipping Inc., which we refer to as Diana Shipping or DSI, and are not required to work full-time on our affairs. This may result in such executive officers and directors spending less time than is necessary to manage our business successfully, which could have a material adverse effect on our business, results of operations, cash flows and financial condition.

Diana Shipping is able to exert considerable influence over matters on which our shareholders are entitled to vote, which may limit your ability to influence our actions.

Diana Shipping currently owns 100% of our Series C preferred voting stock. The Series C preferred shares vote with our common shares. Each share of 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% of the total number of votes eligible to be cast on all matters submitted to a vote of our shareholders.

While Diana Shipping has no agreement, arrangement or understanding relating to the voting of its shares of Series C preferred stock, it is able to exert considerable influence over the outcome of matters on which our shareholders are entitled to vote, including the election of directors, the adoption or amendment of provisions in our articles of incorporation and possible mergers or other significant corporate transactions. 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 Diana Shipping continues to own a significant amount of our equity, even though the amount held by it represents less than 50% of our voting power, it will continue to be able to exercise considerable influence over our decisions. The interests of Diana Shipping may be different from your interests.

Diana Shipping will not provide any guarantee of the performance of our obligations nor will you have any recourse against Diana Shipping should you seek to enforce a claim against us.

Although Diana Shipping currently owns 100% of our Series C preferred voting stock, it will not provide any guarantee of the performance of our obligations. Further, you will have no recourse against Diana Shipping should you seek to enforce a claim against us.

The fiduciary duties of our officers and directors may conflict with those of the officers and directors of Diana Shipping and/or its affiliates.

Our officers and directors have fiduciary duties to manage our business in a manner beneficial to us and our shareholders. However, our Chief Executive Officer and Chairman of the Board, our President, our Chief Operating Officer and Secretary, and our Chief Financial Officer and Treasurer also serve as executive officers and/or directors of Diana Shipping. As a result, these individuals have fiduciary duties to manage the business of Diana Shipping and its affiliates in a manner beneficial to such entities and their shareholders. Consequently, these officers and directors may encounter situations in which their fiduciary obligations to Diana Shipping and us are in conflict. Although Diana Shipping is contractually restricted from competing with us in the containership sector, there may be other business opportunities for which Diana Shipping may compete with us such as hiring employees, acquiring other businesses, or entering into joint ventures, which could have a material adverse effect on our business. In addition, we are contractually restricted from competing with Diana Shipping in the drybulk carrier sector, which limits our ability to expand our operations.

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

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

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

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

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

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

If our insurance is insufficient to cover losses that may occur to our vessels or result from our operations due to the inherent operational risks of the shipping industry, it could adversely affect our financial condition.

The operation of an ocean-going vessel carries inherent risks, any of which could increase our costs or lower our revenues. These risks include the possibility of:

- marine disaster;
- environmental accidents;
- cargo and property losses or damage;
- business interruptions caused by mechanical failure, human error, political action in various countries, war, labor strikes, or adverse weather conditions; and
- loss of revenue during vessel off-hire periods.

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

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

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

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

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

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

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

LIBOR may be volatile, with the spread between LIBOR and the prime lending rate widening significantly at times. These conditions are the result of disruptions in the international markets. At times when we have loans outstanding which are based on LIBOR, the interest rates borne by such loan facilities fluctuate with changes in LIBOR, and this would affect the amount of interest payable on our debt, which, in turn, could have an adverse effect on our profitability, earnings and cash flow.

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

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

We intend to take the position that we qualified for this statutory tax exemption for U.S. federal income tax return reporting purposes for our 2017 taxable year and we intend to so qualify for future taxable years. However, there are factual circumstances beyond our control that could cause us to lose the benefit of this tax exemption for any future taxable year and thereby become subject to U.S. federal income tax on our U.S.-source shipping income. 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, there can be no assurances on our tax-exempt status.

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

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

A foreign corporation will be treated as a "passive foreign investment company," or PFIC, for U.S. federal income tax purposes if either (1) at least 75% of its gross income for any taxable year consists of certain types of "passive income" or (2) at least 50% of the average value of the corporation's assets produce or are held for the production of those types of "passive income." For purposes of these tests, cash will be treated as an asset held for the production of passive income. For purposes of these tests, "passive income" generally includes dividends, interest, and gains from the sale or exchange of investment property and rents and royalties other than those received from unrelated parties in connection with the active conduct of a trade or business. For purposes of these tests, income derived from the performance of services does not constitute "passive income." U.S. holders of stock in a PFIC are subject to a disadvantageous U.S. federal income tax regime with respect to the income derived by the PFIC, the distributions they receive from the PFIC and the gain, if any, they derive from the sale or other disposition of their stock in the PFIC.

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

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

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

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

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

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

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

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

A cyber-attack could materially disrupt our business.

We rely on information technology systems and networks in our operations and administration of our business. 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.

Risks Relating to our Common Shares

The provisions of our Series B-2 Convertible Preferred Shares may require us to issue a large number of common shares upon conversion, which may significantly depress the trading price of our common shares and significantly dilute existing shareholders.

The conversion price that is used to determine the number of common shares issued to holders of our Series B-2 convertible preferred shares upon conversion is subject to anti-dilution adjustments and adjustments based upon the trading price of our common shares. Our Series B-2 convertible preferred shares are convertible at the option of the holder into share of our common stock at a fixed conversion price of $7.00 per common share, subject to certain adjustments, and provided that on the date of conversion the trading volume of our common shares on The Nasdaq Global Select Market is not less than 15,000,000 shares. Alternatively, at the option of the holder, the Series B-2 convertible preferred shares may be converted at a price equal to the higher of (i) 92.25% of the lowest volume-weighted average price of our common shares on any trading day during the five consecutive trading day period ending and including the trading day immediately prior to the date of the applicable conversion date, and (ii) $0.50. Under certain circumstances, the aforementioned adjustments may result in us issuing a large number of common shares upon conversion of the Series B-2 convertible preferred shares, which in turn could significantly depress the trading price of our common shares and significantly dilute existing shareholders.

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

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

Since June 2016, we have effected six reverse stock splits of our common shares, each which was approved by our board of directors and by our shareholders at an annual or special meeting of such shareholders. There were no changes to the trading symbol, number of authorized shares, or par value of our common stock in connection with any of the reverse stock splits. See "Item 4. Information on the Company—A. History and Development of the Company."

The market price of our common shares has been and may in the future be subject to significant fluctuations as a result of many factors, some of which are beyond our control. Among the factors that have in the past and could in the future affect our stock price are:

- the failure of securities analysts to publish research about us, or analysts making changes in their financial estimates;
- announcements by us or our competitors of significant contracts, acquisitions or capital commitments;
- variations in quarterly operating results;
- general economic conditions;
- terrorist or piracy acts;
- future sales of our common shares or other securities; and
- investors' perception of us and the international containership sector.

These broad market and industry factors may materially reduce the market price of our common shares, regardless of our operating performance.

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

The market price of our common shares has recently declined significantly, and our common shares could be delisted from the Nasdaq Global Select Market or trading could be suspended.

On May 22, 2017, we received a notification of deficiency from The Nasdaq Stock Market, or Nasdaq, stating that because the closing bid price of our common stock for the prior 30 consecutive business days was below $1.00 per share, we no longer met the minimum bid price requirement for listing on the Nasdaq Global Select Market. Additionally, on July 31, 2017, we received a second notification of deficiency from Nasdaq stating that the market value of our publicly held shares fell below the $5,000,000 minimum requirement for listing on the Nasdaq Global Select Market for 30 consecutive business days. We regained compliance with both deficiencies within the prescribed grace period for each of 180 calendar days by effecting reverse stock splits of our common shares. See "Item 4. Information on the Company—A. History and Development of the Company."

A decline in the closing price of our common shares could result in a breach of the requirements for listing on the Nasdaq Global Select Market. Although we would have an opportunity to take action to cure such a breach, if we do not succeed, Nasdaq could commence suspension or delisting procedures in respect of our common shares. The commencement of suspension or delisting procedures by an exchange remains, at all times, at the discretion of such exchange and would be publicly announced by the exchange. If a suspension or delisting were to occur, there would be significantly less liquidity in the suspended or delisted securities. In addition, our ability to raise additional necessary capital through equity or debt financing would be greatly impaired. Furthermore, with respect to any suspended or delisted common shares, we would expect decreases in institutional and other investor demand, analyst coverage, market making activity and information available concerning trading prices and volume, and fewer broker-dealers would be willing to execute trades with respect to such common shares. A suspension or delisting would likely decrease the attractiveness of our common shares to investors, may constitute a breach under certain of our credit facilities, constitute an event of default under certain classes of our preferred stock and cause the trading volume of our common shares to decline, which could result in a further decline in the market price of our common shares.

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.

Effective with the quarter ended June 30, 2016, our board of directors decided to suspend the quarterly cash dividend on our common shares. The decision to suspend the dividend reflected our board of director's determination that it was in the best long-term interest of the Company and its shareholders to aggressively preserve liquidity to manage market conditions and be in a position to benefit from an eventual sector recovery. Our dividend policy will be assessed by our board of directors from time to time.

Our policy, historically, was to declare a variable quarterly dividend each February, May, August and November equal to available cash from operations during the previous quarter after the payment of 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, after taking into account contingent liabilities, the terms of any credit facility, our growth strategy and other cash needs and the requirements of Marshall Islands law.

The declaration and payment of dividends, at times when we have sufficient funds and we are not restricted from our lenders or from any other party, 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. The international containership sector is highly volatile, and we cannot predict with certainty the amount of cash, if any, that will be available for distribution as dividends in any period. Also, there may be a high degree of variability from period to period in the amount of cash that is available for the payment of dividends.

We may incur expenses or liabilities or be subject to other circumstances in the future that reduce or eliminate the amount of cash that we have available for distribution as dividends, including as a result of the risks described in this section of the annual report. 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 would 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. In addition, any credit facilities that we may enter into in the future may include restrictions on our ability to pay dividends.

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

We are party to a secured loan facility with Diana Shipping in the amount of $82.6 million and a secured loan facility with Addiewell Ltd., an unaffiliated third party, in the amount of $35.0 million. In addition, we have an effective shelf registration statement on Form F-3, declared effective by the SEC on March 7, 2017, which gives us the ability to offer and sell, within a three year period, up to $250.0 million of our securities. In March 2017, we completed a registered direct offering of 3,000 Series B-1 convertible preferred shares and warrants to purchase 6,500 of Series B-1 convertible preferred shares. Concurrently with the registered direct offering, we completed an offering of warrants to purchase 140,500 Series B-2 convertible preferred shares in a private placement pursuant to Regulation S.

In the future, we may attempt to increase our capital resources with further borrowing under credit facilities, making offerings of debt or additional offerings of equity securities, including commercial paper, medium-term notes, senior or subordinated notes and classes of preferred stock. Upon liquidation, holders of our debt securities and certain series of our preferred stock, including our Series B-1 and Series B-2 convertible preferred stock, and lenders with respect to our credit facilities and other borrowings will receive a distribution of our available assets prior to the holders of our common stock. Additional equity offerings may dilute the holdings of our existing stockholders or reduce the market value of our common stock, or both. Any additional preferred stock, if issued, could have a preference on liquidating distributions or a preference on dividend payments similar to that of our Series B-1 and Series B-2 convertible preferred stock, that would limit amounts available for distribution to holders of our common stock. Because our decision to borrow additional amounts under credit facilities or issue securities in any future offering will depend on market conditions and other factors beyond our control, we cannot predict or estimate the amount, timing or nature of our future indebtedness or offering of securities. Therefore, holders of our common stock bear the risk of our future offerings reducing the market value of our common stock and diluting their shareholdings in us or that in the event of bankruptcy, liquidation, dissolution or winding-up of the Company, all or substantially all of our assets will be distributed to holders of our debt securities or preferred stock or lenders with respect to our credit facilities and other borrowings.

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

We are a holding company, and our subsidiaries, which are directly or indirectly wholly-owned by us, conduct all of our operations and own all of our operating assets. We have no significant assets other than the equity interests in our wholly-owned subsidiaries. As a result, our ability to satisfy our financial obligations and to pay dividends, if any, to our shareholders will depend on the ability of our subsidiaries to distribute funds to us. In turn, the ability of our subsidiaries to make dividend payments to us will depend on them having profits available for distribution and, to the extent that we are unable to obtain dividends from our subsidiaries, this will limit the discretion of our board of directors to pay or recommend the payment of dividends. Also, our subsidiaries are limited by Marshall Islands law which generally prohibits the payment of dividends other than from surplus (retained earnings and the excess of consideration received for the sale of shares above the par value of the shares) or while a company is insolvent or would be rendered insolvent by the payment of such a dividend.

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

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

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 500,000,000 shares of common stock, of which 4,051,266 shares were issued and outstanding as of December 31, 2017. We have an effective shelf registration statement on Form F-3, which gives us the ability to offer and sell, within a three year period, up to $250.0 million of our securities consisting of common shares, including related preferred stock purchase rights, preferred shares, debt securities, warrants, purchase contracts, rights and units.

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

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

As a key component of our business strategy, we plan to finance potential future expansions of our fleet in large part with equity financing. Pursuant to our amended and restated articles of incorporation, we are authorized to issue up to 500 million common shares and 25 million preferred shares, each with a par value of $0.01 per share. Therefore, subject to the rules of The Nasdaq Global Select Market that are applicable to us, we may issue additional shares of common stock, and other equity securities of equal or senior rank, without shareholder approval, in a number of circumstances from time to time.

The issuance by us of additional shares of common stock or other equity securities of equal or senior rank will have the following effects:

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

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

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

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

Several provisions of our amended and restated articles of incorporation and bylaws could make it difficult for our shareholders to change the composition of our board of directors in any one year, preventing them from changing the composition of management. In addition, the same provisions may discourage, delay or prevent a merger or acquisition that shareholders may consider favorable.

These provisions include:

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

In addition, we have entered into an amended and restated stockholders rights agreement, dated August 29, 2016, or the Stockholders Rights Agreement, pursuant to which our board of directors may cause the substantial dilution of any person that attempts to acquire us without the approval of our board of directors.

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

Our Series B-1 and Series B-2 Convertible 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-1 and Series B-2 convertible preferred shares rank senior to the obligations to holders of our common shares. Upon our liquidation, dissolution or winding up, holders of our Series B-1 and Series B-2 convertible preferred shares will be entitled to be paid out of our assets an amount per share equal to $1,000, plus any 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-1 and Series B-2 convertible preferred shares could have an adverse effect on the value of our common shares.

Item 4. Information on the Company

A. History and Development of the Company

Diana Containerships Inc. is a corporation incorporated under the laws of the Republic of the Marshall Islands on January 7, 2010. Each of the Company's vessels is owned by a separate wholly-owned subsidiary. Diana Containerships Inc. is the owner of all the issued and outstanding shares of the subsidiaries listed in Exhibit 8.1 to this annual report. We maintain our principal executive offices at Pendelis 18, 175 64 Palaio Faliro, Athens, Greece. Our telephone number at that address is +30 216 600 2400. Our agent and authorized representative in the United States is our wholly-owned subsidiary, Container Carriers (USA) LLC, established in July 2014, in the State of Delaware, which is located at 2711 Centerville Road, Suite 400, Wilmington, Delaware 19808.

During 2016 and 2017, we effected six reverse stock splits of our common shares, each which was approved by our board of directors and by our shareholders:

On June 9, 2016, we effected a one-for-eight reverse stock split, which our shareholders approved at our annual meeting of shareholders held on February 24, 2016;

On July 5, 2017, we effected a one-for-seven reverse stock split, which our shareholders approved at our annual meeting of shareholders held on June 29, 2017;

On July 27, 2017, we effected a one-for-six reverse stock split, which our shareholders approved at our annual meeting of shareholders held on June 29, 2017;

On August 24, 2017, we effected a one-for-seven reverse stock split, which our shareholders approved at our annual meeting of shareholders held on June 29, 2017;

On September 25, 2017, we effected a one-for-three reverse stock split, which our shareholders approved at our annual meeting of shareholders held on June 29, 2017; and

On November 2, 2017, we effected a one-for-seven reverse stock split, which our shareholders approved at the special meeting of shareholders held on October 26, 2017.

There were no changes to the trading symbol, number of authorized shares, or par value of our common stock in connection with any of the reverse stock splits. All share and per share amounts disclosed in this annual report give effect to these six reverse stock splits retroactively, for all periods presented.

Business Development and Capital Expenditures and Divestitures

In March 2015, we entered, through two separate wholly-owned subsidiaries, into two Memoranda of Agreement with unrelated parties, to acquire the 2006-built Panamax container vessels of approximately 4,923 TEU capacity each, the *m/v YM New Jersey* and *the m/v YM Los Angeles*, for a purchase price of $21.5 million each. The vessels were delivered to us in April 2015.

In July 2015, we entered, through two separate wholly-owned subsidiaries, into two Memoranda of Agreement with unrelated parties, to acquire two Post-Panamax container vessels of approximately 6,494 TEU capacity each, the 2009-built *m/v Hamburg* and the 2008-built *m/v Rotterdam*, for a purchase price of $38.5 million and $37.5 million, respectively. The vessels were delivered to us in November and September 2015, respectively.

In September 2015, we sold the *m/v Garnet (ex Apl Garnet)* to unrelated parties for demolition, for a sale price of $7.6 million, net of address commission. The vessel was delivered to her new owners in the same month.

In September 2015, we, through nine separate wholly-owned subsidiaries, entered into a loan agreement with The Royal Bank of Scotland plc, or RBS, for up to $148.0 million, to re-finance the acquisition cost of seven of our vessels, including the full prepayment of the existing facility agreement with RBS, and to support the acquisition of the two newly acquired vessels, the *m/v Hamburg* and the *m/v Rotterdam* (discussed above).The loan facility had a term of six years, was repayable in quarterly installments and a balloon payment payable together with the last installment, and bore interest at the rate of 2.75% per annum over LIBOR. Until December 31, 2015, we drew down in full the $148.0 million. In connection with this loan, we paid arrangement and structuring fees amounting to $1.9 million and a commitment fee of 1.375% per annum on the undrawn amount of the loan until the drawdown dates.

In September 2015, and in relation with the RBS refinance discussed above, our $50.0 million loan agreement with Diana Shipping was amended. The loan agreement was extended until March 2022, provided for annual repayments of $5.0 million, plus a balloon installment at the final maturity date, and bore interest at LIBOR plus a margin of 3.0% per annum. We also agreed to pay at the date of the amendment the accumulated back-end fee, amounting to $1.3 million, and that no additional back-end fee would be charged thereafter. Furthermore, we agreed that we would pay at the final maturity date a flat fee of $0.2 million.

In February 2016, we sold the *m/v Hanjin Malta* to unrelated parties for demolition, for a sale price of $4.8 million, net of commissions. The vessel was delivered to her new owners in March 2016.

In August 2016, we entered into a First Amended and Restated Stockholders Rights Agreement, or the Rights Agreement, with Computershare Inc. as Rights Agent, which amended and restated in its entirety the original Stockholders Rights Agreement between the Company and Mellon Investor Services LLC, dated as of August 2, 2010, as amended on July 28, 2014. Pursuant to the Rights Agreement, each share of our common stock includes one right, which we refer to as a Right, that entitles the holder to purchase from us a unit consisting of one one-thousandth of a share of our Series A Participating Preferred Stock at an exercise price of $50.00, subject to specified adjustments.

In September 2016, we amended our $148.0 million loan agreement with RBS dated September 10, 2015 (discussed above). Amendments to the RBS loan agreement included, among others things, the prepayment of $7.6 million by September 15, 2016; a reduction in the first four consecutive quarterly repayment installments under each tranche, to be repaid ratably over the remaining quarterly installments, and the deferral of all quarterly repayments until September 15, 2017; the creation of a new $8.9 million tranche, or the Deferred Tranche, out of the reallocation of amounts due under the existing tranches, whose repayment would commence on March 15, 2019; a prohibition on the payment of dividends until the later of prepayment or repayment in full of the Deferred Tranche and September 15, 2018; and a prohibition on the incurrence of additional indebtedness (with the exception of intra-group debt) or the acquisition of additional vessels until September 15, 2018.

In September 2016, as a condition to the RBS loan amendments discussed above, we also amended our $50.0 million loan agreement with Diana Shipping dated May 20, 2013, as amended in July 2014 and September 2015, to, among other things, defer its repayment until the later of the repayment or prepayment in full of the Deferred Tranche under the RBS loan and September 15, 2018.

In November 2016, we sold the *m/v Angeles (ex YM Los Angeles)* to unrelated parties for demolition, for a sale price of $6.4 million, net of commissions. The vessel was delivered to her new owners in the same month.

In January 2017, we filed with the SEC a shelf registration statement on Form F-3, which was declared effective on March 7, 2017. The shelf registration statement gives us the ability to offer and sell, within a three year period, up to $250.0 million of our securities consisting of common shares, including related preferred stock purchase rights, preferred shares, debt securities, warrants, purchase contracts, rights and units. We may offer and sell such securities from time to time and through one or more methods of distribution, subject to market conditions and our capital needs.

In March 2017, we completed a registered direct offering of (i) 3,000 newly-designated Series B-1 convertible preferred shares, par value $0.01 per share, and common shares underlying such Series B-1 convertible preferred shares, and (ii) warrants to purchase 6,500 of Series B-1 convertible preferred shares, 6,500 of Series B-1 convertible preferred shares underlying such warrants, and common shares underlying such Series B-1 convertible preferred shares. Concurrently with the registered direct offering, we completed an offering of warrants to purchase 140,500 of Series B-2 convertible preferred shares in a private placement, in reliance on Regulation S under the Securities Act. The securities in the registered direct offering and private placement were issued and sold to Kalani Investments Limited, or Kalani, an entity not affiliated with us, pursuant to a Securities Purchase Agreement. In connection with the private placement, we entered into a Registration Rights Agreement with Kalani, pursuant to which the investor was granted certain registration rights with respect to the securities issued and sold in the private placement. In 2017, we received gross proceeds of $3.0 million from the sale of the 3,000 Series B-1 convertible preferred shares. Additionally, 29,500 preferred warrants were exercised during the period for the sale of an equal number of Series B-1 and Series B-2 preferred shares, and we received $29.5 million of gross proceeds for these shares until December 31, 2017. In 2017, from the 32,500 Series B preferred shares issued, 32,211 preferred shares were converted to 4,049,733 common shares and 289 Series B preferred shares remained outstanding as of December 31, 2017. Additionally, subsequent to the balance sheet date and up to March 14, 2018, we received $7.5 million of gross proceeds from the exercise of 7,500 Series B-2 preferred warrants to purchase an equal number of Series B-2 convertible preferred shares. In aggregate, subsequent to December 31, 2017, 7,493 Series B-2 convertible preferred shares were converted to 2,840,144 common shares, thus leaving 296 Series B-2 convertible preferred shares outstanding on March 14, 2018.

In May 2017, we issued 100 shares of our newly-designated Series C Preferred Stock, par value $0.01 per share, to DSI, in exchange for a reduction of $3.0 million in the principal amount of our then outstanding loan with DSI, thus leaving an outstanding principal balance of $42.4 million on such loan. The Series C Preferred Stock has no dividend or liquidation rights. The Series C Preferred Stock votes with our common shares, 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% of the total number of votes eligible to be cast on all matters submitted to a vote of our stockholders. As of December 31, 2017, the 100 Series C Preferred Stock remained outstanding.

In May 2017, we sold the *m/v Doukato (ex Cap Doukato)* to an unrelated party, for a sale price of $6.0 million, net of commissions. The vessel was delivered to her new owners in June 2017.

In June 2017, we repaid to RBS an amount of $85.0 million as full and final settlement of our loan, which had an outstanding balance of $128.9 million as of the date of settlement, and the loan agreement was terminated. This settlement resulted in a gain of $42.2 million, net of expenses.

In June 2017, the repayment of the RBS loan discussed above was partially funded with $10.0 million from our own cash, with $40.0 million from a refinance of our then existing loan with DSI and with $35.0 million from a new loan agreement with Addiewell Ltd, or Addiewell, an unrelated party. After the refinance of our then existing unsecured loan facility with DSI, the principal amount of the new secured loan amounted to $82.6 million, which included the $42.4 million outstanding principal balance as of June 30, 2017, increased by the flat fee of $0.2 million which was payable at maturity, and the additional drawdown of $40.0 million. The new loans with Addiewell and DSI, which are secured by first and second priority mortgages over our containerships, each mature in eighteen months from their signing, or on December 31, 2018, and bear interest at the rate of 6% per annum for the first twelve months scaled to 9% for the next three months and further scaled to 12% for the remaining three months of the loans. Additionally, there is a discount premium amount of $10.0 million and $5.0 million for the loans with Addiewell and DSI, respectively. During 2017, we repaid $26.5 million of the outstanding balance on our loan with Addiewell and did not make any repayments to DSI. Up to March 14, 2018 we repaid an additional $8.5 million to Addiewell and also repaid $8.4 million to DSI by making use of equity and vessels' sales proceeds.

In October 2017, we entered into two memoranda of agreement, as amended, to sell the vessels *m/v March* and *m/v Great* to unrelated parties, for a gross sale price of $11.0 million each, with expected delivery to the new owners by the end of March 2018. We have classified both vessels as held for sale in the current assets of our 2017 consolidated balance sheets.

In February 2018, we entered into a memorandum of agreement to sell the *m/v New Jersey* (ex *YM New Jersey*) to an unrelated party for demolition, for a sale price of $9.4 million, net of commissions to the buyers. The vessel was delivered to her new owners on March 12, 2018.

In February 2018, we entered into two memoranda of agreement to sell the *m/v Sagitta and m/v Centaurus* to an unrelated party, for a gross sale price of $12.3 million each. The vessels are expected to be delivered to the buyer at the latest by April 27, 2018.

B. Business Overview

We are a corporation formed under the laws of the Republic of the Marshall Islands on January 7, 2010. We were founded to own containerships and pursue containership acquisition opportunities.

As of the date of this annual report, our fleet consists of four panamax and six post-panamax containerships, including the four vessels we have contracted to sell and have not yet delivered to their buyers, with a combined carrying capacity of 52,855 TEU and a weighted average age of 11.5 years. As at December 31, 2017, our fleet consisted of five panamax and six post-panamax containerships, including the two vessels we were contracted to sell as of that date, with a combined carrying capacity of 57,778 TEU and a weighted average age of 11.3 years. As at December 31, 2016, our fleet consisted of six panamax and six post-panamax containerships with a combined carrying capacity of 61,517 TEU and a weighted average age of 10.6 years. As at December 31, 2015, our fleet consisted of eight panamax and six post-panamax containerships with a combined carrying capacity of 70,464 TEU and a weighted average age of 10.3 years.

During 2017, 2016 and 2015, we had fleet utilization of 75.9%, 69.8%, and 92.0%, respectively, our vessels achieved a daily time charter equivalent rate of $5,320, $6,341, and $13,192, respectively, and we generated revenues, net of prepaid charter revenue amortization, of $23.8 million, $33.2 million and $62.2 million, respectively.

Set forth below is summary information concerning our fleet as at March 15, 2018.

Vessel BUILT TEU	Sister Ships*	Gross Rate (USD Per Day)	Com**	Charterers	Delivery Date to Charterers***	Redelivery Date to Owners****	Notes
4 Panamax Container Vessels							
SAGITTA 2010 3,426	A	$8,400 $8,400	1.25% 1.25%	Hapag-Lloyd AG	15-Aug-17 15-Feb-18	15-Feb-18 15-May-18 - 15-Jul-18	1
CENTAURUS 2010 3,426	A	$7,950	3.50%	CMA CGM	23-Aug-17	23-Apr-18 - 23-Aug-18	1
NEW JERSEY (ex YM New Jersey) 2006 4,923		-	-	-	-	- - -	2,3
PAMINA (ex Santa Pamina) 2005 5,042		$9,500	3.75%	Orient Overseas Container Line Ltd.	12-Sep-17	12-Apr-18 - 12-Sep-18	
DOMINGO (ex Cap Domingo) 2001 3,739		$8,500	3.50%	CMA CGM	14-Sep-17	14-May-18 - 14-Aug-18	
6 Post - Panamax Container Vessels							
PUELO 2006 6,541	B	$10,600/$12,000	5.00%	Maersk Lines A/S	1-Aug-17	1-Apr-18 - 1-Feb-19	4
PUCON 2006 6,541	B	$10,750	3.75%	Orient Overseas Container Line Ltd.	27-Apr-17	27-Apr-18 - 26-Jun-18	
MARCH (ex YM March) 2004 5,576	C	$6,850	1.25%	Hapag-Lloyd AG	15-Feb-17	19-Mar-18 - 30-Mar-18	5,6,7
GREAT (ex YM Great) 2004 5,576	C	$7,300	3.75%	Orient Overseas Container Line Ltd.	8-Apr-17	16-Mar-18	5,7
HAMBURG 2009 6,494	D	$11,000	3.75%	Wan Hai Lines (Singapore) Pte Ltd.	1-Dec-17	31-Mar-18 - 9-Jul-18	
ROTTERDAM 2008 6,494	D	$6,890 $13,150	3.50% 3.75%	CMA CGM Wan Hai Lines (Singapore) Pte Ltd.	7-Mar-17 25-Jan-18	7-Jan-18 25-May-18 - 14-Jul-18	

* Each container vessel is a "sister ship", or closely similar, to other container vessels that have the same letter.
** Total commission 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 27, 2018.
2 As of October 11, 2016, vessel has been placed into lay-up, in Malaysia.
3 "New Jersey" sold and delivered to her new owners on March 12, 2018.
4 The gross charter rate is US$10,600 per day for the first eight (8) months of the charter period and US$12,000 per day for the balance period of the time charter. The charterer has the option to redeliver the vessel any time between April 1, 2018 and February 1, 2019.
5 Based on latest information.
6 Charterers will pay US$1 per day for the first 15 days of the charter period.
7 Vessel sold and expected to be delivered to her new owners at the latest by March 30, 2018.

Our Management Team

Our management team is responsible for the strategic management of our company, including the development of our business plan. Strategic management also involves, among other things, locating, purchasing, financing and selling vessels. Our management team is led by our Chief Executive Officer and Chairman of the Board, Mr. Symeon Palios, who founded the predecessors of Diana Shipping and DSS in 1972. Mr. Palios has served as the Chief Executive Officer and Chairman of the Board of Diana Shipping Inc. since 2005 and as a director since 1999. Mr. Anastasios Margaronis, our President and a director, also serves as President and as a director of Diana Shipping Inc. and has been employed by the Diana Shipping group of companies since 1979. Mr. Ioannis Zafirakis, our Chief Operating Officer, Secretary and a director, also serves as Chief Operating Officer and Secretary and a director of Diana Shipping Inc. and has been employed by the Diana Shipping group of companies since 1997. Mr. Andreas Michalopoulos, our Chief Financial Officer and Treasurer, has held these same offices with Diana Shipping Inc. since 2006.

Our management team has experience in multiple sectors of the international shipping industry, including the containership sector, and a proven track record of strategic growth beginning with the formation of the Diana Shipping group of companies in 1972. Our management team is responsible for identifying assets for acquisition at appropriate times and for the operation of our business in order to build our fleet and effectively manage our growth.

Potential Conflicts of Interest

Our management team is comprised of four executive officers who are also executive officers of Diana Shipping and three of such executive officers serve on our board of directors as well as the board of directors of Diana Shipping. Our officers and directors have fiduciary duties to manage our business in a manner beneficial to us and our shareholders, and also have fiduciary duties to manage the business of Diana Shipping and its affiliates in a manner beneficial to such entities and their shareholders. Consequently, these officers and directors may encounter situations in which their fiduciary obligations to Diana Shipping and us are in conflict. Furthermore, although Diana Shipping is contractually restricted from competing with us in the containership industry, there may be other business opportunities for which Diana Shipping may compete with us such as hiring employees, acquiring other businesses, or entering into joint ventures, which could have a material adverse effect on our business. In addition, we are contractually restricted from competing with Diana Shipping in the dry bulk carrier sector, which limits our ability to expand our operations.

Management of Our Fleet

The business of Diana Containerships Inc. is the ownership of containerships. Diana Containerships Inc. wholly owns, directly or indirectly, 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 since March 1, 2013, by UOT, our fleet manager. In exchange for providing us with commercial and technical services, we pay our Manager a commission that is equal to 2% of our gross revenues, a fixed management fee of $15,000 per month for each vessel in operation and a fixed monthly fee of $7,500 for laid-up vessels, if any. In addition, pursuant to an Administrative Services Agreement, we pay to UOT a fixed monthly administrative fee of $10,000, in exchange for providing us with accounting, administrative, financial reporting and other services necessary for the operation of our business. These amounts are considered inter-company transactions and are, therefore, eliminated from our consolidated financial statements. For any laid-up vessels of our fleet, in addition to the management services provided by UOT, we have also appointed Wilhelmsen Ship Management LTD, an unaffiliated third party, to provide specific management services in relation to the laying-up for a fixed monthly fee for each laid-up vessel.

Business Strategy

Strategically deploy our vessels in order to optimize the opportunities in the time charter market

We intend to actively monitor market conditions, charter rates and vessel operating expenses in order to selectively employ vessels as market conditions warrant. In the near term we intend to enter into short-term time charters to allow our shareholders to benefit from what we believe to be an improving charter rate environment. Depending on market conditions, in the future we might enter into long-term time charters at rates that compare favorably to historical averages, shielding us from charter rate decreases and cyclical fluctuations. We believe that maintaining staggered charter maturities will provide us with the flexibility to capitalize on favorable market conditions, while providing us with a base of strong, visible cash flows.

Acquire high quality containerships throughout the shipping cycle

At times when we have sufficient funds and we are not restricted under the terms of our loan agreements or for any other reason, we will seek to provide attractive returns to our investors by making accretive acquisitions of high quality containerships in the secondhand market, including from shipyards and lending institutions. Over time, we expect that asset prices and charter rates will increase and we will continue to seek to make acquisitions that meet our investment criteria. Because members of our senior management team have successfully navigated previous market cycles, we believe that we have the experience and discipline to capitalize on market movements. We will continue to initially focus on vessels ranging from 3,500 TEU to 8,500 TEU because we believe that the current orderbook composition, coupled with global GDP growth, creates a favorable multi-year dynamic of supply and demand for these mid-sized containerships. As industry dynamics change, we might opportunistically acquire containerships outside of this range as well as enter into newbuilding contracts with shipyards on terms that meet our acquisition criteria.

Our Customers

Our customers include national, regional, and international companies, such as Maersk Lines A/S, CMA CGM, Hapag-Lloyd AG, Orient Overseas Container Line Ltd. and Wan Hai Lines (Singapore) Pte Ltd. During 2017, three of our charterers accounted for 77% of our revenues: Hapag-Lloyd AG (18%), Orient Overseas Container Line Ltd (24%) and CMA CGM (35%). During 2016, three of our charterers accounted for 67% of our revenues: Yang Ming (UK)Ltd (34%), Maersk Line A/S (22%) and CMA CGM (11%). During 2015, five of our charterers accounted for 83% of our revenues: Yang Ming (UK)Ltd (25%), Maersk Line A/S (11%), Reederei Santa Containerschiffe / Rudolf A. Oetker KG (10%), CSAV Valparaiso / Hapag Lloyd A.G Hamburg (24%) and Hanjin Shipping Co. Ltd (13%). We believe that developing strong relationships with the end users of our services allows us to better satisfy their needs with appropriate and capable vessels. A prospective charterer's financial condition, creditworthiness, reliability and track record are important factors in negotiating our vessels' employment.

The Container Shipping Industry

The containers used in maritime transportation are steel boxes of standard dimensions. The standard unit of measure of volume or capacity in container shipping is the 20-foot equivalent unit, or TEU, representing a container which is 20 feet long and typically 8.5 feet high and 8 feet wide. In recent years, 40-foot long containers (9.5 feet high), equivalent to two TEU, have increasingly been used by large retailers to move lightweight, fast moving consumer goods across the globe. There are specialized containers of both sizes to carry refrigerated perishables or frozen products, as well as tank containers that carry liquids such as liquefied gases, spirits or chemicals.

A container shipment begins at the shipper's premises with the delivery of an empty container. Once the container has been filled with cargo, it is transported by truck, rail or barge to a container port, where it is loaded onto a containership. The container is shipped either directly to the destination port or through an intermediate port where it is transferred to another vessel, an activity referred to as transshipment. When the container arrives at its destination port, it is off-loaded and delivered to the receiver's premises by truck, rail or barge.

Container shipping has a number of advantages compared with other shipping methods, including:

Less Cargo Handling

Containers provide a secure environment for cargo. The contents of a container, once loaded into the container, are not directly handled until they reach their final destination. Using other shipping methods, cargo may be loaded and discharged several times, resulting in a greater risk of breakage and loss.

Efficient Port Turnaround

With specialized cranes and other terminal equipment, containerships can be loaded and unloaded in significantly less time and at lower cost than other cargo vessels.

Highly Developed Intermodal Network

Onshore movement of containerized cargo, from points of origin, around container ports, staging or storage areas, and to final destinations, benefits from the physical integration of the container with other transportation equipment such as road chassis, railcars and other means of hauling the standard-sized containers. Sophisticated port and intermodal industries have developed to support container transportation.

Reduced Shipping Time

Containerships can travel at a speed of up to 25 knots per hour, even in rough seas, thereby transporting cargo over long distances in shorter periods of time. Such speed reduces transit time and facilitates the timeliness of regular scheduled port calls, compared to general cargo shipping. However, since 2008, due to higher fuel prices and the negative effects of the global recession, most operators have reduced speeds and deployed more ships on some voyage strings. This has also had a positive environmental effect in helping reduce ship emissions.

Types of Container Ships

Containerships are typically "cellular," which means they are equipped with metal guide rails to allow for rapid loading and unloading, and provide for more secure carriage. Partly cellular containerships include roll-on/roll-off vessels, or "ro-ro" ships, designed to carry chassis and trailers, and multipurpose ships which can carry a variety of cargo including containers.

The main categories of containerships are broadly as follows:

Very Large:
"Very large" ships (with capacity in excess of 10,000 TEU) are currently exclusively deployed on the Asia-North Europe and Mediterranean and Transpacific trades. Middle East trades may at some stage see the regular deployment of ships with capacity exceeding 10,000 TEU.

Large:
Large ships have a capacity of 8,000 to 9,999 TEU and are currently deployed on the Transpacific, Asia-Middle East and Asia to Latin America trades.

Post Panamax:
Ships with a capacity of 5,000 to 7,999 TEU, so-called because of their inability to transit through the existing Panama Canal due to dimension restrictions. However, the Panama Canal was widened in 2016, and the expansion allows ships with capacity of up to about 13,000 TEU to transit the waterway. Ships of this size can be considered the workhorses of many smaller or emerging trade routes outside of the main east-west arteries.

Panamax:
Ships with a capacity between 3,000 to 4,999 TEU.

Intermediate:
In this category, the ships range in capacity between 2,000 and 2,999 TEU and are generally able to operate on all trades.

Handysize:
Smaller ships with capacities ranging from 1,000 to 1,999 TEU, for use in regional trades – a primary example being the intra-Asian trades.

Feeder:
Ships with a capacity of less than 1,000 TEU, which are usually employed as feeder vessels on trades to and from hub ports or on small niche trades or domestic routes.

Containership Newbuilding Prices

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

Containership Secondhand Prices

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

Values for younger vessels tend to fluctuate on a percentage, if not on a nominal, basis less than values for older vessels. This is due to the fact that younger vessels with a longer remaining economic life are less susceptible to the level of charter rates than older vessels with limited remaining economic life.

Vessels are usually sold through specialized brokers who report transactions to the maritime transportation industry on a regular basis. The sale and purchase market for vessels is usually quite transparent and liquid, with a number of vessels changing hands on an annual basis.

Containership Charter Rates

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

Container Freight Rates

Factors that drive vessel charter rates also affect container freight rates. Container freight rates are primarily driven by the supply and demand for container shipping, the cost of operating ships, fuel prices, and carrier behavior, including inter-carrier competition. To some extent, container freight rates are also affected by market conditions.

The Clarksons average Containerships Earnings Index was in January 2018 at 54, the highest rate recorded since August 2015.

Global Container Trade

According to industry sources, the global container trade grew by approximately 2.7% in 2017.

Disclosure Pursuant to Section 13(r) of the Securities Exchange Act of 1934

The disclosure below does not relate to any activities conducted by Diana Containerships Inc., its management or Unitized Ocean Transport Limited, its vessel technical manager. The disclosure herein relates solely to certain activities conducted by Diana Shipping Inc.

Section 219 of the U.S. Iran Threat Reduction and Syria Human Rights Act of 2012, or ITRA, added a new Section 13(r) to the U.S. Securities Exchange Act of 1934, as amended, or the Exchange Act, that requires each SEC reporting issuer to disclose in its annual and, if applicable, quarterly reports regardless of 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. The required disclosure includes disclosure of activities that are not prohibited by U.S. or other law, even if conducted outside of the U.S. by non-U.S. affiliates in compliance with local law.

Diana Shipping Inc. is the former parent company of the Company and current owner of 100% of our Series C preferred voting stock, and certain members of the Company's board of directors and senior management team are also members of the board of directors and management team of Diana Shipping Inc., however all vessel operations of the Company and Diana Shipping Inc. are performed by separate companies that do not share common management teams or boards of directors. The Annual Report on Form 20-F for the year ended December 31, 2017 filed by Diana Shipping Inc. with the Securities and Exchange Commission on March 16, 2018 contains the disclosure set forth below (with all references contained therein to "the Company" being references to Diana Shipping Inc. and its consolidated subsidiaries). As a result, it appears that the Company may be required to provide the disclosures set forth below pursuant to Section 219 of ITRA and Section 13(r) of the Exchange Act. By providing this disclosure, the Company does not admit that it is an affiliate of Diana Shipping Inc.

The disclosure relates solely to activities conducted by Diana Shipping Inc. and its consolidated subsidiaries.

The disclosure contained in Diana Shipping Inc.'s Annual Report is as follows:

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

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

Pursuant to Section 13(r) of the Exchange Act, we note that for the period covered by this annual report, one of our vessels made one port call to Iran in 2017.

The vessel *Thetis* made a call to the port of Bandar Imam Khomeini on February 25, 2017, discharging corn, and remained in the port of Bandar Imam Khomeini during 2017 for seven days. During this time the *Thetis* was on time charter to Transgrain Shipping B.V., Rotterdam at a gross rate of $5,150 per day.

The aggregate gross revenue attributable to these seven days that our vessel remained in the port of Bandar Imam Khomeini was $36,050. As we do not attribute profits to specific voyages under a time charter, we have not attributed any profits to the voyages which included this port call. Our charter party agreements for our vessels restrict the charterers from calling in Iran in violation of U.S. sanctions, or carrying any cargo to Iran which is subject to U.S. sanctions. However, there can be no assurance that the vessel referenced above or another of our vessels will not, from time to time in the future on charterer's instructions, perform voyages which would require disclosure pursuant to Exchange Act Section 13(r).

Environmental and Other Regulations in the Shipping Industry

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

A variety of governmental 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, or the 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.

We believe that the heightened level of environmental and quality concerns among insurance underwriters, regulators and charterers is leading to greater inspection and safety requirements on all vessels and may accelerate the scrapping of older vessels throughout the industry. Increasing environmental concerns have created a demand for vessels that conform to the stricter environmental standards. We are required to maintain operating standards for all of our vessels that emphasize operational safety, quality maintenance, continuous training of our officers and crews and compliance with U.S. and international regulations. We believe that the operation of our vessels is in substantial compliance with applicable environmental laws and regulations and that our vessels have all material permits, licenses, certificates or other authorizations necessary for the conduct of our operations. However, because such laws and regulations are frequently changed and may impose increasingly stricter requirements, we cannot predict the ultimate cost of complying with these requirements, or the impact of these requirements on the resale value or useful lives of our vessels. In addition, a future serious marine incident that causes significant adverse environmental impact could result in additional legislation or regulation that could negatively affect our profitability.

It should be noted that the United States is currently experiencing changes in its environmental policy, the results of which have yet to be fully determined. For example, in April 2017, the U.S. President signed an executive order regarding environmental regulations, specifically targeting the U.S. offshore energy strategy, which may affect parts of the maritime industry and our operations. Furthermore, recent action by the IMO's Maritime Safety Committee and U.S. agencies indicate that cybersecurity regulations for the maritime industry are likely to be further developed in the near future in an attempt to combat cybersecurity threats. For example, cyber-risk management systems must be incorporated by ship owners and managers by 2021. This might cause companies to cultivate additional procedures for monitoring cybersecurity, which could require additional expenses and/or capital expenditures. However, the impact of such regulations is hard to predict at this time.

International Maritime Organization (IMO)

The International Maritime Organization, the United Nations agency for maritime safety and the prevention of pollution by vessels, or the IMO, has adopted the International Convention for the Prevention of Pollution from Ships, 1973, as modified by the Protocol of 1978 relating thereto, collectively referred to as MARPOL 73/78 and herein as MARPOL, adopted the International Convention for the Safety of Life at Sea of 1974, or the SOLAS Convention, and the International Convention on Load Lines of 1966, or 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 LPG carriers, among other vessels, and is broken into six Annexes, each of which regulates a different source of pollution. Annex I relates to oil leakage or spilling; Annexes II and III relate to harmful substances carried in bulk in liquid or in packaged form, respectively; Annexes IV and V relate to sewage and garbage management, respectively; and Annex VI, lastly, relates to air emissions. Annex VI was separately adopted by the IMO in September of 1997.

Air Emissions

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

The IMO's Marine Environmental 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 the current 3.50%) starting from January 1, 2020. This limitation can be met by using low-sulfur compliant fuel oil, alternative fuels, or certain exhaust gas cleaning systems. Once the cap becomes effective, ships will be required to obtain bunker delivery notes and International Air Pollution Prevention, or IAPP, Certificates from their flag states that specify sulfur content. This subjects ocean-going vessels in these areas to stringent emissions controls, and may cause us to incur additional costs.

Sulfur content standards are even stricter within certain "Emission Control Areas," or ECAs. As of January 1, 2015, ships operating within an ECA were not permitted to use fuel with sulfur content in excess of 0.1%. Amended Annex VI establishes procedures for designating new ECAs. Currently, the IMO has designated four ECAs, including specified portions of the Baltic Sea area, North Sea area, North American area and United States Caribbean area. Ocean-going vessels in these areas will be subject to stringent emission controls and may cause us to incur additional costs. If other ECAs are approved by the IMO, or other new or more stringent requirements relating to emissions from marine diesel engines or port operations by vessels are adopted by the U.S Environmental Protection Agency, or the 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 with a marine diesel engine installed and constructed on or after January 1, 2016. Tier III requirements could apply to areas that will be designated for Tier III NOx in the future. At MEPC 70 and MEPC 71, the MEPC approved the North Sea and Baltic Sea as ECAs for nitrogen oxide for ships built after January 1, 2021. The U.S. Environmental Protection Agency promulgated equivalent (and in some senses stricter) emissions standards in late 2009. As a result of these designations or similar future designations, we may be required to incur additional operating or other costs.

As determined at the MEPC 70, the new Regulation 22A of MARPOL Annex VI is effective as of March 1, 2018 and requires ships above 5,000 gross tonnage to collect and report annual data on fuel oil consumption to an IMO database, with the first year of data collection commencing on January 1, 2019.

As of January 1, 2013, MARPOL made mandatory certain measures relating to energy efficiency for ships. All ships are now required to develop and implement Ship Energy Efficiency Management Plans, or 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. Under these measures, by 2025, all new ships built will be 30% more energy efficient than those built in 2014.

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

Safety Management System Requirements

The SOLAS Convention was amended to address the safe manning of vessels and emergency training drills. The Convention of Limitation of Liability for Maritime Claims, or 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 all of our vessels are in substantial compliance with SOLAS and LL Convention standards.

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

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

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

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

The IMO has also adopted the International Convention on Standards of Training, Certification and Watchkeeping for Seafarers, or the 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.

Pollution Control and Liability Requirements

The IMO has negotiated international conventions that impose liability for pollution in international waters and the territorial waters of the signatories to such conventions. For example, the IMO adopted an International Convention for the Control and Management of Ships' Ballast Water and Sediments, or the BWM Convention, in 2004. The BWM Convention entered into force on September 9, 2017. The BWM Convention requires ships to manage their ballast water to remove, render harmless, or avoid the uptake or discharge of new or invasive aquatic organisms and pathogens within ballast water and sediments. The BWM Convention's implementing regulations call for a phased introduction of mandatory ballast water exchange requirements, to be replaced in time with mandatory concentration limits, and require all ships to carry a ballast water record book and an international ballast Water management certificate.

On December 4, 2013, the IMO Assembly passed a resolution revising the application dates of BWM Convention so that the dates are triggered by the entry into force date and not the dates originally in the BWM Convention. This, in effect, makes all vessels delivered before the entry into force date "existing vessels" and allows for the installation of ballast water management systems on such vessels at the first International Oil Pollution Prevention, or IOPP, renewal survey following entry into force of the convention. The MEPC adopted updated guidelines for approval of ballast water management systems (G8) at MEPC 70. At MEPC 71, the schedule regarding the BWM Convention's implementation dates was also discussed and amendments were introduced to extend the date existing vessels are subject to certain ballast water standards. Ships over 400 gross tons generally must comply with a "D-1 standard," requiring the exchange of ballast water only in open seas and away from coastal waters. The "D-2 standard" specifies the maximum amount of viable organisms allowed to be discharged, and compliance dates vary depending on the IOPP renewal dates. Depending on the date of the IOPP renewal survey, existing vessels must comply with the D2 standard on or after September 8, 2019. For most ships, compliance with the D2 standard will involve installing on-board systems to treat ballast water and eliminate unwanted organisms. Costs of compliance may be substantial.

Once mid-ocean ballast or exchange ballast water treatment requirements become mandatory under the BWM Convention, the cost of compliance could increase for ocean carriers and may be material. 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 United States, 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 costs of compliance with a mandatory mid-ocean ballast exchange could be material, and it is difficult to predict the overall impact of such a requirement on our operations.

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 the 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, or the 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 with the United States, its territories and possessions or whose vessels operate in U.S. waters, which includes the United States' territorial sea and its 200 nautical mile exclusive economic zone around the United States. The United States has also enacted the Comprehensive Environmental Response, Compensation and Liability Act, or CERCLA, which applies to the discharge of hazardous substances other than oil, except in limited circumstances, whether on land or at sea. OPA and CERCLA both define "owner and operator" in the case of a vessel as any person owning, operating or chartering by demise, the vessel. Both OPA and CERCLA impact our operations.

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

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

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

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

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

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

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

OPA contains statutory caps on liability and damages; such caps do not apply to direct cleanup costs. Effective December 21, 2015, the USCG adjusted the limits of OPA liability for non-tank vessels, edible oil tank vessels, and any oil spill response vessels, to the greater of $1,100 per gross ton or $939,800 (subject to periodic adjustment for inflation). These limits of liability do not apply if an incident was proximately caused by the violation of an applicable U.S. federal safety, construction or operating regulation by a responsible party (or its agent, employee or a person acting pursuant to a contractual relationship), or a responsible party's gross negligence or willful misconduct. The limitation on liability similarly does not apply if the responsible party fails or refuses to (i) report the incident where the responsibility 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 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 plan to comply 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 the raising of liability caps under OPA, new regulations regarding offshore oil and gas drilling, and a pilot inspection program for offshore facilities. However, the status of several of these initiatives and regulations is currently in flux. For example, the U.S. Bureau of Safety and Environmental Enforcement, or the BSEE, announced a new Well Control Rule in April 2016, but pursuant to orders by the U.S. President in early 2017, the BSEE announced in August 2017 that this rule would be revised. In January 2018, the U.S. President proposed leasing new sections of U.S. waters to oil and gas companies for offshore drilling, vastly expanding the U.S. waters that are available for such activity over the next five years. The effects of the proposal are currently unknown. Compliance with any new requirements of OPA may substantially impact our cost of operations or require us to incur additional expenses to comply with any new regulatory initiatives or statutes. Additional legislation or regulations applicable to the operation of our vessels that may be implemented in the future could 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 tanker 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), or the 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, or the CWA, prohibits the discharge of oil, hazardous substances and ballast water in U.S. navigable waters unless authorized by a duly-issued permit or exemption, and imposes strict liability in the form of penalties for any unauthorized discharges. The CWA also imposes substantial liability for the costs of removal, remediation and damages and complements the remedies available under OPA and CERCLA.

The EPA and the USCG have also enacted rules relating to ballast water discharge, compliance with which requires the installation of equipment on our vessels to treat ballast water before it is discharged or the implementation of other port facility disposal arrangements or procedures at potentially substantial costs, and/or otherwise restrict our vessels from entering U.S. Waters. The EPA requires a permit regulating ballast water discharges and other discharges incidental to the normal operation of certain vessels within United States waters under the Vessel General Permit for Discharges Incidental to the Normal Operation of Vessels, or the VGP. On March 28, 2013, the EPA re-issued the VGP for another five years from the effective date of December 19, 2013. The 2013 VGP focuses on authorizing 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. For a new vessel delivered to an owner or operator after December 19, 2013 to be covered by the VGP, the owner must submit a Notice of Intent, or NOI, at least 30 days (or 7 days for eNOIs) before the vessel operates in United States waters. We have submitted NOIs for our vessels where required.

The USCG regulations adopted under the U.S. National Invasive Species Act, or NISA, impose mandatory ballast water management practices for all vessels equipped with ballast water tanks entering or operating in U.S. waters, which require the installation of certain engineering equipment and water treatment systems to treat ballast water before it is discharged or the implementation of other port facility disposal arrangements or procedures, and/or may otherwise restrict our vessels from entering U.S. waters. The USCG has implemented revised regulations on ballast water management by establishing standards on the allowable concentration of living organisms in ballast water discharged from ships in U.S. waters. As of January 1, 2014, vessels were technically subject to the phasing-in of these standards, and the USCG must approve any technology before it is placed on a vessel. The USCG first approved said technology in December 2016, and continues to review ballast water management systems. The USCG may also provide waivers to vessels that demonstrate why they cannot install the new technology. The USCG has set up requirements for ships constructed before December 1, 2013 with ballast tanks trading with exclusive economic zones of the U.S. to install water ballast treatment systems as follows: (1) ballast capacity 1,500-5,000m3—first scheduled drydock after January 1, 2014; and (2) ballast capacity above 5,000m3—first scheduled drydock after January 1, 2016. All of our vessels have ballast capacities over 5,000m3, and those of our vessels trading in the U.S. will have to install water ballast treatment plants at their first drydock after January 1, 2016, unless an extension is granted by the USCG.

The EPA, on the other hand, has taken a different approach to enforcing ballast discharge standards under the VGP. On December 27, 2013, the EPA issued an enforcement response policy in connection with the new VGP in which the EPA indicated that it would take into account the reasons why vessels do not have the requisite technology installed, but will not grant any waivers. In addition, through the CWA certification provisions that allow U.S. states to place additional conditions on the use of the VGP within state waters, a number of states have proposed or implemented a variety of stricter ballast requirements including, in some states, specific treatment standards. Compliance with the EPA, USCG and state regulations could require 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 cost, or may otherwise restrict our vessels from entering U.S. waters.

Two recent United States court decisions should be noted. First, in October 2015, the Second Circuit Court of Appeals issued a ruling that directed the EPA to redraft the sections of the 2013 VGP that address ballast water. However, the Second Circuit stated that 2013 VGP will remains in effect until the EPA issues a new VGP. The effect of such redrafting remains unknown. Second, on October 9, 2015, the Sixth Circuit Court of Appeals stayed the Waters of the United State, or WOTUS, rule, which aimed to expand the regulatory definition of "waters of the United States," pending further action of the court. In response, regulations have continued to be implemented as they were prior to the stay on a case-by-case basis. In February 2017, the U.S. President issued an executive order directing the EPA and U.S. Army Corps of Engineers publish a proposed rule rescinding or revising the WOTUS rule. In January 2018, the EPA and Army Corps of Engineers issued a final rule pursuant to the President's order, under which the Agencies will interpret the term "waters of the United States" to mean waters covered by the regulations, as they are currently being implemented, within the context of the Supreme Court decisions and agency guidance documents, until February 6, 2020. Litigation regarding the status of the WOTUS rule is currently underway, and the effect of future actions in these cases upon our operations is unknown.

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.

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 European Union 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 European Union imposed a 0.1% maximum sulfur requirement for fuel used by ships at berth in European Union ports.

International Labour Organization

The International Labor Organization, or the ILO, is a specialized agency of the United Nations that has adopted the Maritime Labor Convention 2006, or the MLC 2006. A Maritime Labor Certificate and a Declaration of Maritime Labor Compliance is required to ensure compliance with the MLC 2006 for all ships above 500 gross tons in international trade. We believe that all of our vessels are in substantial compliance with and are certified to meet MLC 2006.

Greenhouse Gas Regulation

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

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, an initial IMO strategy for reduction of greenhouse gas emissions is expected to be adopted at MEPC 72 in April 2018. The IMO may implement market-based mechanisms to reduce greenhouse gas emissions from ships at the upcoming MEPC session.

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

In the United States, the EPA issued a finding that greenhouse gases endanger the public health and safety, adopted regulations to limit greenhouse gas emissions from certain mobile sources, and proposed regulations to limit greenhouse gas emissions from large stationary sources. However, in March 2017, the U.S. President signed an executive order to review and possibly eliminate the EPA's plan to cut greenhouse gas emissions. The outcome of this order is not yet known. Although the mobile source emissions regulations do not apply to greenhouse gas emissions from vessels, the EPA or individual U.S. states could enact environmental regulations that would affect our operations. For example, California has introduced a cap-and-trade program for greenhouse gas emissions, aiming to reduce emissions 40% by 2030.

Any passage of climate control legislation or other regulatory initiatives by the IMO, the European Union, the United States 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 more intense 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, or MTSA. To implement certain portions of the MTSA, the USCG issued regulations requiring the implementation of certain security requirements aboard vessels operating in waters subject to the jurisdiction of the United States and at certain ports and facilities, some of which are regulated by the EPA.

Similarly, Chapter XI-2 of the SOLAS Convention imposes detailed security obligations on vessels and port authorities and mandates compliance with the International Ship and Port Facilities Security Code, or 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, or 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 following are among the various requirements, some of which are found in the SOLAS Convention:

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 be aligned with international maritime security standards, exempt non-U.S. vessels from MTSA vessel security measures, provided such vessels have on board a valid 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.

Inspection by Classification Societies

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

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

100% Container Screening

On August 3, 2007, the United States signed into law the Implementing Recommendations of the 9/11 Commission Act of 2007 (or the 9/11 Commission Act). The 9/11 Commission Act amends the SAFE Port Act of 2006 to require that all containers being loaded at foreign ports onto vessels destined for the United States be scanned by nonintrusive imaging equipment and radiation detection equipment before loading.

As a result of the 100% scanning requirements added to the SAFE Port Act of 2006, ports that ship to the United States may need to install new x-ray machines and make infrastructure changes in order to accommodate the screening requirements. Such implementation requirements may change which ports are able to ship to the United States and shipping companies may incur significant increased costs. It is impossible to predict how this requirement will affect the industry as a whole, but changes and additional costs can be reasonably expected.

Risk of Loss and Insurance Coverage

General

The operation of any containership vessel includes risks such as mechanical failure, collision, property loss, cargo loss or damage and business interruption due to political circumstances in foreign countries, 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 owners, operators and demise charterers of vessels trading in the United States exclusive economic zone for certain oil pollution accidents in the United States, has made liability insurance more expensive for ship owners and operators trading in the United States market.

While we maintain hull and machinery insurance, war risks insurance, protection and indemnity cover and freight, demurrage and defense cover for our vessels 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 we procure adequate insurance coverage, not all risks can be insured, and there can be no guarantee that any specific claim will be paid, or that we will always be able to obtain adequate insurance coverage at reasonable rates.

Hull and Machinery and War Risks Insurance

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

Protection and Indemnity Insurance

Protection and indemnity insurance is generally provided by mutual protection and indemnity associations, or P&I Associations, which insure our third party liabilities in connection with our shipping activities. This includes third-party liability and other related expenses resulting from the injury or death of crew, passengers and other third parties, the loss or damage to cargo, claims arising from collisions with other vessels, damage to 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."

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

C. Organizational Structure

We are a corporation incorporated under the laws of the Republic of the Marshall Islands on January 7, 2010. We are the sole owner of all of the issued and outstanding shares of the subsidiaries listed in Note 1 "General Information" of our consolidated financial statements filed as part of this annual report and in exhibit 8.1 to this annual report.

D. Property, Plants and Equipment

Our Manager, UOT, currently rents our office space from an unrelated third party and owns office furniture and equipment. UOT also owns, jointly with two other related parties, a plot of land in Athens, Greece. The plot of land is under the common ownership of the joint purchasers.

Other than this interest in real property, our only material properties are the vessels in our fleet.

Item 4A. Unresolved Staff Comments

Not applicable.

Item 5. Operating and Financial Review and Prospects

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

A. Operating Results

We charter our vessels to customers primarily pursuant to short-term and long-term time charters. Currently, we have secured time charters for all of our vessels, and the minimum remaining durations of our time charters are up to 2 months. 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. We remain responsible for paying the chartered vessel's operating expenses, including the cost of crewing, insuring, repairing and maintaining the vessel, the costs of spares and consumable stores, tonnage taxes, environmental costs and other miscellaneous expenses, and we also pay commissions to one or more unaffiliated ship brokers and to in-house brokers associated with the charterer for the arrangement of the relevant charter.

Factors Affecting Our Results of Operations

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

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

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

Operating days. We define operating days 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 and special surveys including vessel positioning for such events.

Time Charter Equivalent (TCE) rates. We define TCE rates as our time charter revenues, net, 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 management believes it is useful to provide 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 generally are expressed in such amounts.

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

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

	For the year ended December 31, 2017	For the year ended December 31, 2016	For the year ended December 31, 2015
Ownership days	4,178	4,780	4,600
Available days	4,155	4,735	4,515
Operating days	3,152	3,304	4,155
Fleet utilization	75.9%	69.8%	92.0%
Time charter equivalent (TCE) rate (1)	$ 5,320	$ 6,341	$ 13,192
Daily operating expenses	$ 5,441	$ 6,321	$ 7,793

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

Time Charter Revenues

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

the duration of our charters;

our decisions relating to vessel acquisitions and disposals;

the amount of time that we spend positioning our vessels;

the amount of time that our vessels spend in drydock undergoing repairs;

maintenance and upgrade work;

the age, condition and specifications of our vessels;

levels of supply and demand in the container shipping industry; and

other factors affecting spot market charter rates for container vessels.

Period charters refer to both time and bareboat charters. 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.

Currently, all of the vessels in our fleet are employed on time 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 agreements or avoid their obligations under those contracts. Should a counterparty fail to honor its obligations under agreements with us, we could sustain significant losses which could have a material adverse effect on our business, financial condition, results of operations and cash flows.

Voyage Expenses

We incur voyage expenses that include port and canal charges, bunker (fuel oil) expenses and commissions. Port and canal charges and bunker expenses primarily increase in periods during which vessels are employed on voyage charters because these expenses are for the account of the owner of the vessels. Our vessels are currently employed under time charters, and these time charters require the charterer to bear all of those expenses. In addition to this, our laid up vessels, if any, do not incur bunkers costs. However, at times when our vessels are off-hire due to other reasons, we incur port and canal charges and bunker expenses.

We have paid commissions ranging from 0% to 5% of the total daily charter hire rate of each charter to unaffiliated ship brokers, depending on the number of brokers involved with arranging the charter. Our fleet manager, UOT, our wholly-owned subsidiary, receives commission that is equal to 2% of our gross revenues in exchange for providing us with technical and commercial management services in connection with the employment of our fleet. However, this commission is eliminated from our consolidated financial statements as an intercompany transaction.

Vessel Operating Expenses

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

Vessel Depreciation

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

General and Administrative Expenses

We incur general and administrative expenses, including our onshore related expenses such as legal and professional expenses. Certain of our general and administrative expenses are provided for under our Broker Services Agreement with Steamship Shipbroking Enterprises Inc. We also incur payroll expenses of employees and general and administrative expenses reflecting the costs associated with running a public company, including board of director costs, director and officer insurance, investor relations, registrar and transfer agent fees and legal and accounting costs related to our compliance with public reporting obligations and the Sarbanes-Oxley Act of 2002.

Interest and Finance Costs

We incur interest and finance costs in connection with our vessel-specific debt. As at December 31, 2017, we had $91.1 million of outstanding principal indebtedness from our loan agreements with Addiewell Ltd and Diana Shipping Inc., and an additional $15.0 million outstanding discount premiums under the two loan agreements.

Lack of Historical Operating Data for Vessels before their Acquisition

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

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

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

obtain the charterer's consent to us as the new owner;

obtain the charterer's consent to a new technical manager;

obtain the charterer's consent to a new flag for the vessel;

arrange for a new crew for the vessel;

replace all hired equipment on board, such as gas cylinders and communication equipment;

negotiate and enter into new insurance contracts for the vessel through our own insurance brokers;

register the vessel under a flag state and perform the related inspections in order to obtain new trading certificates from the flag state;

implement a new planned maintenance program for the vessel; and

ensure that the new technical manager obtains new certificates for compliance with the safety and vessel security regulations of the flag state.

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

Our business is mainly comprised of the following elements:

acquisition and disposition of vessels;

employment and operation of our vessels; and

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

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

vessel maintenance and repair;

crew selection and training;

vessel spares and stores supply;

contingency response planning;

on board safety procedures auditing;

accounting;

vessel insurance arrangement;

vessel chartering;

vessel hire management;

vessel surveying; and

vessel performance monitoring.

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

management of our financial resources, including banking relationships, i.e., administration of bank loans and bank accounts;

management of our accounting system and records and financial reporting;

administration of the legal and regulatory requirements affecting our business and assets; and

management of the relationships with our service providers and customers.

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

rates and periods of charterhire;

levels of vessel operating expenses;

depreciation expenses;

financing costs; and

fluctuations in foreign exchange rates.

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

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

In "Critical Accounting Policies – Impairment of long-lived assets," we discuss our policy for impairing the carrying values of our vessels. Historically, the market values of vessels have experienced volatility, which from time to time may be substantial. As a result, the charter-free market value of certain of our vessels may have declined below those vessels' carrying value, even though we would not impair those vessels' carrying value under our accounting impairment policy. In 2017, we recorded impairment charges for the vessels *Centaurus* and *New Jersey* as our impairment test exercise indicated that their carrying values were not recoverable. In 2016, we recorded impairment charges for the vessels *Sagitta*, *Centaurus*, *Domingo*, *Doukato*, *Angeles*, *Great* and *March*, as our impairment test exercise indicated that their carrying values were not recoverable.

Based on: (i) the carrying value of each of our vessels as of December 31, 2017 and 2016, and (ii) what we believe the charter-free market value of each of our vessels was as of December 31, 2017 and 2016, the aggregate carrying value of six vessels in our fleet as of December 31, 2017 and six vessels as of December 31, 2016 exceeded their aggregate charter-free market value by approximately $72.8 million and $87.7 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 reduce our net income or increase our loss if we sold all of such vessels at December 31, 2017 and 2016, 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 the purposes of this calculation, we have assumed that these six and six vessels, respectively, would be sold at prices that reflect our estimate of their charter-free market values as of December 31, 2017 and 2016. As of December 31, 2017, we had entered into two memoranda of agreement to sell the vessels *Great* and *March*, whose net book values as of that date were below market values. In addition, in February 2018, we contracted to sell three more vessels, the *New Jersey*, the *Sagitta* and the *Centaurus*. As discussed above, the vessels *Centaurus* and *New Jersey* were impaired as of December 31, 2017 to their market values.

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

reports by industry analysts and data providers that focus on our industry and related dynamics affecting vessel values;

news and industry reports of similar vessel sales;

news and industry reports of sales of vessels that are not similar to our vessels where we have made certain adjustments in an attempt to derive information that can be used as part of our estimates;

approximate market values for our vessels or similar vessels that we have received from shipbrokers, whether solicited or unsolicited, or that shipbrokers have generally disseminated;

offers that we may have received from potential purchasers of our vessels; and

vessel sale prices and values of which we are aware through both formal and informal communications with shipowners, shipbrokers, industry analysts and various other shipping industry participants and observers.

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

				Carrying Value (in millions of US dollars)	
	Vessel	**TEU**	**Year Built**	**At December 31, 2017**	**At December 31, 2016**
1	Sagitta	3,426	2010	11.1*	11.4
2	Centaurus	3,426	2010	10.1	11.4
3	Domingo	3,739	2001	5.0	5.0
4	Doukato	3,739	2002	-	5.0
5	Puelo	6,541	2006	40.0*	41.6*
6	Pucon	6,541	2006	40.1*	41.7*
7	March	5,576	2004	9.2	9.2
8	Great	5,576	2004	9.2	9.2
9	Pamina	5,042	2005	14.6*	15.0*
10	New Jersey	4,923	2006	10.0	17.9*
11	Rotterdam	6,494	2008	34.5*	35.8*
12	Hamburg	6,494	2009	36.0*	37.2*
	Vessels Net Book Value			**219.8**	**240.4**

_____

*****Indicates vessels for which we believe, as of December 31, 2017 and December 31, 2016, 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 $72.8 million and $87.7 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 consolidated financial statements requires us to make estimates and judgments that affect the reported amounts of assets and liabilities, revenues and expenses and related disclosures of contingent assets and liabilities at the date of our financial statements. Actual results may differ from these estimates under different assumptions and conditions.

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

Accounting for Revenues and Expenses

Revenues are generated from time charter agreements. Time charter agreements with the same charterer are accounted for as separate agreements according to the terms and conditions of each agreement. Time charter revenues are recorded over the term of the charter as service is provided. Revenues from time charter agreements providing for varying annual rates over their term are accounted for on a straight line basis. Deferred revenue, if any, includes cash received prior to the balance sheet date for which all criteria for recognition as revenue would not be met, including any deferred revenue resulting from charter agreements providing for varying annual rates, which are accounted for on a straight line basis.

Voyage expenses, primarily consisting of port, canal and bunker expenses that are unique to a particular charter, are paid for by the charterer under time charter arrangements, except for commissions, which are paid for by us. All voyage and vessel operating expenses are expensed as incurred, except for commissions. Commissions are deferred over the related charter period to the extent revenue has been deferred since commissions are due as revenues are earned.

Vessel Cost

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

Vessel Depreciation

We have recorded the value of our vessels at their cost, which includes acquisition costs directly attributable to the vessel and expenditures made to prepare the vessel for her initial voyage, less accumulated depreciation. We depreciate our containership vessels on a straight-line basis over their estimated useful lives, estimated to be 30 years from the date of initial delivery from the shipyard which we believe is also consistent with that of other shipping companies. Secondhand vessels are depreciated from the date of their acquisition through their remaining estimated useful life. Depreciation is based on cost less the estimated salvage value. Furthermore, we have historically estimated the salvage values of our vessels to be $200 to $350 per light-weight ton depending on the vessels age and market conditions, while effective July 1, 2013 we adjusted prospectively the scrap rate used to $350 per light-weight ton for all vessels in our fleet. A decrease in the useful life of a containership or in her salvage value would have the effect of increasing the annual depreciation charge. When regulations place limitations on the ability of a vessel to trade on a worldwide basis, the vessel's useful life is adjusted at the date such regulations are adopted.

Impairment of Long-lived Assets

We evaluate the carrying amounts, primarily for vessels and related drydock costs, and periods over which our long-lived assets are depreciated to determine if events have occurred which would require modification to their carrying values or useful lives. When the estimate of future undiscounted net operating cash flows, excluding interest charges, expected to be generated by the use of the asset is less than its carrying amount, we evaluate the asset for an impairment loss. Measurement of the impairment loss is based on the fair value of the asset. We determine the fair value of our assets based on our management's estimates and assumptions and by making use of available market data and taking into consideration third party valuations. In evaluating useful lives and carrying values of long-lived assets, management reviews certain indicators of potential impairment, such as undiscounted projected operating cash flows, vessel sales and purchases, business plans and overall market conditions. Recent economic and market conditions have had broad effects on participants in a wide variety of industries. The current conditions in the containerships market, including low charter rates and vessel market values, are conditions that we consider indicators of a potential impairment. Management also takes into account factors such as the vessels' age and employment prospects under the then current market conditions, and determines the future undiscounted cash flows considering its various alternatives, including sale possibilities existing for each vessel as of the testing dates.

We determine future undiscounted net operating cash flows for each vessel and compare them to the vessel's carrying value. The projected net operating cash flows are determined by considering the historical (excluding years with extraordinary figures) and estimated vessels' performance and utilization, the charter revenues from existing charters for the fixed fleet days and an estimated daily time charter equivalent for the unfixed days, based, to the extent applicable, on the most recent ten-year blended, for modern and older vessels, average historical 6-12 months time charter rates available for each type of vessel, considering also current market rates, over the remaining estimated life of each vessel net of brokerage commissions, expected outflows for scheduled vessels' maintenance and vessel operating expenses assuming an average annual inflation rate of 3.5%. Effective fleet utilization is assumed at 98%, if a vessel is not laid-up, taking into account the period(s) each vessel is expected to undergo its scheduled maintenance (drydocking and special surveys), as well as an estimate of 1% off hire days each year, which assumptions are in line with our historical performance and our expectations for future fleet utilization under our current fleet deployment strategy. The review of the vessel's carrying amounts in connection with the estimated recoverable amounts for 2017 and 2016 indicated impairment charges for certain of our vessels, amounting to $8.4 million and $118.9 million, respectively.

Set forth below is an analysis of the average estimated daily time charter equivalent rate used in our impairment analysis as of December 31, 2017:

	Average estimated daily time charter equivalent rate used
Up to 4,000 TEU	$ 10,663
Between 4,000 TEU and 6,000 TEU	$ 12,810
Above 6,000 TEU	$ 21,638

For the purposes 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 the use of each of these rates would have on the Company's impairment analysis.

	5-year period (in USD)	Impairment charge (in USD million)	3-year period (in USD)	Impairment charge (in USD million)	1-year period (in USD)	Impairment charge (in USD million)
Up to 4,000 TEU	7,725	1.4	7,953	1.4	8,046	1.4
Between 4,000 - 6,000 TEU	8,391	5.5	8,163	5.5	7,692	5.5
Above 6,000 TEU	20,679	0.0	17,063	0.0	15,229	20.3

Vessels held for sale

We dispose of vessels and other fixed assets when suitable opportunities occur and do not necessarily keep them until the end of their useful life. We classify assets or assets in disposal groups as being held for sale in accordance with ASC 360-10-45-9 "Long-Lived Assets Classified as Held for Sale", when the following criteria are met: (i) management possessing the necessary authority has committed to a plan to sell the asset (disposal group); (ii) the asset (disposal group) is immediately available for sale on an "as is" basis; (iii) an active program to find the buyer and other actions required to execute the plan to sell the asset (disposal group) have been initiated; (iv) the sale of the asset (disposal group) is probable, and transfer of the asset (disposal group) is expected to qualify for recognition as a completed sale within one year; and (v) the asset (disposal group) is being actively marketed for sale at a price that is reasonable in relation to its current fair value and actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn. In case a long-lived asset is to be disposed of other than by sale (for example, by abandonment, in an exchange measured based on the recorded amount of the nonmonetary asset relinquished, or in a distribution to owners in a spinoff) we continue to classify it as held and used until its disposal date. Long-lived assets or disposal groups classified as held for sale are measured at the lower of their carrying amount or fair value less cost to sell. These assets are not depreciated once they meet the criteria to be held for sale. The review of the related criteria for the year ended December 31, 2017 resulted in held for sale classification for certain of our vessels.

Going Concern

The Company's policy is in accordance with ASU No. 2014-15, "Presentation of Financial Statements - Going Concern", issued in August 2014 by the FASB. ASU 2014-15 provides U.S. GAAP guidance on management's responsibility in evaluating whether there is substantial doubt about a company's ability to continue as a going concern and on related required footnote disclosures. For each reporting period, management is required to evaluate whether there are conditions or events that raise substantial doubt about a company's ability to continue as a going concern within one year from the date the financial statements are issued.

Results of Operations

	For the Years Ended December 31,			
	2017	**2016**	**variation**	**% change**
	in millions of U.S. dollars			
Time charter revenues	23.8	37.0	(13.2)	-36%
Prepaid charter revenue amortization	-	(3.8)	3.8	-100%
Time charter revenues, net	23.8	33.2	(9.4)	-28%
Voyage expenses	(1.7)	(3.2)	1.5	-47%
Vessel operating expenses	(22.7)	(30.2)	7.5	-25%
Depreciation and amortization of deferred charges	(8.1)	(12.7)	4.6	-36%
General and administrative expenses	(8.4)	(7.2)	(1.2)	17%
Gain / (Loss) on vessels' sale	0.9	(2.9)	3.8	-131%
Foreign currency losses	0.1	0.1	-	0%
Interest and finance costs	(13.8)	(7.1)	(6.7)	94%
Interest income	0.1	0.1	-	0%
Gain from bank debt write off	42.2	-	42.2	-

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

Net Income. Net income for 2017 amounted to $3.8 million, compared to a net loss of $149.0 million for 2016. The net income for the year ended December 31, 2017, reflected a gain from a debt write-off, arising from the settlement agreement with respect to the secured loan facility with RBS, which was signed on June 30, 2017, and was partially offset by $8.4 million of impairment charges recorded during the year for two of our vessels. The specific gain, net of related expenses, amounted to $42.2 million. The loss for 2016 mainly includes $118.9 million of impairment charges for seven of our vessels.

Time Charter Revenues, net of prepaid charter revenue amortization. Time charter revenues, net of prepaid charter revenue amortization of nil and $3.8 million for 2017 and 2016 respectively, amounted to $23.8 million for 2017, compared to $33.2 million in 2016. The time charter revenues decreased, mainly as a result of the sale of the vessels *Hanjin Malta*, *Angeles* and *Doukato* from March 2016 to May 2017 and the lay-up of the vessel *New Jersey* from October 2016 and onwards. This decrease was partially counterbalanced by increased time charter rates achieved for the majority of the remaining vessels in the fleet.

Voyage Expenses. Voyage expenses for 2017 amounted to $1.7 million, compared to $3.2 million in 2016. Voyage expenses mainly consist of bunkers costs and commissions paid to third party brokers. The decrease in voyage expenses in 2017 compared to 2016 was mainly due to decreased bunkers costs and decreased commissions. In 2016 we incurred increased bunkers costs at the times when certain of our vessels were off-hire and idle (or in "hot" lay-up condition), while in 2017 our fleet utilization improved and our off-hire days mainly related to vessels' "cold" lay-up condition, when vessels incur no bunkers consumption. As commissions are a percentage of time charter revenues, they follow the same trend with time charter revenues.

Vessel Operating Expenses. Vessel operating expenses amounted to $22.7 million in 2017, compared to $30.2 million in the prior year and mainly consist of expenses for running and maintaining our vessels, such as crew wages and related costs, consumables and stores, insurances, repairs and maintenance, environmental compliance costs and lay-up expenses. The decrease in 2017 was attributable to the decrease of our ownership days by 13% and also to the decrease of all major categories of operating expenses, such as average stores, spares and crew costs, as a result of increased "cold" lay-up days of the fleet in 2017, changes in crew composition and overall reduced supply of spares and other consumables in 2017, as part of the Company's efforts to keep operating costs at minimum.

Depreciation and Amortization of Deferred Charges. Depreciation and amortization of deferred charges for 2017 amounted to $8.1 million, compared to $12.7 million in 2016 and mainly represents the depreciation expense of our containerships and the amortization charge of dry-docking costs for vessels. In 2017, the depreciation expense decreased, mainly as a result of the vessels' impairment charges recorded as of September 30, 2016 for seven of our vessels. As of December 31, 2017, two of the Company's vessels were classified in current assets as held for sale, with no material effect in the vessels' depreciation expense.

General and Administrative Expenses. General and administrative expenses for 2017 amounted to $8.4 million, compared to $7.2 million in 2016 and mainly consist of payroll expenses of office employees, consultancy fees, brokerage services fees, compensation cost on restricted stock awards, legal fees and audit fees. The increase in general administrative expenses was mainly attributable to increased legal and shareholders' meeting fees, as a result of increased corporate and capital activity in 2017.

Impairment Losses. Impairment losses in 2017 amounted to $8.4 million and represent non-cash impairment charges recorded during the year for the vessels *New Jersey* and *Centaurus*, for which the Company's assessment concluded that their book values as of December 31, 2017 were not recoverable. In 2016, impairment losses amounted to $118.9 million and represent non-cash impairment charges recorded during the year for the vessels *Sagitta*, *Centaurus*, *Domingo*, *Doukato*, *Great*, *March* and *Angeles*.

Gain/ (Loss) on Vessels' Sale. Gain on vessels' sale amounted to $0.9 million in 2017, and relates to the sale of the vessel *Doukato* in May 2017, while in 2016, loss on vessels' sale amounted to $2.9 million and relates to the sale of the vessels *Hanjin Malta* and *Angeles* in March and November 2016, respectively.

Foreign Currency Losses. Foreign currency losses for 2017 amounted to $51 thousand, and mainly consist of unrealized exchange differences derived from the year-end valuation of accounts other than the U.S. Dollar. In 2016, there were foreign currency losses of $111 thousand.

Interest and Finance Costs. Interest and finance costs for 2017 amounted to $13.8 million, compared to $7.1 million for 2016 and consist of the interest expenses relating to our average debt outstanding during the respective periods and other loan fees and expenses. The increase in 2017 was mainly attributable to the increase of the average interest rates and the discount premium amortization in our loan agreements with Addiewell and DSI, counterbalanced by the decrease of our average total debt outstanding.

Interest Income. Interest income for 2017 and 2016 amounted to $0.1 million, and consists of interest income received on deposits of cash, cash equivalents and restricted cash.

Gain from Bank Debt Write Off. Gain from bank debt write off amounted to $42.2 million in 2017, and relates to a gain arising from the full and final settlement of our secured loan facility with RBS, which was agreed to on June 30, 2017. There was no such gain in 2016.

Year ended December 31, 2016 compared to the year ended December 31, 2015

Net Loss. Net loss for 2016 amounted to $149.0 million, compared to net loss of $17.5 million for 2015. The loss for 2016 includes $118.9 million of impairment charges for seven of our vessels and $2.9 million of direct sale and other charges for two vessels. The loss for the year ended December 31, 2015, includes $8.3 million of direct sale and other charges associated with the disposal of one vessel and $6.6 million of impairment charges of another vessel.

Time Charter Revenues, net of prepaid charter revenue amortization. Time charter revenues, net of prepaid charter revenue amortization of $3.8 million and $8.6 million for 2016 and 2015 respectively, amounted to $33.2 million for 2016, compared to $62.2 million in 2015. The time charter revenues decreased, mainly due to reduced employment opportunities and lower time charter rates, despite the increase of the ownership days by 4%. The decrease of the time charter revenues was partly offset by the decrease of the prepaid charter revenue amortization.

Voyage Expenses. Voyage expenses for 2016 amounted to $3.2 million, compared to $2.6 million in 2015. Voyage expenses mainly consist of bunkers costs and commissions paid to third party brokers. The increase in voyage expenses in 2016 compared to 2015 was mainly due to the increased bunkers costs that we incurred while certain of our vessels were off-hire and idle, and was partly offset by decreased commissions. As commissions are a percentage of time charter revenues, they follow the same trend with time charter revenues.

Vessel Operating Expenses. Vessel operating expenses amounted to $30.2 million in 2016, compared to $35.8 million in the prior year and mainly consist of expenses for running and maintaining the vessels, such as crew wages and related costs, consumables and stores, insurances, repairs and maintenance, environmental compliance costs and lay-up expenses. The decrease in 2016 was attributable to the decrease of all major categories of operating expenses, such as average insurance, stores, spares, repairs and maintenance and crew costs, as a result of the increased off-hire days leading to reduced vessels' operations.

Depreciation and Amortization of Deferred Charges. Depreciation and amortization of deferred charges for 2016 amounted to $12.7 million, compared to $13.1 million in 2015 and mainly represents the depreciation expense of our containerships and the amortization charge of drydocking costs for vessels. In 2016, despite the increase of our ownership days, the depreciation expense decreased, as a result of the vessels' impairment charges recorded as of September 30, 2016 for seven of our vessels.

General and Administrative Expenses. General and administrative expenses for 2016 amounted to $7.2 million, compared to $6.2 million in 2015 and mainly consist of payroll expenses of office employees, consultancy fees, brokerage services fees, compensation cost on restricted stock awards, legal fees and audit fees. The increase in general administrative expenses was mainly attributable to increased office personnel and increased payroll taxes payable by the Company, which both led to increased salaries, as well as to increased brokerage fees.

Impairment Losses. Impairment losses in 2016 amounted to $118.9 million and represent non-cash impairment charges recorded during the year for the vessels Sagitta, Centaurus, Domingo, Cap Doukato, Great, March and Angeles, for which the Company's assessment concluded that their book values as of September 30, 2016 were not recoverable. In 2015, impairment losses were $6.6 million and represented non-cash impairment charges recorded for the vessel Hanjin Malta.

Loss on Vessels' Sale. Loss on vessels' sale amounted to $2.9 million in 2016, and relates to the sale of the vessels Hanjin Malta and Angeles in March and November 2016, respectively, while in 2015, Loss on vessels' sale amounted to $8.3 million and relates to the sale of the vessel Garnet in September 2015.

Foreign Currency Losses / (Gains). Foreign currency losses for 2016 amounted to $111 thousand, and mainly consist of unrealized exchange differences derived from the year-end valuation of accounts other than the U.S. Dollar. In 2015, there were foreign currency gains of $55 thousand.

Interest and Finance Costs. Interest and finance costs for 2016 amounted to $7.1 million, compared to $7.2 million for 2015 and consist of the interest expenses relating to our average debt outstanding during the respective periods and other loan fees and expenses. The slight decrease in 2016 was mainly attributable to reduced loan expenses and related fees in connection with our loan agreements with RBS and DSI, despite the increase of our average total debt resulting in higher bank interest expense.

Interest Income. Interest income for 2016 and 2015 amounted to $0.1 million, and consists of interest income received on deposits of cash, cash equivalents and restricted cash.

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 financed our capital requirements with cash flow from operations, equity contributions from shareholders and long- and medium-term debt. Our operating cash flow is generated from charters on our vessels, through our subsidiaries. Our main uses of funds have been capital expenditures for the acquisition of new vessels, expenditures incurred in connection with ensuring that our vessels comply with international and regulatory standards, repayments of loans and payments of dividends (which our board of directors determined to suspend in 2016). At times when we are not restricted by our lenders from acquiring additional vessels, we will require capital to fund vessel acquisitions and debt service.

During 2016, we amended our then existing $148.0 million loan facility with RBS and our then existing $50.0 million loan facility with DSI, and agreed, among others, to amend the repayment schedules of both loans. As of December 31, 2016, due to the significant decline in the market value of our vessels, following the prolonged weak charter market conditions, we were not in compliance with certain financial covenants in the RBS loan, as well as with the minimum required security cover (hull cover ratio). Due to these technical breaches of the covenants as of December 31, 2016, we classified the long-term portion of our bank debt of $124.8 million in current liabilities. On June 30, 2017, we repaid to RBS an amount of $85.0 million as full and final settlement of our loan obligation and the loan agreement was terminated. The repayment of the loan was partially funded with $10.0 million from our own cash, with $40.0 million from a refinance of the then existing loan with DSI, and with $35.0 million from a new loan agreement with Addiewell Ltd, or Addiewell, an unrelated party. Both new loans mature in 18 months from their signing, or on December 31, 2018. As a result, working capital, which is current assets minus current liabilities, resulted in a deficit of $73.2 million at December 31, 2017, and $107.0 million as at December 31, 2016. Given the prolonged market downturn in the containership segment and the continued depressed outlook on charter rates and vessels' market values we expect that cash on hand and cash provided by operating activities will not be sufficient to cover our liquidity needs that become due within one year after the date that the financial statements are issued. The above conditions raise substantial doubts about our ability to continue as a going concern and our independent registered public accounting firm has issued their opinion with an explanatory paragraph that expresses substantial doubt about our ability to continue as a going concern.

However, on March 22, 2017, we announced an up to $150.0 million securities offering through the sale of 3,000 newly-designated Series B-1 convertible preferred shares, preferred warrants to purchase 6,500 Series B-1 convertible preferred shares and preferred warrants to purchase 140,500 newly-designated Series B-2 convertible preferred shares. During 2017, we received $32.5 million of gross proceeds, and since December 31, 2017, we have received an additional $7.5 million of gross proceeds from the sale of preferred shares and exercise of preferred warrants. As of March 14, 2018, 110,000 warrants remain outstanding. In addition, in March 2018, we sold the vessel *New Jersey*, for which we collected proceeds of $9.4 million, net of commissions to the buyers, and we used these proceeds for loan repayments. Furthermore, we have contracted to sell the vessels *March*, *Great*, *Sagitta* and *Centaurus*, for an aggregate gross purchase price of $46.6 million and the deliveries to the new owners are expected by the end of April 2018. However, as the covenants of our current loan agreements stipulate that proceeds from the exercise of such warrants and the sale of vessels be used to prepay our indebtedness, such proceeds will not be available to fund working capital requirements until we repay our loans in full. We are also exploring several alternatives aiming to manage our working capital requirements, including potential sales of additional vessels, seeking for more favorable chartering opportunities or a combination thereof. Therefore, our financial statements have been prepared assuming that we will continue as a going concern and do not include any adjustments that might be necessary if we are unable to continue as a going concern.

Cash Flow

As at December 31, 2017, cash and cash equivalents amounted to $6.4 million compared to $8.3 million for the prior year. We consider highly liquid investments such as time deposits and certificates of deposit with an original maturity of three months or less to be cash equivalents. Cash and cash equivalents are primarily held in U.S. dollars.

Net Cash Provided by/ (Used in) Operating Activities

Net cash used in operating activities in 2017 and 2016 amounted to $12.7 million and $12.0 million, respectively, and in 2015 net cash provided by operating activities amounted to $17.4 million. Cash from operations for 2017 and 2016 was negative due to the prolonged weak charter market conditions in the containership sector, which led to low fleet utilization during both years through vessel lay-ups, increased off-hire days and reduced time charter rates.

Net Cash Provided by/ (Used in) Investing Activities

Net cash provided by investing activities in 2017 was $6.7 million and consists of $5.9 million received from the sale of one vessel during the year, $15 thousand paid for equipment additions, and finally $0.8 million received, representing insurance settlements.

Net cash provided by investing activities in 2016 was $10.6 million and consists of $10.6 million received from the sale of two vessels during the year, $0.2 million paid for additional capitalized costs for one vessel, $29 thousand paid for equipment additions, and finally $0.2 million received, representing insurance settlements.

Net cash used in investing activities in 2015 was $111.8 million and consists of $113.0 million paid for the four vessels that we acquired during the year, $6.0 million paid for time charter agreements attached to the memoranda of agreement for two vessels acquired during the year, $7.0 million received from the sale of one vessel during the year, $39 thousand paid for equipment additions, and finally $0.3 million received, representing insurance settlements.

Net Cash Provided by/ (Used in) Financing Activities

Net cash provided by financing activities in 2017 was $4.1 million and consists of $75.0 million of loan proceeds from our new loan facilities with Addiewell and DSI, $111.5 million of debt repayments, $32.0 million of net proceeds from our equity offering, $0.4 million of finance costs that we paid for our new loan agreements and $9.0 million being a reduction of our restricted cash as part of the termination of our loan agreement with RBS.

Net cash used in financing activities in 2016 was $19.7 million and consists of $19.2 million of debt repayments, $0.2 million of finance costs that we paid for our new loan agreement with RBS and $0.4 million of cash dividends paid to investors.

Net cash provided by financing activities in 2015 was $41.7 million and consists of $148.0 million of loan proceeds received under our new loan agreement with The Royal Bank of Scotland plc, $103.3 million of debt repayments and prepayments, $3.2 million of finance costs that we paid for our new loan agreement with RBS and for our amendment of the DSI loan agreement, $0.7 million of cash dividends paid to investors and $0.9 million of reduced restricted cash required under our loan facility with The Royal Bank of Scotland plc.

Loan Facilities

The Royal Bank of Scotland plc – Term Loan: On September 10, 2015, we, through nine of our subsidiaries, entered into a loan agreement with RBS of up to $148.0 million, to re-finance the acquisition cost of seven of our vessels, including the full prepayment of the then existing facility agreement with RBS, and to support the acquisition of the two newly acquired vessels, the *m/v Hamburg* and the *m/v Rotterdam*. Until December 31, 2015, we drew down the full amount of the loan and paid arrangement and structuring fees amounting to $1.9 million. We also paid commitment commissions of 1.375% per annum on the undrawn amounts, from July 30, 2015, the date of acceptance of the lenders' offer letter, until the drawdown dates. The loan, until its amendment discussed below, bore interest at the rate of 2.75% per annum over LIBOR and was repayable in quarterly installments and a balloon payment payable together with the last installment in September 2021. The loan was secured by first preferred mortgages on nine vessels of our fleet, first priority deeds of assignments of insurances, earnings, charter rights and requisition compensation and a corporate guarantee. The loan agreement also contained customary financial covenants, minimum security value of the mortgaged vessels, required minimum liquidity of $0.5 million per vessel in the fleet and restricted cash of $9.0 million to be deposited by the borrowers with the lenders for the duration of the loan. There were also restrictions as to changes in our loan agreement with DSI, in the securities purchase agreement that we entered into in connection with a private placement in July 2014 with DSI and two unaffiliated institutional investors, in certain shareholdings and management of the vessels. Finally, we were not permitted to pay any dividends that would result in a breach of the financial covenants.

On September 12, 2016, we entered into an amendment of our loan agreement with RBS, according to which the Company prepaid an amount of $7.6 million and agreed to change the repayment schedule and recommence repaying the principal on September 15, 2017. Moreover, the loan amendment provided for changes to the borrowers and to the mortgaged vessels and required an amendment to our loan agreement with DSI. It also prohibited the incurrence of additional indebtedness and the acquisition of additional vessels until September 15, 2018, and the payment of dividends until the later of: (a) prepayment or repayment in full on June 15, 2021 of the deferred tranche of $8.9 million which was created out of the reallocation of amounts due under the existing tranches, and (b) September 15, 2018. Furthermore, the minimum security covenant (hull cover ratio) was reduced from 140% to 125% until September 30, 2018, certain financial covenants were amended while the application of others was deferred to 2019, and the interest rate margin increased from 2.75% per annum to 3.10% per annum until December 31, 2018. Finally, we paid an amendment fee of $0.2 million at the signing of the agreement and an additional fee of $0.2 million was payable on December 31, 2018.

As of September 30, 2016 and thereafter, due to a significant decline in the market value of our vessels, we were not in compliance with two financial covenants in the RBS loan, as well as with the required covenant for the minimum required security cover (hull cover ratio). As advised by the lenders, to rectify the shortfall of the minimum required security cover, we would have to repay to RBS an amount of $18.9 million, or provide additional security. Due to these technical breaches in our loan covenants, we had classified our bank debt of $128.9 million as of December 31, 2016 in current liabilities.

On June 30, 2017, we signed a Settlement Agreement with RBS, whereby we repaid an amount of $85.0 million as full and final settlement of the loan obligation. The then outstanding principal balance was $128.9 million and the settlement resulted in a net gain of $42.2 million for us, which includes the gain from the write off of the principal balance and other fees due to the lenders, net of the unamortized deferred financing costs write off and other costs incurred in connection with the transaction. The repayment of the loan was partially funded by $10.0 million from our own cash, $40.0 million from the DSI loan refinance, as discussed below, and $35.0 million from the new Addiewell loan, as also discussed below.

Diana Shipping Inc. (DSI): On May 20, 2013, we, through our subsidiary Eluk Shipping Company Inc., entered into an unsecured loan agreement of up to $50.0 million with DSI, to be used to fund vessel acquisitions and for general corporate purposes. The loan was guaranteed by the Company and, until the amendment discussed below, it bore interest at a rate of LIBOR plus a margin of 5.0% per annum and a fee of 1.25% per annum ("back-end fee") on any amounts repaid upon any repayment or voluntary prepayment dates. In August 2013, the full amount was drawn down under the loan agreement which was originally repayable on August 20, 2017.

On September 9, 2015, and in relation with the RBS refinance discussed above, the loan agreement with DSI was amended. The new loan agreement was extended until March 15, 2022 or such earlier date on which the outstanding principal balance of the loan was paid in full, provided for annual repayments of $5.0 million, plus a balloon installment at the final maturity date, and bore interest at LIBOR plus a margin of 3.0% per annum. We also agreed to pay at the date of the amendment the accumulated back-end fee, amounting to $1.3 million, and that no additional back-end fee would be charged thereafter. Furthermore, we agreed that we would pay at the final maturity date a flat fee of $0.2 million.

On September 12, 2016 and in relation with the RBS amended loan agreement discussed above, we further amended the loan agreement with DSI. The loan was undertaken by our wholly-owned subsidiary Kapa Shipping Company Inc. and its repayment was immediately suspended and would not recommence until the later of: (i) September 15, 2018 and (ii) until the deferred tranche of the RBS supplemental agreement was fully repaid on June 15, 2021 or prepaid. Finally, the margin was revised to 3.35% per annum until December 31, 2018, thereafter reverting to 3.0% per annum until maturity.

On May 30, 2017, we issued 100 shares of our newly-designated Series C Preferred Stock, par value $0.01 per share, to DSI, in exchange for a reduction of $3.0 million in the principal amount of our outstanding loan, thus leaving an outstanding principal balance of $42.4 million as of that date.

On June 30, 2017, we refinanced our existing unsecured loan facility with DSI. The principal amount of the new secured loan is $82.6 million and includes the $42.4 million outstanding principal balance as of June 30, 2017, increased by the flat fee of $0.2 million which was payable at maturity, and an additional $40.0 million, which was drawn to partially repay our existing loan with RBS. The new DSI loan matures on December 31, 2018, however the lenders have the option to request for full repayment after twelve months from the initial drawing. The loan also provides for an additional $5.0 million interest-bearing "discount premium", which is payable at maturity, but will be permanently waived and cancelled, in case the lenders exercise their option for full repayment within twelve months from drawing, subject to the terms of the Intercreditor Agreement with Addiewell. Moreover, the DSI loan is subordinated to the Addiewell loan, is secured by second priority mortgages over our vessels, bears interest at the rate of 6% per annum for the first twelve months, scaled to 9% per annum for the next three months, and further scaled to 12% per annum for the remaining three months until maturity, includes financial and other covenants which stipulate the repayment with proceeds from the sale of our assets, proceeds from the issuance of new equity and proceeds from the exercise of existing warrants to purchase Series B Convertible Preferred Shares, and prohibits the payment of dividends.

As of December 31, 2017, $82.6 million of principal balance, and the additional $5.0 million discount premium remained outstanding under our loan facility with DSI. As of March 14, 2018, we have repaid $8.4 million of our loan agreement with DSI by making use of vessels' sales proceeds.

Addiewell Ltd (Addiewell) – Loan Facility: On June 30, 2017, we partially funded the refinancing of the RBS loan, discussed above, with proceeds under a new secured loan facility with Addiewell Ltd., an unaffiliated third party, in the amount of $35.0 million. The loan matures on December 31, 2018, however the lenders have the option to request for full repayment after twelve months from the initial drawing. The loan also provides for an additional $10.0 million interest-bearing "discount premium", which is also payable at maturity, but will be permanently waived and cancelled in case the lenders exercise their option for full repayment within twelve months from drawing. Moreover, the loan, which ranks senior to the loan agreement with DSI, is secured by first priority mortgages over our vessels, bears interest at the rate of 6% per annum for the first twelve months, scaled to 9% per annum for the next three months, and further scaled to 12% per annum for the remaining three months until maturity. Finally, the new loan facility includes financial and other covenants which stipulate the repayment of the facility with proceeds from the sale of our assets, proceeds from the issuance of new equity and proceeds from the exercise of existing warrants to purchase Series B Convertible Preferred Shares and prohibits the payment of dividends. During 2017, we prepaid $26.5 million of our outstanding loan balance with Addiewell.

As of December 31, 2017, $8.5 million of principal balance, and the additional $10.0 million discount premium remained outstanding under our loan agreement with Addiewell. Up to March 14, 2018, we repaid an additional $8.5 million from our outstanding principal balance by making use of equity and vessels' sales proceeds.

As at December 31, 2017 and the date of this annual report, we have not used any derivative instruments for hedging purposes or other purposes.

Capital Expenditures

Our future capital expenditures relate to the purchase of containerships and vessel upgrades.

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

C. Research and Development, Patents and Licenses

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

D. Trend Information

Our results of operations depend primarily on the charter hire rates that we are able to realize. Charter hire rates paid for containerships are primarily a function of the underlying balance between vessel supply and demand.

With some exceptions, time charter rates for all containership sizes increased steadily from 2002 into 2005, in some cases rising by as much as 50.0%, as charter markets experienced significant growth. Demand for vessels was largely spurred on by growth in the volume of exports from China. In 2006, time charter rates weakened due to supply rising faster than demand and also market perception. This trend continued in 2007 and 2008, and in 2009 rates fell even further due to rising supply and very weak demand. With the recovery in demand since 2009 charter rates across most sizes have improved from the lows of 2009, although in a historical context they still remain low. As such, we cannot assure investors that we will be able to fix our vessels, upon expiration of their current charters, at average rates higher than or similar to those achieved in previous years.

E. Off-balance Sheet Arrangements

As of the date of this annual report, we do not have any off-balance sheet arrangements.

F. Tabular Disclosure of Contractual Obligations

The following table presents our contractual obligations as of December 31, 2017.

	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)				
Broker Services Agreement (1)	$ 420	$ 420	$ -	$ -	$ -
Unrelated Party Debt (2)	8,500	8,500	-	-	-
Interest bearing Discount Premium to the unrelated party debt (2)	10,000	10,000			
Related Party Debt (3)	82,617	82,617	-	-	-
Interest bearing Discount Premium to the related party debt (3)	5,000	5,000			
Total	$ 106,537	$ 106,537	$ -	$ -	$ -

(1) Our agreement with Steamship Shipbroking Enterprises Inc., dated April 1, 2017, expires on March 31, 2018. Please see "Item 6. Directors, Senior Management and Employees - B. Compensation" and "Item 7. Major Shareholders and Related Party Transactions – B. Related Party Transactions" for more details.

(2) The amounts in the table under "Unrelated Party Debt" do not include projected interest payments on our loan with Addiewell Ltd, which will be calculated with a fixed interest rate of 6% per annum until June 30, 2018, 9% per annum until September 30, 2018 and 12% per annum until December 31, 2018, on the applicable discount premium and any principal amount outstanding.

(3) The amounts in the table under "Related Party Debt" do not include projected interest payments on our loan with Diana Shipping Inc., which will be calculated with a fixed interest rate of 6% per annum until June 30, 2018, 9% per annum until September 30, 2018 and 12% per annum until December 31, 2018, on the applicable discount premium and any principal amount outstanding.

G. Safe Harbor

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

All of our executive officers are also executive officers of Diana Shipping Inc. (NYSE: DSX).

Name	Age	Position
Symeon Palios	76	Class III Director, Chief Executive Officer and Chairman of the Board
Anastasios Margaronis	62	Class II Director and President
Ioannis Zafirakis	46	Class I Director, Chief Operating Officer and Secretary
Andreas Michalopoulos	46	Chief Financial Officer and Treasurer
Giannakis (John) Evangelou	73	Class III Director
Antonios Karavias	76	Class I Director
Nikolaos Petmezas	69	Class III Director
Reidar Brekke	57	Class II Director

The term of the Class II directors expires in 2018, the term of the Class III directors expires in 2019, and the term of the Class I directors expires in 2020.

The business address of each officer and director is the address of our principal executive offices, which are located at Pendelis 18, 175 64 Palaio Faliro, Athens, Greece.

Biographical information concerning the directors and executive officers listed above is set forth below.

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

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

Ioannis Zafirakis serves as our Director, Chief Operating Officer and Secretary. He also serves as Director, Chief Operating Officer and Secretary of Diana Shipping Inc. In addition, he is the Chief Operating Officer of Diana Shipping Services S.A., where he also serves as Director and Treasurer. Since June 1997 and up to February 2005 Mr. Zafirakis was employed by Diana Shipping Agencies S.A. where he held a number of positions in its finance and accounting department. Mr. Zafirakis is also a member of the Business Advisory Committee of the MSc in International Shipping and Finance at ICMA Centre, Henley Business School, University of Reading. He holds a bachelor's degree in Business Studies from City University Business School in London and a master's degree in International Transport from the University of Wales in Cardiff.

Andreas Michalopoulos has served as our Chief Financial Officer and Treasurer since January 13, 2010 and has served in these positions with Diana Shipping Inc. since March 8, 2006. Mr. Michalopoulos started his career in 1993 when he joined Merrill Lynch Private Banking in Paris. In 1995, he became an International Corporate Auditor with Nestle SA based in Vevey, Switzerland and moved in 1998 to the position of Trade Marketing and Merchandising Manager. From 2000 to 2002, he worked for McKinsey and Company in Paris, France as an Associate Generalist Consultant before joining a major Greek Pharmaceutical Group with U.S. R&D activity as a Vice President of International Business Development and Member of the Executive Committee in 2002 where he remained until 2005. From 2005 to 2006, he joined Diana Shipping Agencies S.A. as a Project Manager. Mr. Michalopoulos graduated from Paris IX Dauphine University with Honors in 1993 obtaining an MSc in Economics and a master's degree in Management Sciences specialized in Finance. In 1995, he also obtained a master's degree in Business Administration from Imperial College, University of London. Mr. Andreas Michalopoulos is married to the youngest daughter of Mr. Symeon Palios.

Giannakis (John) Evangelou has served as an independent Director and as the Chairman of our Audit Committee since February 8, 2011. Mr. Evangelou is also a member of the Board of Directors of Baker Tilly South East Europe, a professional services company. Mr. Evangelou retired from Ernst & Young (Hellas), which he joined as a partner in 1998, on June 30, 2010. During his 12 years at Ernst & Young, he acted as Transaction Support leader for Greece and a number of countries in Southeast Europe including Turkey, Bulgaria, Romania and Serbia. In addition to his normal duties as a partner, Mr. Evangelou held the position of Quality and Risk Management leader for Transaction Advisory Services responsible for a sub-area comprising 18 countries spanning from Poland and the Baltic in the North to Cyprus and Malta in the South. From 1986 through 1997, Mr. Evangelou held the position of Group Finance director at Manley Hopkins Group, a Marine Services Group of Companies. From 1991 through 1997, Mr. Evangelou served as Chief Accounting Officer for Global Ocean Carriers, a shipping company that was listed on a U.S. stock exchange during that time. From 1996 to 1998, Mr. Evangelou was an independent consultant and a member of the team that prepared Royal Olympic Cruises for its listing on Nasdaq. From 1974 through 1986, Mr. Evangelou was a partner of Moore Stephens in Greece. Additionally, Mr. Evangelou is a Fellow of the Institute of Chartered Accountants in England and Wales, a member of The Institute of Certified Public Accountants of Cyprus and a member of the Institute of Certified Accountants—Auditors of Greece.

Antonios Karavias has served as an independent Director and as the Chairman of our Compensation Committee and member of our Audit Committee since the completion of the private offering. Since 2007 Mr. Karavias has served as an Independent Advisor to the Management of Société Générale Bank and Trust and Marfin Egnatia Bank. Previously, Mr. Karavias was with Alpha Bank from 1999 to 2006 as a Deputy Manager of Private Banking and with Merrill Lynch as a Vice President from 1980 to 1999. He holds a bachelor's degree in Economics from Mississippi State University and a master's degree in Economics from Pace University. As of 2012, Mr. Karavias has been President of UNION F.Z., a financial services company registered in the U.A.E.

Nikolaos Petmezas has served as an independent Director and as a member of our Compensation Committee since the completion of our private offering in 2010. From 2001 until mid-2015, Mr. Petmezas served as the Chief Executive Officer of Maersk-Svitzer-Wijsmuller B.V. Hellenic Office and, prior to its acquisition by Maersk, as a Partner and as Chief Executive Officer of Wijsmuller Shipping Company B.V. He has also served since 1989 as the Chief Executive Officer of N.G. Petmezas Shipping and Trading, S.A., and since 1984 as the Chief Executive Officer of Shipcare Technical Services Shipping Co. LTD. Since 1995, Mr. Petmezas has served as the Managing Director of Kongsberg Gruppen A.S. (Hellenic Office) and, from 1984 to 1995, as the Managing Director of Kongsberg Vaapenfabrik A.S. (Hellenic Branch Office). Mr. Petmezas served on the Board of Directors of Neorion Shipyards, in Syros, Greece from 1989 to 1992. Mr. Petmezas began his career in shipping in 1977, holding directorship positions at Austin & Pickersgill Ltd. Shipyard and British Shipbuilders Corporation until 1983. Mr. Petmezas has been a member of the Advisory Committee of Westinghouse Electric and Northrop Grumman since 1983 and a Honorary Consul under the General Consulate of Sri Lanka in Greece since 1995. Mr. Petmezas holds degrees in Law and in Political Sciences and Economics from the Aristotle University of Thessaloniki and an LL.M. in Shipping Law from London University.

Reidar Brekke has served as an independent Director since June 1, 2010. Mr. Brekke has been a principal, advisor and deal-maker in the international energy, container logistics and transportation sector for the last 20+ years. Mr. Brekke is currently President of Intermodal Holdings LP, a company investing in intermodal assets. From 2008-2012, he was President of Energy Capital Solutions Inc., (New York and Florida) providing strategic and financial advisory services to international shipping, logistics and energy related companies. From 2003-2008 he served as Manager of Poten Capital Services LLC, a registered broker-dealer specializing in the maritime sector. Prior to 2003, Mr. Brekke was C.F.O., then President and C.O.O., of SynchroNet Marine, a logistics service provider to the global container transportation industry. From 1994 to 2000, he held several senior positions with American Marine Advisors, including Fund Manager of American Shipping Fund I LLC, and C.F.O. of its broker dealer subsidiary. Prior to this, Mr. Brekke was an Advisor for the Norwegian Trade Commission in New York and Oslo, Norway, and a financial advisor in Norway. Mr. Brekke graduated from the New Mexico Military Institute in 1986 and in 1990 he obtained a MBA from the University of Nevada, Reno. He has been an adjunct professor at Columbia University's School of International and Public Affairs – Center for Energy, Marine Transportation and Public Policy, and is currently on the board of directors of Scorpio Tankers Inc. (NYSE: STNG) and a privately-held company involved in container leasing and container modifications.

B. Compensation

Since June 1, 2010, the members of our senior management have been compensated through their affiliation with Steamship Shipbroking Enterprises Inc. (or Steamship, formerly Diana Enterprises Inc.), a related party controlled by our Chief Executive Officer and Chairman of the Board Mr. Symeon Palios, as described under "Item 7. Major Shareholders and Related Party Transactions – B. Related Party Transactions". Pursuant to the respective Broker Services Agreements, fees and bonuses payable to Steamship for brokerage services provided to us in 2017, 2016, and 2015, amounted to $2.1 million, $2.0 million and $1.5 million, respectively.

In 2017, our Board of Directors approved an award of restricted common stock with an aggregate value of $380,000 to our executive officers and non-executive directors. The number of restricted common shares was determined in February 2018, at which time an aggregate of 161,700 restricted common shares were issued, of which 138,296 shares were issued to our executive officers. One third of these shares vested on the issuance date and the remainder will vest ratably over two years from the issuance date. In 2016 and 2015, our executive officers also received a number of restricted stock awards, which however were adjusted to almost zero as a result of the reverse stock splits effected in 2017 and 2016. In 2017, 2016, and 2015, compensation costs relating to the aggregate amount of restricted stock awards amounted to $1.2 million, $1.1 million and $0.9 million, respectively.

Our non-executive directors receive annual compensation in the aggregate amount of $40,000 plus reimbursement of their out-of-pocket expenses incurred while attending any meeting of the board of directors or any board committee. In addition, a committee chairman receives an additional $20,000 annually, and other committee members receive an additional $10,000 annually. As noted above, in 2017, our Board of Directors approved an award of restricted common stock with an aggregate value of $380,000 to our executive officers and non-executive directors. The number of restricted common shares was determined in February 2018, at which time an aggregate of 161,700 restricted common shares were issued, of which 23,404 shares were issued to our non-executive directors. One third of these shares vested on the issuance date and the remainder will vest ratably over two years from the issuance date. In 2016 our non-executive directors also received a number of restricted stock awards, which however were adjusted to zero as a result of the reverse stock splits effected in 2017 and 2016. We do not have a retirement plan for our officers or directors. For 2017, 2016, and 2015, fees, bonuses and expenses to non-executive directors amounted to $0.3 million, $0.3 million and $0.3 million, respectively.

Finally, in February 2018, our Board of Directors approved a one-time award of restricted common stock, which was proposed by our Compensation Committee, with an aggregate value of $5.0 million to our executive officers and non-executive directors, in recognition of the successful refinancing of our RBS loan in 2017, which resulted in a significant gain of $42.2 million, net of expenses. The award will be granted on February 15, 2019 and the exact number of shares for the grantees will be defined based on the share closing price of February 15, 2019. One third of the shares will vest on the issuance date and the remainder will vest ratably over two years from the issuance date.

2015 Equity Incentive Plan

On May 5, 2015, we adopted an equity incentive plan, which we refer to as the 2015 Equity Incentive Plan, as amended from time to time, under which directors, officers, employees, consultants and service providers of us and our subsidiaries and affiliates would be eligible to receive options to acquire common stock, stock appreciation rights, restricted stock, restricted stock units and unrestricted common stock. The plan will expire ten years from its date of adoption unless terminated earlier by our board of directors. On February 9, 2018, our board of directors adopted Amendment No 1 to the 2015 Equity Incentive Plan, solely to increase the aggregate number of common shares issuable under the plan to 550,000 shares. As of the date of this annual report, we have issued 161,700 restricted shares under our 2015 Equity Incentive Plan, as amended, to our executive officers and non-executive directors and 388,300 remain available for issuance.

Upon adoption of the 2015 Equity Incentive Plan, we terminated the 2012 Amended and Restated Equity Incentive Plan, adopted on February 21, 2012, which included substantially the same terms and provisions as the 2015 Equity Incentive Plan. We refer to this prior plan as the 2012 Equity Incentive Plan. As of the date of this annual report, we have issued a total of 48 restricted shares under our 2012 Equity Incentive Plan to our executive officers and non-executive directors, of which 40 shares have vested.

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

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

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

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

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

C. Board Practices

Actions by our Board of Directors

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

Committees of our Board of Directors

We have established an Audit Committee, comprised of two members of our board of directors, 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 Nasdaq rules and the rules and regulations of the SEC. As directed by its written charter, the Audit Committee is responsible for reviewing all related party transactions for potential conflicts of interest and all related party transactions are subject to the approval of the Audit Committee. Mr. John Evangelou has served as the Chairman of the Audit Committee since February 8, 2011. We believe that Mr. Evangelou qualifies as an Audit Committee financial expert as such term is defined under SEC rules. Mr. Antonios Karavias serves as a member of our Audit Committee.

In addition, we have established a Compensation Committee, comprised of two independent directors, which, as directed by its written charter, is responsible for recommending to the board of directors our senior executive officers' compensation and benefits. Mr. Antonios Karavias serves as the Chairman of the Compensation Committee and Mr. Nikolaos Petmezas serves as a member of our Compensation Committee.

We have also established an Executive Committee comprised of three directors, Mr. Symeon Palios, our Chief Executive Officer and Chairman of the Board, Mr. Anastasios Margaronis, our President, and Mr. Ioannis Zafirakis, our Chief Operating Officer and Secretary. The Executive Committee is responsible for the overall management of our business.

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

D. Employees

We crew our vessels primarily with Greek and Filipino, and secondarily with Ukrainian and Romanian officers and seamen. We are responsible for identifying our Greek officers, which are hired by our fleet manager on behalf of the vessel-owning subsidiaries. Our Filipino officers and seamen are referred to us by Crossworld Marine Services Inc., an independent crewing agency. The crewing agency handles each seaman's training and payroll. We 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 our manager and the number of seafaring personnel employed by our vessel-owning subsidiaries as of December 31, 2017, 2016 and 2015:

	As of December 31, 2017	As of December 31, 2016	As of December 31, 2015
Shoreside	36	39	40
Seafaring	220	178	308
Total	**256**	**217**	**348**

E. Share Ownership

With respect to the total amount of common stock 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 and Series C preferred voting stock of which we are aware as of March 14, 2018, for (i) beneficial owners of five percent or more of our common shares and Series C preferred voting shares and (ii) our officers and directors, individually and as a group. All of our shareholders, including the shareholders listed in this table, are entitled to (i) one vote for each common share held and (ii) up to 250,000 votes for each Series C preferred share held, 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% of the total number of votes eligible to be cast on all matters submitted to a vote of our shareholders.

Beneficial ownership is determined in accordance with SEC rules. In computing percentage ownership of each person, common shares subject to options held by that person that are currently exercisable or convertible, or exercisable or convertible within 60 days of the date of this report, are deemed to be beneficially owned by that person. These shares, however, are not deemed outstanding for the purpose of computing the percentage ownership of any other person.

As of March 14, 2018, we had 7,053,110 common shares issued and outstanding and 100 Series C preferred shares issued and outstanding and the percentages of beneficial ownership reported below are based on these figures:

	Common Shares Beneficially Owned		Series C Preferred Shares Beneficially Owned	
Identity of person or group	**Number**	**Percentage**	**Number**	**Percentage**
Diana Shipping Inc. (1)	0	0%	100	100%
Symeon Palios (2)	63,084	*	0	0%
Anastasios Margaronis	29,153	*	0	0%
Ioannis Zafirakis	0	0%	0	0%
Andreas Michalopoulos	0	0%	0	0%
Non-executive directors	23,404	*	0	0%
All directors and officers, as a group	115,641	1.6%	0	0%

(1) As at December 31, 2017, 2016, and 2015, Diana Shipping Inc. owned 0%, 25.7%, and 26.1% of our common stock, respectively. Diana Shipping Inc. acquired 100% of our newly-issued Series C preferred voting stock on May 30, 2017. See "Item 7. Major Shareholders and Related Party Transactions – B. Related Party Transactions".

(2) Of these shares, Mr. Palios may be deemed to beneficially own 31,806 common shares through Taracan Investments S.A., 3 common shares through Corozal Compania Naviera S.A., 6 common shares through Ironwood Trading Corp., and 31,269 common shares through Abra Marinvest Inc. and Mitzela Corp., companies for which he is the controlling person, for an aggregate of 63,084 common shares. As at December 31, 2017, 2016, and 2015, Mr. Palios beneficially owned 0.0%, 4.5% and 8.7%, respectively, of our common shares.

* Less than 1%

As of March 14, 2018, we had 12 shareholders of record, 2 of which were located in the United States and held an aggregate of 6,895,626 of our common shares, representing 97.8% 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 6,891,371 of our common shares as of March 14, 2018. 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. Additionally, as of March 14, 2018, we had one Series C preferred shareholder of record, which was located outside of the United States and held an aggregate of 100 of our Series C preferred shares, representing 100% of our outstanding Series C preferred shares. We are not aware of any arrangements the operation of which may at a subsequent date result in our change of control.

B. Related Party Transactions

Steamship Shipbroking Enterprises Inc.

Steamship Shipbroking Enterprises Inc. (formerly Diana Enterprises Inc.), an affiliated entity that is controlled by our Chief Executive Officer and Chairman of the Board, Mr. Symeon Palios, provides to us brokerage services for an annual fee pursuant to a Brokerage Services Agreement. In 2017, 2016 and 2015, brokerage fees and bonuses amounted to $2.1 million, $2.0 million and $1.5 million, respectively. The terms of this relationship are currently governed by a Brokerage Services Agreement dated April 1, 2017, due to expire on March 31, 2018. Our Brokerage Services Agreement with Steamship does not contain any exclusivity provisions, and as such, it does not restrict Steamship from providing to other third parties, from time to time, brokerage or other services.

Diana Shipping Inc.

Non-Competition Agreement

We and Diana Shipping had entered into a non-competition agreement whereby we had agreed that, during the term of the Administrative Services Agreement with DSS and any vessel management agreements entered into with DSS, and for six months thereafter, we would not acquire or charter any vessel, or otherwise operate in, the drybulk sector and Diana Shipping would not acquire or charter any vessel, or otherwise operate in, the containership sector. On March 1, 2013, in connection with the appointment of UOT as our new Manager, we amended and restated the initial non-competition agreement with Diana Shipping, where we agreed that, as long as any of our current or continuing executive officers also serves as an executive for Diana Shipping, and for six months thereafter, we will not acquire or charter any vessel, or otherwise operate in, the drybulk sector and Diana Shipping will not acquire or charter any vessel, or otherwise operate in, the containership sector.

Loan Agreement and Series C Preferred Stock

On May 20, 2013, we entered into a loan agreement of up to $50.0 million with Diana Shipping, which was subsequently amended on July 28, 2014, September 9, 2015 and September 12, 2016. The loan was further amended on May 30, 2017, in connection with the issuance of 100 shares of our newly-designated Series C Preferred Stock to Diana Shipping, in exchange for a reduction of $3.0 million in the principal amount of the loan. The Series C Preferred Stock has no dividend or liquidation rights. The Series C Preferred Stock votes with our common shares, 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% of the total number of votes eligible to be cast on all matters submitted to a vote of our stockholders.

On June 30, 2017, our loan with Diana Shipping was refinanced and replaced with a secured loan facility of $82.6 million, plus an additional $5.0 million interest-bearing discount premium. Please see "Item 5. Operating and Financial Review and Prospects—B. Liquidity and Capital Resources—Loan Facilities."

The facility matures on December 31, 2018. As of December 31, 2017, $82.6 million of principal balance and the additional $5.0 million discount premium remained outstanding under the facility, and in March 2018, we repaid $8.4 million of the principal balance.

Altair Travel Agency S.A

Effective March 1, 2013, Altair Travel Agency S.A., or Altair, an affiliated entity that is controlled by our Chief Executive Officer and Chairman of the Board, Mr. Symeon Palios, provides us with travel related services. In 2017, 2016 and 2015, the expenses we incurred in exchange for travel services provided by Altair, amounted to $0.7 million, $0.9 million and $1.1 million, respectively. We believe that the amounts that we pay to Altair for acquiring tickets and other travel related services are no greater than fees we would pay to an unrelated third party for comparable services.

C. Interests Of Experts And Counsel

Not applicable.

Item 8. Financial information

A. Consolidated Statements and Other Financial Information

See "Item 18. Financial Statements."

Legal Proceedings

Between October 23, 2017 and December 15, 2017, three largely similar lawsuits were filed against the Company and three of its executive officers. On October 23, 2017, a complaint captioned Jimmie O. Robinson v. Diana Containerships Inc., Case No. 2:17-cv-6160, was filed in the United States District Court for the Eastern District of New York ("Eastern District"). The complaint is brought as a purported class action lawsuit on behalf of a putative class consisting of purchasers of common shares of the Company between January 26, 2017 and October 3, 2017. On October 25, 2017, a complaint captioned Logan Little v. Diana Containerships Inc., Case No. 2:17-cv-6236, was filed in the Eastern District. The complaint is brought as a purported class action lawsuit on behalf of a putative class consisting of purchasers of common shares of the Company between January 26, 2017 and October 3, 2017. On December 15, 2017, a complaint captioned Emmanuel S. Austin v. Diana Containerships Inc., Case No. 2:17-cv-7329, was filed in the Eastern District. The complaint is brought as a purported class action lawsuit on behalf of a putative class consisting of purchasers of common shares of the Company between June 9, 2016 and October 3, 2017. The complaints name as defendants, among others, the Company and three of its executive officers. The complaints assert claims under Sections 9, 10(b) and/or 20(a) of the Securities Exchange Act of 1934. The Company has not yet responded to these complaints, and does not expect to do so until after the court appoints a lead plaintiff in the matter, which has yet to happen. The Company and its management believe that the complaints are without merit and plan to vigorously defend themselves against the claims.

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

Dividend Policy

Effective with the quarter ended June 30, 2016, our board of directors decided to suspend the quarterly cash dividend on our common shares. The decision to suspend the dividend reflected our board of director's determination that it was in the best long-term interest of the Company and its shareholders to aggressively preserve liquidity to manage market conditions and be in a position to benefit from an eventual sector recovery. Our board of directors may review and amend our dividend policy from time to time, in light of our plans for future growth and other factors.

Our policy, historically, was to declare a variable quarterly dividend each February, May, August and November equal to available cash from operations during the previous quarter after the payment of 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, after taking into account contingent liabilities, the terms of any credit facility, our growth strategy and other cash needs and the requirements of Marshall Islands law.

While we have declared and paid cash dividends on our common shares in the past, we do not currently, and there can be no assurance that dividends will be paid in the future. The actual timing and amount of dividend payments, if any, will be determined by our board of directors and could be affected by various factors, including our cash earnings, financial condition and cash requirements, the loss of a vessel, the acquisition of one or more vessels, required capital expenditures, reserves established by our board of directors, increased or unanticipated expenses, a change in our dividend policy, additional borrowings or future issuances of securities, many of which will be beyond our control. We 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 and to make dividend payments. In addition, any credit facilities that we may enter into in the future may include restrictions on our ability to pay dividends.

Marshall Islands law generally prohibits the payment of dividends other than from surplus, or while a company is insolvent or would be rendered insolvent by the payment of such a dividend.

We may continue to have insufficient cash available for distribution as dividends. The containership sector is cyclical and volatile. We cannot predict with accuracy the amount of cash flows our operations will generate in any given period. Factors beyond our control may affect the charter market for our vessels and our charterers' ability to satisfy their contractual obligations to us, and we cannot assure you that dividends will actually be declared or paid in the future. We cannot assure you that we will be able to resume payment of regular quarterly dividends, and our ability to resume payment of dividends will be subject to the limitations set forth above and in the section of this annual report titled "Item 3. Key Information – D. Risk Factors."

In times when we have debt outstanding, we intend to limit our dividends per share to the amount that we would have been able to pay if we were financed entirely with equity. Our board of directors may review and amend our dividend policy from time to time, in light of our plans for future growth and other factors.

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 16—Subsequent Events" of our annual consolidated financial statements.

Item 9. The Offer and Listing

A. Offer and Listing Details

Our common shares have traded on The Nasdaq Global Market under the symbol "DCIX" since January 19, 2011 and on The Nasdaq Global Select Market since January 2, 2013. The table below sets forth the high and low closing prices for each of the periods indicated, as adjusted for the six reverse stock splits effected in 2016 and 2017. See "Item 4. Information on the Company—A. History and Development of the Company."

Years	**Low**	**High**
Year-ended December 31, 2013	$ 173,365.92	$ 347,225.75
Year-ended December 31, 2014	91,375.20	210,409.92
Year-ended December 31, 2015	34,080.48	131,382.73
Year-ended December 31, 2016	12,718.44	79,397.66
Year-ended December 31, 2017	2.10	20,003.71

Periods	**Low**	**High**
1st Quarter ended March 31, 2016	$ 17,781.12	$ 39,513.61
2nd Quarter ended June 30, 2016	20,682.90	49,392.01
3rd Quarter ended September 30, 2016	20,312.46	25,683.84
4th Quarter ended December 31, 2016	12,718.44	79,397.66
1st Quarter ended March 31, 2017	$ 8,026.18	$ 20,003.71
2nd Quarter ended June 30, 2017	2,037.41	7,161.82
3rd Quarter ended September 30, 2017	4.34	1,728.72
4th Quarter ended December 31, 2017	2.10	20.19

Months	**Low**	**High**
September 2017	$ 4.34	$ 11.34
October 2017	2.24	4.13
November 2017	2.10	20.19
December 2017	4.06	7.21
January 2018	2.82	4.09
February 2018	1.90	2.94
March 2018 (through March 14, 2018)	1.73	2.05

B. Plan of Distribution

Not Applicable.

C. Markets

Our common shares have traded on The Nasdaq Global Market under the symbol "DCIX" since January 19, 2011 and on The Nasdaq Global Select Market under the same symbol since January 2, 2013.

D. Selling Shareholders

Not Applicable.

E. Dilution

Not Applicable.

F. Expenses of the Issue

Not Applicable.

Item 10. Additional Information

A. Share Capital

Not Applicable.

B. Memorandum and Articles of Association

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

Our amended and restated articles of incorporation were amended on (i) June 8, 2016, in connection with our one-for-eight reverse stock split, (ii) July 3, 2017, in connection with our one-for-seven reverse stock split, (iii) July 25, 2017, in connection with our one-for-six reverse stock split, (iv) August 23, 2017, in connection with our one-for-seven reverse stock split, (v) September 22, 2017, in connection with our one-for-three reverse stock split, and (vi) November 1, 2017, in connection with our one-for-seven reverse stock split. Copies of these articles of amendment to the amended and restated articles of incorporation of the Company were filed as exhibit 3.1 to our reports on Form 6-K filed with the SEC on June 9, 2016, July 6, 2017, July 28, 2017, August 28, 2017, September 26, 2017, and November 3, 2017, respectively. The information contained in these exhibits is incorporated by reference herein. Additionally, (i) on March 21, 2017, we filed a Statement of Designations, Preferences and Rights of our Series B-1 Convertible Preferred Stock, (ii) on March 21, 2017, we filed a Statement of Designations, Preferences and Rights of our Series B-2 Convertible Preferred Stock, and (iii) on May 30, 2017, we filed a Statement of Designations of Rights, Preferences and Privileges of our Series C Preferred Stock.

A description of the material terms of our amended and restated articles of incorporation and bylaws is included in the section entitled "Description of Capital Stock" in the accompanying prospectus to our Registration Statement on Form F-3 (File No. 333-215748) filed with the SEC on January 26, 2017, as amended, and is incorporated by reference herein, provided that since that date and as of March 14, 2018, the number of issued and outstanding common shares has changed to 7,053,110 and the number of issued and outstanding Series B-2 preferred shares has changed to 296.

Description of Common Stock

Each outstanding common share entitles the holder to one vote on all matters submitted to a vote of shareholders. Subject to preferences that may be applicable to any outstanding preferred shares, holders of common shares are entitled to receive ratably all dividends, if any, declared by our board of directors out of funds legally available for dividends. Upon our dissolution or liquidation or the sale of all or substantially all of our assets, after payment in full of all amounts required to be paid to creditors and to the holders of our preferred shares having liquidation preferences, if any, the holders of our common shares will be entitled to receive pro rata our remaining assets available for distribution. Holders of our common shares do not have conversion, redemption or preemptive rights to subscribe to any of our securities. The rights, preferences and privileges of holders of common shares are subject to the rights of the holders of our preferred shares, including our existing classes of preferred shares and any preferred shares we may issue in the future.

Description of Preferred Stock

Our amended and restated articles of incorporation authorize our board of directors to establish one or more series of preferred shares and to determine, with respect to any series of preferred shares, the terms and rights of that series, including the designation of the series; the number of shares of the series; the preferences and relative, participating, option or other special rights, if any, and any qualifications, limitations or restrictions of such series; and the voting rights, if any, of the holders of the series.

Series B-1 Convertible Preferred Stock

In March 2017, we issued 3,000 shares of newly-designated Series B-1 convertible preferred stock, par value $0.01 per share, and warrants to purchase an additional 6,500 shares of Series B-1 convertible preferred stock. As of December 31, 2017, zero Series B-1 convertible preferred shares were issued and outstanding. For a summary description of the rights, preferences and restrictions attaching to our Series B-1 convertible preferred stock, please see the section entitled "Description of Series B-1 Convertible Preferred Shares" in the prospectus supplement dated March 21, 2017, to the prospectus included in our registration statement on Form F-3 (File No. 333-215748), declared effective by the SEC on March 7, 2017. Such summary description is qualified in all respects by the terms of the Statement of Designations, Preferences and Rights of the Series B-1 Convertible Preferred Stock, which was filed as an exhibit to our report on Form 6-K filed with the SEC on March 21, 2017. The information contained in this exhibit is incorporated by reference herein.

Series B-2 Convertible Preferred Stock

In March 2017, we issued warrants to purchase 140,500 shares of newly-designated Series B-2 convertible preferred stock, par value $0.01 per share. As of December 31, 2017, 289 Series B-2 convertible preferred shares were issued and outstanding. For a description of our Series B-2 convertible preferred stock, please see the section entitled "Description of Series B-2 Convertible Preferred Shares" in the prospectus included in our registration statement on Form F-3 (File No. 333-216944), declared effective by the SEC on May 11, 2017. Such summary description is qualified in all respects by the terms of the Statement of Designations, Preferences and Rights of the Series B-2 Convertible Preferred Stock, which was filed as an exhibit to our report on Form 6-K filed with the SEC on March 21, 2017. The information contained in this exhibit is incorporated by reference herein.

Series C Preferred Stock

In May 2017, we issued 100 shares of newly-designated Series C preferred stock, par value $0.01 per share, to Diana Shipping Inc. The Series C preferred stock has no dividend or liquidation rights. The Series C preferred stock votes with our common shares, 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% of the total number of votes eligible to be cast on all matters submitted to a vote of our stockholders. A copy of the Statement of Designation of Rights, Preferences and Privileges of the Series C Preferred Stock is filed as an exhibit to our report on Form 6-K filed with the SEC on June 6, 2017. The information contained in this exhibit is incorporated by reference herein.

Amended and Restated Stockholders Rights Agreement

On August 29, 2016, we entered into a First Amended and Restated Stockholders Rights Agreement, or the Rights Agreement, with Computershare Inc. as Rights Agent. The Rights Agreement amended and restated in its entirety the original Stockholders Rights Agreement between the Company and Mellon Investor Services LLC, dated as of August 2, 2010, as amended on July 28, 2014. Pursuant to the Rights Agreement, each share of our common stock includes one right, or a Right, that entitles the holder to purchase from us a unit consisting of one one-thousandth of a share of our Series A Participating Preferred Stock at an exercise price of $50.00, subject to specified adjustments. The Rights will separate from the common stock and become exercisable only if a person or group acquires beneficial ownership of 15% or more of our common stock in a transaction not approved by our Board of Directors. In that situation, each holder of a Right (other than the acquiring person, whose Rights will become void and will not be exercisable) will have the right to purchase, upon payment of the exercise price, a number of shares of our common stock having a then-current market value equal to twice the exercise price. In addition, if the Company is acquired in a merger or other business combination after an acquiring person acquires 15% 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 August 2, 2020.

A copy of the Stockholders Rights Agreement is filed as Exhibit 4.1 to our report on Form 6-K filed with the SEC on August 31, 2016.

C. Material Contracts

The contracts included as exhibits to this annual report are the contracts we consider to be both material and not entered into in the ordinary course of business, which (i) are to be performed in whole or in part on or after the filing date of this annual report or (ii) were entered into not more than two years before the filing date of this annual report. Other than these agreements, we have no material contracts, other than contracts entered into in the ordinary course of business, to which the Company or any member of the group is a party. We refer you to Item 5.B for a discussion of our loan facilities, Item 4.B and Item 7.B for a discussion of our agreements with companies controlled by our Chief Executive Officer and Chairman of the Board, Mr. Symeon Palios, and Item 6.B for a discussion of our 2012 Equity Incentive Plan and our 2015 Equity Incentive Plan.

D. Exchange Controls

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

E. Taxation

The following is a discussion of the material Marshall Islands and U.S. federal income tax considerations of the ownership and disposition by a U.S. Holder and a Non-U.S. Holder, each as defined below, with respect to 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 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

In the opinion of Seward & Kissel LLP, the following are the material Marshall Islands tax consequences of the Company's activities to the Company and of the ownership of the Company's common stock to its shareholders. 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 the Company to its shareholders.

United States Federal Income Tax Considerations

In the opinion of Seward & Kissel LLP, the Company's U.S. counsel, the following are the material U.S. federal income tax consequences to the Company of its activities and to U.S. Holders and Non-U.S Holders, each as defined below, of the common stock. The following discussion of U.S. federal income tax matters is based on the U.S. Internal Revenue Code of 1986, as amended, or the Code, judicial decisions, administrative pronouncements, and existing and proposed regulations issued by the U.S. Department of the Treasury, all of which are subject to change, possibly with retroactive effect.

Taxation of Operating Income: In General

The following discussion addresses the U.S. federal income taxation of our operating income if we are engaged in the international operation of vessels.

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

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

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

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

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

either:

- more than 50% of the value of our common stock is owned, directly or indirectly, by qualified shareholders, which we refer to as the "50% Ownership Test," or
- our common stock is "primarily and regularly traded on an established securities market" in a country that grants an "equivalent exemption" to U.S. corporations or in the United States, which we refer to as the "Publicly-Traded Test."

The Marshall Islands, the jurisdiction where we are incorporated, grant an "equivalent exemption" to U.S. corporations. We anticipate that any of our shipowning subsidiaries will be incorporated in a jurisdiction that provides an "equivalent exemption" to U.S. corporations. Therefore, we will be exempt from U.S. federal income taxation with respect to our U.S.-source shipping income if either the 50% Ownership Test or the Publicly-Traded Test is met.

We do not currently anticipate a circumstance under which we would be able to satisfy the 50% Ownership Test. Our ability to satisfy the Publicly-Traded Test is discussed below.

Publicly-Traded Test

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

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

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

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

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

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

We believe that we were subject to the Five Percent Override Rule, but nonetheless satisfied the Publicly-Traded Test for the 2017 taxable year because there were nonqualified 5% Shareholders did not own more than 50% of our common stock for more than half of the days during the taxable year. We intend to take this position on our 2017 U.S. federal income tax returns.

Taxation in Absence of Exemption

To the extent the benefits of Section 883 are unavailable, our U.S.-source shipping income, to the extent not considered to be "effectively connected" with the conduct of a U.S. trade or business, as described below, would be subject to a 4% tax imposed by Section 887 of the Code on a gross basis, without the benefit of deductions, which we refer to as the 4% gross basis tax regime. Since under the sourcing rules described above, no more than 50% of our shipping income would be treated as being derived from U.S. sources, the maximum effective rate of U.S. federal income tax on our shipping income would never exceed 2% under the 4% gross basis tax regime.

To the extent our U.S.-source shipping income is considered to be "effectively connected" with the conduct of a U.S. trade or business, as described below, any such "effectively connected" U.S.-source shipping income, net of applicable deductions, would be subject to the U.S. federal corporate income tax currently imposed at a rate of 21%. By statutory exclusion, the benefits of the section 883 exemption are not available to income that is "effectively connected" with the conduct of a U.S. trade or business. In addition, we may be subject to an additional 30% "branch profits" tax on earnings effectively connected with the conduct of such trade or business, as determined after allowance for certain adjustments, and on certain interest paid or deemed paid attributable to the conduct of such U.S. trade or business.

Our U.S.-source shipping income would be considered "effectively connected" with the conduct of a U.S. trade or business only if:

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

We do not anticipate that we will have any vessel operating to or from the United States on a regularly scheduled basis. Based on the foregoing and on the expected mode of our shipping operations and other activities, we do not anticipate that any of our U.S.-source shipping income will be "effectively connected" with the conduct of a U.S. trade or business.

United States Federal Income Taxation of Gain on Sale of Vessels

Regardless of whether we qualify for exemption under Section 883 of the Code, we will not be subject to U.S. federal income taxation with respect to gain realized on a sale of a vessel, provided the sale is considered to occur outside of the United States under U.S. federal income tax principles. In general, a sale of a vessel will be considered to occur outside of the United States for this purpose if title to the vessel, and risk of loss with respect to the vessel, pass to the buyer outside of the United States. It is expected that any sale of a vessel by us will be considered to occur outside of the United States.

United States Federal Income Taxation of U.S. Holders

As used herein, the term "U.S. Holder" means a beneficial owner of common stock that is an individual U.S. citizen or resident, a U.S. corporation or other U.S. entity taxable as a corporation, an estate the income of which is subject to U.S. federal income taxation regardless of its source, or a trust if a court within the United States is able to exercise primary jurisdiction over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust.

If a partnership holds the common 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 the common stock, you are encouraged to consult your tax advisor.

Distributions

Subject to the discussion of the passive foreign investment company, or PFIC, rules below, distributions made by us with respect to our common stock, other than certain pro-rata distributions of our 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 our current and accumulated earnings and profits, as determined under U.S. federal income tax principles. Distributions in excess of our current and accumulated earnings and profits will be treated first as a nontaxable return of capital to the extent of the U.S. Holder's tax basis in his common stock on a dollar-for-dollar basis and thereafter as capital gain. Because we are not a United States corporation, U.S. Holders that are corporations will not be entitled to claim a dividends-received deduction with respect to any distributions they receive from us. Dividends paid with respect to our common stock will generally be treated as income from sources outside the United States and will generally constitute "passive category income" or, in the case of certain types of U.S. Holders, "general category income" for purposes of computing allowable foreign tax credits for U.S. foreign tax credit purposes.

Dividends paid on our common stock to a U.S. Holder who is an individual, trust or estate, which we refer to as a U.S. Individual Holder, will generally be treated as "qualified dividend income" that is taxable to such U.S. Individual Holders at preferential tax rates, provided that (1) the common stock is readily tradable on an established securities market in the United States such as The Nasdaq Global Select Market, on which our common stock is traded; (2) we are not a PFIC for the taxable year during which the dividend is paid or the immediately preceding taxable year, as discussed below; (3) the U.S. Individual Holder has held the common 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. Individual Holder is not under an obligation to make related payments with respect to positions in substantially similar or related property.

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

Special rules may apply to any "extraordinary dividend," generally, a dividend paid by us in an amount which is equal to or in excess of ten percent of a U.S. Holder's adjusted tax basis, or fair market value in certain circumstances, in a 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 our 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. A U.S. Holder's tax basis in the common stock generally will equal the U.S. Holder's acquisition cost less any prior return of capital. Such gain or loss will be treated as long-term capital gain or loss if the U.S. Holder's holding period is greater than one year at the time of the sale, exchange or other disposition and will generally be treated as U.S.-source income or loss, as applicable, for U.S. foreign tax credit purposes. A U.S. Holder's ability to deduct capital losses is subject to certain limitations.

PFIC Status and Significant Tax Consequences

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

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

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

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

Our status as a PFIC will depend upon the operations of our vessels. Therefore, we can give no assurances as to whether we will be a PFIC with respect to any taxable year. In making the determination as to whether we are a PFIC, we intend to treat the gross income we derive or are deemed to derive from the time chartering and voyage chartering activities of us or any of our wholly owned subsidiaries as services income, rather than rental income. Correspondingly, in the opinion of Seward & Kissel LLP, such income should not constitute passive income, and the assets that we or our wholly owned subsidiaries own and operate in connection with the production of such income, should not constitute passive assets for purposes of determining whether we are a PFIC. There is substantial legal authority supporting this position consisting of case law and IRS pronouncements concerning the characterization of income derived from time charters and voyage charters as services income for other tax purposes. However, there is also authority which characterizes time charter income as rental income rather than services income for other tax purposes. In the absence of any legal authority specifically relating to the statutory provisions governing PFICs, the IRS or a court could disagree with the opinion of Seward & Kissel LLP. On the other hand, any income we derive from bareboat chartering activities will likely be treated as passive income for purposes of the income test. Likewise, any assets utilized in bareboat chartering activities will likely be treated as generating passive income for purposes of the asset test.

As discussed more fully below, if we were to be treated as a PFIC for any taxable year, a U.S. Holder would be subject to different taxation rules depending on whether the U.S. Holder makes an election to treat us as a "Qualified Electing Fund," which election we refer to as a "QEF election," or a "mark-to-market" election with respect to the common stock. In addition, if we are a PFIC, a U.S. Holder will be required to file with respect to taxable years ending on or after December 31, 2013 IRS Form 8621 with the IRS.

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

If a U.S. Holder makes a timely QEF election, which U.S. Holder we refer to as an "Electing Holder," the Electing Holder must report each year for U.S. federal income tax purposes his pro rata share of our ordinary earnings and our net capital gain, if any, for our taxable year that ends with or within the taxable year of the Electing Holder, regardless of whether or not distributions were received from us by the Electing Holder. The Electing Holder's adjusted tax basis in the common stock will be increased to reflect taxed but undistributed earnings and profits. Distributions of earnings and profits that had been previously taxed will result in a corresponding reduction in the adjusted tax basis in the common 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 our common stock. A U.S. Holder would make a QEF election with respect to any year that we are a PFIC by filing IRS Form 8621 with his U.S. federal income tax return. After the end of each taxable year, we will determine whether we were a PFIC for such taxable year. If we determine or otherwise become aware that we are a PFIC for any taxable year, we will provide each U.S. Holder with all necessary information, including a PFIC Annual Information Statement, in order to allow such holder to make a QEF election for such taxable year.

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

Alternatively, if we were to be treated as a PFIC for any taxable year and, as we anticipate will continue to be the case, our shares are treated as "marketable stock," a U.S. Holder would be allowed to make a "mark-to-market" election with respect to our common stock, provided the U.S. Holder completes and files IRS Form 8621 in accordance with the relevant instructions and related Treasury regulations. If that election is made, the U.S. Holder generally would include as ordinary income in each taxable year the excess, if any, of the fair market value of the common 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 their fair market value at the end of the taxable year, but only to the extent of the net amount previously included in income as a result of the mark-to-market election. A U.S. Holder's tax basis in his common stock would be adjusted to reflect any such income or loss amount. Gain realized on the sale, exchange or other disposition of our 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 or Mark-to-Market Election.

Finally, if we were to be treated as a PFIC for any taxable year, a U.S. Holder who has not timely made a QEF or mark-to-market election for the first taxable year in which it holds our common stock and during which we are treated as PFIC, whom we refer to as a "Non-Electing Holder," would be subject to special rules with respect to (1) any excess distribution (i.e., the portion of any distributions received by the Non-Electing Holder on our common stock in a taxable year in excess of 125% of the average annual distributions received by the Non-Electing Holder in the three preceding taxable years, or, if shorter, the Non-Electing Holder's holding period for the common stock), and (2) any gain realized on the sale, exchange or other disposition of our common stock. Under these special rules:

- the excess distribution or gain would be allocated ratably to each day over the Non-Electing Holders' aggregate holding period for the common stock;
- the amount allocated to the current taxable year and any taxable year before we became a PFIC would be taxed as ordinary income; and
- the amount allocated to each of the other taxable years would be subject to tax at the highest rate of tax in effect for the applicable class of taxpayer for that year, and an interest charge for the deemed tax deferral benefit would be imposed with respect to the resulting tax attributable to each such other taxable year.

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

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

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

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

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

- the gain is effectively connected with the Non-U.S. Holder's conduct of a trade or business in the United States. In general, if the Non-U.S. Holder is entitled to the benefits of certain income tax treaties with respect to that gain, that gain is taxable only if it is attributable to a permanent establishment maintained by the Non-U.S. Holder in the United States; or

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

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

Backup Withholding and Information Reporting

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

- fail to provide an accurate taxpayer identification number;

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

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

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

If you sell your common stock through a U.S. office of a broker, the payment of the proceeds is subject to both U.S. backup withholding and information reporting unless you certify that you are a non-U.S. person, under penalties of perjury, or you otherwise establish an exemption. If you sell your common stock through a non-U.S. office of a non-U.S. broker and the sales proceeds are paid to you outside the United States then information reporting and backup withholding generally will not apply to that payment. However, U.S. information reporting requirements, but not backup withholding, will apply to a payment of sales proceeds, even if that payment is made to you outside the United States, if you sell your common stock through a non-U.S. office of a broker that is a U.S. person or has certain other contacts with the United States, unless you certify that you are a non-U.S. person, under penalty of perjury, or you otherwise establish an exemption.

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

U.S. Holders who are individuals (and to the extent specified in applicable Treasury Regulations, certain U.S. entities) who hold "specified foreign financial assets" (as defined in Section 6038D of the Code) are required to file IRS Form 8938 with information relating to the asset for each taxable year in which the aggregate value of all such assets exceeds $75,000 at any time during the taxable year or $50,000 on the last day of the taxable year (or such higher dollar amount as prescribed by applicable Treasury Regulations). Specified foreign financial assets would include, among other assets, our common 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 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, may be inspected and copied at the public reference facilities maintained by the SEC at 100 F Street, N.E., Washington, D.C. 20549, or from the SEC's website http://www.sec.gov. You may obtain information on the operation of the public reference room by calling 1 (800) SEC-0330 and you may obtain copies at prescribed rates.

I. Subsidiary information

Not Applicable.

Item 11. Quantitative and Qualitative Disclosures about Market Risk

Interest Rates

Total interest incurred under our loan facilities and related interest rates during 2017, 2016 and 2015 was as follows:

	2017	2016	2015
Interest expense (in millions of USD)	$ 7.4	$ 6.6	$ 5.8
Weighted average interest rate (LIBOR plus margin)	4.95%	3.54%	3.65%
Interest rates range during the year (LIBOR including margin)	4.04% to 6.00%	3.12% to 4.06%	3.09% to 5.20%

An average increase of 1% in 2017 interest rates would have resulted in interest expenses of $8.9 million, instead of $7.4 million, an increase of about 20%.

As of December 31, 2017, we had $8.5 million of principal debt outstanding and $10.0 million of discount premium payable to Addiewell, and also $82.6 million of principal debt outstanding and $5.0 million of discount premium payable to DSI. Currently, we have $10.0 million of discount premium payable to Addiewell, and also $74.2 million of principal debt outstanding and $5.0 million of discount premium payable to DSI. 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.

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 34% in 2017 and 41% in 2016) and less than half of our general and administrative expenses (around 36% in 2017 and 47% in 2016) in currencies other than the U.S. dollar, primarily the Euro. For accounting purposes, expenses incurred in Euros are converted into U.S. dollars at the exchange rate prevailing on the date of each transaction. The amount and frequency of some of these expenses, such as vessel repairs, supplies and stores, may fluctuate from period to period. Since approximately 2002, the U.S. dollar has depreciated against the Euro. Depreciation in the value of the dollar relative to other currencies increases the dollar cost to us of paying such expenses. The portion of our expenses incurred in other currencies could increase in the future, which could expand our exposure to losses arising from currency fluctuations.

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

Item 12. Description of Securities Other than Equity Securities

Not Applicable.

PART II

Item 13. Defaults, Dividend Arrearages and Delinquencies

None.

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

Pursuant to the Stockholders Rights Agreement dated August 29, 2016, each share of our common stock includes one preferred stock purchase right that entitles the holder to purchase from us a unit consisting of one-thousandth of a share of our Series A Participating Preferred Stock if any third-party acquires beneficial ownership of 15% or more of our common stock without the approval of our Board of Directors. See "Item 10.B—Memorandum and Articles of Association—Amended and Restated Stockholders Rights Agreement."

Please also see "Item 10. Additional Information—B. Memorandum and Articles of Association" for a description of the rights of holders of our Series B-1 and Series B-2 convertible preferred shares and Series C preferred voting stock relative to the rights of holders of our common shares.

Item 15. Controls and Procedures

a) Disclosure Controls and Procedures

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

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

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

Management has conducted an assessment of the effectiveness of the Company's internal control over financial reporting based on the framework established in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 Framework). Based on this assessment, management has determined that the Company's internal control over financial reporting as of December 31, 2017 is effective.

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

c) Attestation Report of Independent Registered Public Accounting Firm

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

d) Changes in Internal Control over Financial Reporting

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

Mr. John Evangelou serves as the Chairman of the Company's Audit Committee. Our board of directors has determined that Mr. Evangelou qualifies as an "audit committee financial expert" and is "independent" according to SEC rules.

Item 16B. Code of Ethics

We have adopted a code of ethics that applies to officers, directors, employees and agents. Our code of ethics is posted on our website, http://www.dcontainerships.com, under "About Us—Code of Ethics." Copies of our Code of Ethics are available in print, free of charge, upon request to Diana Containerships Inc., Pendelis 18, 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 2017 amounted to Euro 199,500 or about $215,000, and in 2016 amounted to Euro 211,500 or about $237,000 and relate to audit services provided in connection with the audit and AS 4105 interim reviews of our consolidated financial statements and the audit of internal control over financial reporting.

b) Audit-Related Fees

In 2017, our principal accountants, Ernst and Young (Hellas), Certified Auditors Accountants S.A., have also billed us for audit services provided for the Company's registration statements, which amounted to Euro 17,000 or about $18,000.

c) Tax Fees

During 2017 and 2016, we received or accrued for tax services for which fees amounted to $8,750 and $16,100, respectively, and relate to 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 all audit and non-audit services performed by the independent auditors in order to assure that they do not impair the auditor's independence from the Company. The Audit Committee has adopted a policy which sets forth the procedures and the conditions pursuant to which services proposed to be performed by the independent auditors may be pre-approved.

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

Not applicable.

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

Not applicable.

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

Not applicable.

Item 16F. Change in Registrant's Certifying Accountant

Not applicable.

Item 16G. Corporate Governance

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

As a foreign private issuer, we are not required to have an audit committee comprised of at least three members. Our audit committee is comprised of two members;

As a foreign private issuer, we are not required to adopt a formal written charter or board resolution addressing the nominations process. We do not have a nominations committee, nor have we adopted a board resolution addressing the nominations process;

As a foreign private issuer, we are not required to hold regularly scheduled board meetings at which only independent directors are present;

In lieu of obtaining shareholder approval prior to the issuance of designated securities, we will comply with provisions of the Marshall Islands Business Corporations Act, which allows the Board of Directors to approve share issuances;

As a foreign private issuer, we are not required to solicit proxies or provide proxy statements to Nasdaq pursuant to Nasdaq corporate governance rules or Marshall Islands law. Consistent with Marshall Islands law and as provided in our bylaws, we will notify our shareholders of meetings between 15 and 60 days before the meeting. This notification will contain, among other things, information regarding business to be transacted at the meeting. In addition, our bylaws provide that shareholders must give us between 150 and 180 days advance notice to properly introduce any business at a meeting of shareholders.

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

Item 16H. Mine Safety Disclosure

Not applicable.

PART III

Item 17. Financial Statements

See Item 18.

Item 18. Financial Statements

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

Item 19. Exhibits

(a) Exhibits

Exhibit Number	Description
1.1	Amended and Restated Articles of Incorporation of the Company (1)
1.2	Articles of Amendment to the Amended and Restated Articles of Incorporation of the Company, dated June 8, 2016 (2)
1.3	Articles of Amendment to the Amended and Restated Articles of Incorporation of the Company, dated June 30, 2017 (3)
1.4	Articles of Amendment to the Amended and Restated Articles of Incorporation of the Company, dated July 26, 2017 (4)
1.5	Articles of Amendment to the Amended and Restated Articles of Incorporation of the Company, dated August 23, 2017 (5)
1.6	Articles of Amendment to the Amended and Restated Articles of Incorporation of the Company, dated September 22, 2017 (6)
1.7	Articles of Amendment to the Amended and Restated Articles of Incorporation of the Company, dated November 1, 2017 (7)
1.8	Amended and Restated Bylaws of the Company (8)
2.1	Form of Common Share Certificate (9)
2.2	Form of Series B-1 and Series B-2 Warrant (10)
2.3	Statement of Designations of Rights, Preferences and Privileges of Series A Participating Preferred Stock of Diana Containerships Inc., dated August 2, 2010 (11)
2.4	Statement of Designations, Preferences and Rights of the Series B-1 Convertible Preferred Stock of Diana Containerships Inc., dated March 21, 2017 (12)
2.5	Statement of Designations, Preferences and Rights of the Series B-2 Convertible Preferred Stock of Diana Containerships Inc., dated March 21, 2017 (13)
2.6	Statement of Designations of Rights, Preferences and Privileges of Series C Preferred Stock of Diana Containerships Inc., dated May 30, 2017 (14)
4.1	Registration Rights Agreement dated April 6, 2010 (15)
4.2	Amended and Restated Stockholders Rights Agreement, dated August 29, 2016 (16)
4.3	2012 Amended and Restated Equity Incentive Plan (17)
4.4	2015 Equity Incentive Plan (18)
4.5	Administrative Services Agreement with UOT (19)
4.6	Form of Vessel Management Agreement with UOT (20)
4.7	Amended and Restated Non-Competition Agreement with Diana Shipping Inc. (21)
4.8	Memorandum of Agreement for *m/v Cap San Raphael* (22)

4.9	Memorandum of Agreement for *m/v Cap San Marco* (23)
4.10	Memorandum of Agreement for *m/v Puelo* (24)
4.11	Memorandum of Agreement for *m/v Pucon* (25)
4.12	Registration Rights Agreement dated June 15, 2011 (26)
4.13	Share Purchase Agreement dated June 9, 2011 (27)
4.14	Securities Purchase Agreement, dated July 28, 2014 (28)
4.15	Registration Rights Agreement, dated July 28, 2014 (29)
4.16	Broker Services Agreement, dated April 1, 2016, by and between the Company and Diana Enterprises Inc. (30)
4.17	Fourth Amendment to Loan Agreement dated May 20, 2013 among Diana Shipping Inc., Eluk Shipping Company Inc., Kapa Shipping Company Inc. and the Company, dated September 12, 2016 (31)
4.18	Amendment to Loan Agreement with The Royal Bank of Scotland plc, dated September 12, 2016 (32)
4.19	Amendment No. 1 to 2015 Equity Incentive Plan, dated February 9, 2018 (33)
4.20	Broker Services Agreement, dated April 1, 2017, by and between the Company and Steamship Shipbroking Enterprises Inc.
4.21	Registration Rights Agreement by and between the Company and Kalani Investments Limited, dated March 21, 2017 (34)
4.22	Securities Purchase Agreement by and between the Company and Kalani Investments Limited, dated March 21, 2017 (35)
4.23	Fifth Amendment to Loan Agreement, dated May 20, 2013, among Diana Shipping Inc., Kapa Shipping Company Inc. and the Company, dated May 30, 2017
4.24	Subordinated Facility Agreement with Diana Shipping Inc., dated June 30, 2017
4.25	Loan Agreement with Addiewell Ltd., dated June 30, 2017
4.26	Intercreditor Agreement with Addiewell Ltd. and Diana Shipping Inc., dated June 30, 2017
4.27	Settlement Agreement with The Royal Bank of Scotland plc, dated June 30, 2017
4.28	Memorandum of Agreement for *m/v Great*
4.29	Memorandum of Agreement for *m/v March*
4.30	Memorandum of Agreement for *m/v New Jersey*
4.31	Memorandum of Agreement for *m/v Sagitta*
4.32	Memorandum of Agreement for *m/v Centaurus*
4.33	Memorandum of Agreement for *m/v Doukato*
8.1	List Of Subsidiaries
12.1	Rule 13a-14(a)/15d-14(a) Certification of Chief Executive Officer
12.2	Rule 13a-14(a)/15d-14(a) Certification of Chief Financial Officer
13.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
13.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
15.1	Consent of independent registered public accounting firm
101	The following financial information from Diana Containerships Inc.'s Annual Report on Form 20-F for the fiscal year ended December 31, 2017, formatted in Extensible Business Reporting Language (XBRL): (1) Consolidated Balance Sheets as at December 31, 2017 and 2016; (2) Consolidated Statements of Operations for the years ended December 31, 2017, 2016 and 2015; (3) Consolidated Statements of Comprehensive Income / (Loss) for the years ended December 31, 2017, 2016 and 2015; (4) Consolidated Statements of Stockholders' Equity for the years ended December 31, 2017, 2016 and 2015; (5) Consolidated Statements of Cash Flows for the years ended December 31, 2017, 2016 and 2015; and (6) Notes to Consolidated Financial Statements.

(1) Filed as Exhibit 3.1 to the Company's Registration Statement on Form F-4 (File No. 333-169974) on October 15, 2010.
(2) Filed as Exhibit 3.3 to the Company's report on Form 6-K, filed with the SEC on June 9, 2016.
(3) Filed as Exhibit 3.1 to the Company's report on Form 6-K, filed with the SEC on July 6, 2017.
(4) Filed as Exhibit 3.1 to the Company's report on Form 6-K, filed with the SEC on July 28, 2017.
(5) Filed as Exhibit 3.1 to the Company's report on Form 6-K, filed with the SEC on August 28, 2017.
(6) Filed as Exhibit 3.1 to the Company's report on Form 6-K, filed with the SEC on September 26, 2017.
(7) Filed as Exhibit 3.1 to the Company's report on Form 6-K, filed with the SEC on November 3, 2017.
(8) Filed as Exhibit 3.2 to the Company's Registration Statement on Form F-4 (File No. 333-169974) on October 15, 2010.
(9) Filed as Exhibit 4.1 to the Company's report on Form 6-K, filed with the SEC on November 3, 2017.
(10) Filed as Exhibit 3.3 to the Company's report on Form 6-K, filed with the SEC on March 21, 2017.
(11) Filed as Exhibit 4.4 to the Company's Registration Statement on Form F-4 (File No. 333-169974) on October 15, 2010.
(12) Filed as Exhibit 3.1 to the Company's report on Form 6-K, filed with the SEC on March 21, 2017.
(13) Filed as Exhibit 3.2 to the Company's report on Form 6-K, filed with the SEC on March 21, 2017.
(14) Filed as Exhibit 3.1 to the Company's report on Form 6-K, filed with the SEC on June 6, 2017.
(15) Filed as Exhibit 4.2 to the Company's Registration Statement on Form F-4 (File No. 333-169974) on October 15, 2010.
(16) Filed as Exhibit 4.1 to the Company's report on Form 6-K, filed with the SEC on August 31, 2016.
(17) Filed as Exhibit 4.4 to the Company's Annual Report on Form 20-F on February 23, 2012.
(18) Filed as Exhibit 4.5 to the Company's Annual Report on Form 20-F on March 21, 2016.
(19) Filed as Exhibit 4.8 to the Company's Annual Report on Form 20-F on March 26, 2014.
(20) Filed as Exhibit 4.11 to the Company's Annual Report on Form 20-F on March 26, 2014.
(21) Filed as Exhibit 4.12 to the Company's Annual Report on Form 20-F on March 26, 2014.
(22) Filed as Exhibit 4.16 to the Company's Annual Report on Form 20-F on February 23, 2012.
(23) Filed as Exhibit 4.17 to the Company's Annual Report on Form 20-F on February 23, 2012.
(24) Filed as Exhibit 4.30 to the Company's Annual Report on Form 20-F on March 26, 2014.
(25) Filed as Exhibit 4.31 to the Company's Annual Report on Form 20-F on March 26, 2014.
(26)Filed as Exhibit 4.14 to the Company's Annual Report on Form 20-F on June 28, 2011.
(27) Filed as Exhibit 4.15 to the Company's Annual Report on Form 20-F on June 28, 2011.
(28) Filed as Exhibit 99.1 to the Company's Current Report on Form 6-K on July 30, 2014.
(29) Filed as Exhibit 99.2 to the Company's Current Report on Form 6-K on July 30, 2014.
(30) Filed as Exhibit 4.21 to the Company's Annual Report on Form 20-F on February 16, 2017.
(31) Filed as Exhibit 4.23 to the Company's Annual Report on Form 20-F on February 16, 2017.
(32) Filed as Exhibit 4.24 to the Company's Annual Report on Form 20-F on February 16, 2017.
(33) Filed as Exhibit 1 to the Company's report on Form 6-K, filed with the SEC on February 15, 2018.
(34) Filed as Exhibit 4.1 to the Company's report on Form 6-K, filed with the SEC on March 21, 2017.
(35) Filed as Exhibit 10.1 to the Company's report on Form 6-K, filed with the SEC on March 21, 2017.

SIGNATURES

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

DIANA CONTAINERSHIPS INC.

By: /s/ Andreas Michalopoulos
Andreas Michalopoulos
Chief Financial Officer and Treasurer

Dated: March 16, 2018

DIANA CONTAINERSHIPS INC.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

Report of Independent Registered Public Accounting Firm

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

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Diana Containerships Inc. (the Company) as of December 31, 2017 and 2016, 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, 2017, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2017 and 2016, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2017, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2017, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated March 16, 2018, expressed an unqualified opinion thereon.

The Company's Ability to Continue as a Going Concern

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 3 to the financial statements, the Company has suffered recurring losses from operations, has a working capital deficiency, and has stated that substantial doubt exists about the Company's ability to continue as a going concern. Management's evaluation of the events and conditions and management's plans regarding these matters are also described in Note 3. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Basis for Opinion

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

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

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

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

Athens, Greece
March 16, 2018

Report of Independent Registered Public Accounting Firm

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

Opinion on Internal Control over Financial Reporting

We have audited Diana Containerships Inc.'s internal control over financial reporting as of December 31, 2017, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, Diana Containerships Inc. (the Company) maintained, in all material respects, effective internal control over financial reporting as of December 31, 2017, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of Diana Containerships Inc. as of December 31, 2017 and 2016, and the related consolidated statements of operations, comprehensive income/(loss), stockholders' equity and cash flows for each of the three years in the period ended December 31, 2017, and the related notes and our report dated March 16, 2018, expressed an unqualified opinion thereon that included an explanatory paragraph regarding the Company's ability to continue as a going concern.

Basis for Opinion

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

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

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

Definition and Limitations on Internal Control over Financial Reporting

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

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

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

Athens, Greece
March 16, 2018

DIANA CONTAINERSHIPS INC.
Consolidated Balance Sheets as at December 31, 2017 and 2016
(Expressed in thousands of U.S. Dollars, except for share and per share data)

ASSETS	**2017**	**2016**
CURRENT ASSETS:		
Cash and cash equivalents	$ 6,444	$ 8,316
Accounts receivable, trade	428	471
Inventories	1,667	2,581
Prepaid expenses and other assets	1,083	2,507
Restricted cash (Note 6)	-	9,000
Vessels held for sale (Note 5)	18,378	-
Total current assets	28,000	22,875
FIXED ASSETS:		
Vessels, net (Note 5)	201,308	240,352
Property and equipment, net	911	946
Total fixed assets	202,219	241,298
Deferred charges, net	2,088	2,358
Total assets	$ 232,307	$ 266,531
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Bank and other debt, net of unamortized deferred financing costs (Note 6)	$ 12,119	$ 127,129
Related party financing, net of unamortized deferred financing costs (Note 4)	84,832	-
Accounts payable, trade and other	1,715	1,471
Due to related parties, current (Note 4)	65	105
Accrued liabilities	2,045	1,050
Deferred revenue	439	108
Total current liabilities	101,215	129,863
Related party financing, non-current (Note 4)	-	45,617
Other liabilities, non-current	320	171
Commitments and contingencies (Note 7)	-	-
STOCKHOLDERS' EQUITY:		
Preferred stock, $0.01 par value; 25,000,000 shares authorized, 389 and 0 issued and outstanding as at December 31, 2017 and 2016, respectively (Note 8)	0	-
Common stock, $0.01 par value; 500,000,000 shares authorized; 4,051,266 and 1,533 issued and outstanding as at December 31, 2017 and 2016, respectively (Note 8)	40	0
Additional paid-in capital (Note 8)	410,982	374,975
Other comprehensive income / (loss)	6	(20)
Accumulated deficit	(280,256)	(284,075)
Total stockholders' equity	130,772	90,880
Total liabilities and stockholders' equity	$ 232,307	$ 266,531

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

DIANA CONTAINERSHIPS INC.
Consolidated Statements of Operations
For the years ended December 31, 2017, 2016 and 2015
(Expressed in thousands of U.S. Dollars – except for share and per share data)

	2017	2016	2015
REVENUES:			
Time charter revenues (Note 1)	$ 23,806	$ 36,992	$ 70,746
Prepaid charter revenue amortization	-	(3,798)	(8,566)
Time charter revenues, net	23,806	33,194	62,180
EXPENSES:			
Voyage expenses	1,702	3,169	2,619
Vessel operating expenses	22,732	30,213	35,847
Depreciation and amortization of deferred charges (Note 5)	8,147	12,740	13,140
General and administrative expenses (Note 4 and 8(d))	8,366	7,241	6,194
Impairment losses (Note 5)	8,363	118,861	6,607
(Gain) / Loss on vessels' sale (Note 5)	(945)	2,899	8,300
Foreign currency losses / (gains)	51	111	(55)
Operating loss	$ (24,610)	$ (142,040)	$ (10,472)
OTHER INCOME/(EXPENSES)			
Interest and finance costs (Notes 4, 6 and 9)	$ (13,843)	$ (7,094)	$ (7,166)
Interest income	87	120	107
Gain from bank debt write off (Note 6)	42,185	-	-
Total other income /(expenses), net	$ 28,429	$ (6,974)	$ (7,059)
Net income / (loss)	$ 3,819	$ (149,014)	$ (17,531)
Earnings / (Loss) per common share, basic (Note 10)	$ 8.94	$ (100,821.38)	$ (11,917.74)
Earnings / (loss) per common share, diluted (Note 10)	$ 8.94	$ (100,821.38)	$ (11,917.74)
Weighted average number of common shares, basic (Note 10)	427,333	1,478	1,471
Weighted average number of common shares, diluted (Note 10)	427,361	1,478	1,471

DIANA CONTAINERSHIPS INC.
Consolidated Statements of Comprehensive Income / (Loss)
For the years ended December 31, 2017, 2016 and 2015
(Expressed in thousands of U.S. Dollars)

	2017	2016	2015
Net income / (loss)	$ 3,819	$ (149,014)	$ (17,531)
Other comprehensive income / (loss) (Actuarial gain / (loss))	26	(25)	73
Comprehensive income / (loss)	$ 3,845	$ (149,039)	$ (17,458)

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

DIANA CONTAINERSHIPS INC.
Consolidated Statements of Stockholders' Equity
For the years ended December 31, 2017, 2016 and 2015
(Expressed in thousands of U.S. Dollars – except for share and per share data)

	Common Stock		Preferred Stock		Additional	Other		
	# of Shares	Par Value	# of Shares	Par Value	Paid-in Capital	Comprehensive Income / (Loss)	Accumulated Deficit	Total
Balance, December 31, 2014	1,509	$ -	-	$ -	$ 372,928	$ (68)	$ (116,417)	$ 256,443
- Net loss	-	-			-	-	(17,531)	(17,531)
- Issuance of restricted stock and compensation cost on restricted stock (Note 8)	10	-	-	-	928	-	-	928
- Actuarial gain	-	-	-	-	-	73	-	73
- Dividends declared and paid (at $123.48, $123.48, $123.48 and $123.48 per share) (Note 10)	-	-	-	-	-	-	(739)	(739)
Balance, December 31, 2015	1,519	$ -	-	$ -	$ 373,856	$ 5	$ (134,687)	$ 239,174
- Net loss	-	-	-	-	-	-	(149,014)	(149,014)
- Issuance of restricted stock and compensation cost on restricted stock (Note 8)	14	-	-	-	1,119	-	-	1,119
- Actuarial loss	-	-	-	-	-	(25)	-	(25)
- Dividends declared and paid (at $123.48, $123.48, $0.00 and $0.00 per share) (Note 10)	-	-	-	-	-	-	(374)	(374)
Balance, December 31, 2016	1,533	$ -	-	$ -	$ 374,975	$ (20)	$ (284,075)	$ 90,880
- Net income	-	-	-	-	-	-	3,819	3,819
- Issuance of Series B preferred stock, net of expenses	-	-	32,500	-	31,989	-	-	31,989
- Conversion of Series B preferred stock to common stock (Note 8)	4,049,733	40	(32,211)	-	(40)	-	-	-
- Issuance of Series C preferred stock (Note 4)	-	-	100	-	3,000			3,000
- Compensation cost on restricted stock (Note 8)		-	-	-	1,058	-	-	1,058
- Actuarial gain	-	-	-	-	-	26	-	26
Balance, December 31, 2017	4,051,266	$ 40	389	$ -	$ 410,982	$ 6	$ (280,256)	$ 130,772

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

DIANA CONTAINERSHIPS INC.
Consolidated Statements of Cash Flows
For the years ended December 31, 2017, 2016 and 2015
(Expressed in thousands of U.S. Dollars)

	2017	2016	2015
Cash Flows provided by/ (used in) Operating Activities:			
Net income/ (loss)	$ 3,819	$ (149,014)	$ (17,531)
Adjustments to reconcile net income /(loss) to net cash provided by /(used in) operating activities:			
Depreciation and amortization of deferred charges (Note 5)	8,147	12,740	13,140
Amortization of deferred financing costs (Note 9)	322	427	268
Amortization of discount premium (Notes 4 and 6)	6,010	-	-
Amortization of deferred revenue	-	-	(50)
Amortization of prepaid charter revenue	-	3,798	8,566
Impairment losses (Note 5)	8,363	118,861	6,607
(Gain) / Loss on vessels' sale (Note 5)	(945)	2,899	8,300
Compensation cost on restricted stock awards (Note 8)	1,171	1,119	928
Gain from bank debt write off (Note 6)	(42,185)	-	-
Actuarial gain / (loss)	26	(25)	73
(Increase) / Decrease in:			
Accounts receivable, trade	43	282	(62)
Inventories	914	1,123	(1,397)
Prepaid expenses and other assets	639	(1,617)	(487)
Increase / (Decrease) in:			
Accounts payable, trade and other	175	(1,236)	900
Due to related parties	(40)	-	604
Accrued liabilities	995	(291)	289
Deferred revenue	331	(539)	206
Other liabilities	36	50	(48)
Drydock costs	(474)	(540)	(2,861)
Net Cash provided by /(used in) Operating Activities	$ (12,653)	$ (11,963)	$ 17,445
Cash Flows provided by / (used in) Investing Activities:			
Vessel acquisitions and other vessel costs	-	(194)	(113,020)
Proceeds from sale of vessels, net of expenses (Note 5)	5,895	10,618	7,045
Acquisition of time charter	-	-	(6,000)
Property and equipment additions	(15)	(29)	(39)
Insurance settlements	785	179	263
Net Cash provided by / (used in) Investing Activities	$ 6,665	$ 10,574	$ (111,751)
Cash Flows provided by / (used in) Financing Activities:			
Proceeds from a related party loan (Note 4)	40,000	-	-
Proceeds from an unrelated party loan (Note 6)	35,000	-	148,000
Repayments of debt (Note 6)	(111,500)	(19,159)	(103,263)
Issuance of preferred stock, net of issuance costs (Note 8)	31,989	-	-
Payments of financing costs	(373)	(150)	(3,177)
Cash dividends (Note 10)	-	(374)	(739)
Changes in restricted cash (Note 6)	9,000	-	870
Net Cash provided by / (used in) Financing Activities	$ 4,116	$ (19,683)	$ 41,691
Net decrease in cash and cash equivalents	$ (1,872)	$ (21,072)	$ (52,615)
Cash and cash equivalents at beginning of period	$ 8,316	$ 29,388	$ 82,003
Cash and cash equivalents at end of period	$ 6,444	$ 8,316	$ 29,388
SUPPLEMENTAL CASH FLOW INFORMATION			
Related party loan reduction in exchange for preferred shares (Notes 4 and 8)	$ 3,000	$ -	$ -
Interest payments, net of amounts capitalized	7,724	6,626	5,571

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

(Expressed in thousands of US Dollars – except for share and per share data, unless otherwise stated)

1. General Information

The accompanying consolidated financial statements include the accounts of Diana Containerships Inc. ("DCI") and its wholly-owned subsidiaries (collectively, the "Company"). Diana Containerships Inc. was incorporated on January 7, 2010 under the laws of the Republic of Marshall Islands for the purpose of engaging in any lawful act or activity under the Marshall Islands Business Corporations Act.

During 2017 and 2016, the Company effected a number reverse stock splits on its issued and outstanding common stock (Note 8). All share and per share amounts disclosed in the accompanying consolidated financial statements give effect to these reverse stock splits retroactively and thus affect all periods presented.

The Company is engaged in the seaborne transportation industry through the ownership of containerships and operates its fleet through Unitized Ocean Transport Limited, a wholly-owned subsidiary, while Wilhelmsen Ship Management LTD, an unaffiliated third party, provides management services to the laid-up vessels of the Company's fleet, for a fixed monthly fee for each vessel. The fees payable to Wilhelmsen Ship Management LTD, amounted to $697, $604 and $0 for 2017, 2016 and 2015, respectively, and are included in Vessel operating expenses in the accompanying consolidated statement of operations.

As at December 31, 2017, the Company was the sole owner of all outstanding shares of the following subsidiaries:

a/a	Company	Place of Incorporation	Vessel	Flag	TEU	Date built	Date acquired	Date sold
			Vessel Owning Subsidiaries - Panamax Vessels					
1	Likiep Shipping Company Inc. (Note 13)	Marshall Islands	Sagitta	Marshall Islands	3,426	Jun-10	Jun-10	-
2	Orangina Inc. (Note 13)	Marshall Islands	Centaurus	Marshall Islands	3,426	Jul-10	Jul-10	-
3	Rongerik Shipping Company Inc.	Marshall Islands	Domingo	Marshall Islands	3,739	Mar-01	Feb-12	-
4	Dud Shipping Company Inc.	Marshall Islands	Pamina	Marshall Islands	5,042	May-05	Nov-14	-
5	Mago Shipping Company Inc. (Note 13)	Marshall Islands	New Jersey	Marshall Islands	4,923	Nov-06	Apr-15	-
			Vessel Owning Subsidiaries - Post-Panamax Vessels					
6	Eluk Shipping Company Inc.	Marshall Islands	Puelo	Marshall Islands	6,541	Nov-06	Aug-13	-
7	Oruk Shipping Company Inc.	Marshall Islands	Pucon	Marshall Islands	6,541	Aug-06	Sep-13	-
8	Delap Shipping Company Inc. (Notes 5 and 13)	Marshall Islands	March	Marshall Islands	5,576	May-04	Sep-14	-
9	Jabor Shipping Company Inc. (Notes 5 and 13)	Marshall Islands	Great	Marshall Islands	5,576	Apr-04	Oct-14	-
10	Meck Shipping Company Inc.	Marshall Islands	Rotterdam	Marshall Islands	6,494	Jul-08	Sep-15	-
11	Langor Shipping Company Inc.	Marshall Islands	Hamburg	Marshall Islands	6,494	Mar-09	Nov-15	-
			Vessel Owning Subsidiaries - Sold Vessels					
12	Kapa Shipping Company Inc. (Note 5)	Marshall Islands	Angeles	Marshall Islands	4,923	Dec-06	Apr-15	Nov-16
13	Utirik Shipping Company Inc. (Note 5)	Marshall Islands	Doukato	Marshall Islands	3,739	Feb-02	Feb-12	Jun-17
			Other Subsidiaries					
14	Unitized Ocean Transport Limited	Marshall Islands	Management company		-	-	-	-
15	Container Carriers (USA) LLC	Delaware - USA	Company's US representative		-	-	-	-

(Expressed in thousands of US Dollars – except for share and per share data, unless otherwise stated)

Until July 2017 and November 2017, the Company was also the sole owner of all outstanding shares of Nauru Shipping Company Inc., owner of the vessel "Hanjin Malta", and of Lemongina Inc., owner of the vessel "Garnet", respectively. Following the disposal of the vessels in 2015 and 2016, both ship-owning companies were dissolved in 2017 and accordingly, they are no longer consolidated in the financial statements of the Company.

Unitized Ocean Transport Limited (the "Manager" or "UOT"), was established for the purpose of providing the Company and its vessels with management and administrative services, effective March 1, 2013. The fees payable to UOT pursuant to the respective management and administrative agreements are eliminated in consolidation as intercompany transactions.

Container Carriers (USA) LLC ("Container Carriers"), was established in July 2014 in the State of Delaware, USA, to act as the Company's authorized representative in the United States.

During 2017, 2016 and 2015, charterers that accounted for more than 10% of the Company's hire revenues were as follows:

Charterer	2017	2016	2015
A	-	34%	25%
B	18%	-	24%
C	-	22%	11%
D	-	-	10%
E	-	-	13%
F	24%	-	-
G	35%	11%	-

2. Significant Accounting Policies and Recent Accounting Pronouncements

(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 Containerships Inc. and its wholly-owned subsidiaries referred to in Note 1 above. All significant intercompany balances and transactions have been eliminated upon consolidation. Under Accounting Standards Codification ("ASC") 810 "Consolidation", the Company consolidates entities in which it has a controlling financial interest, by first considering if an entity meets the definition of a variable interest entity ("VIE") for which the Company is deemed to be the primary beneficiary under the VIE model, or if the Company controls an entity through a majority of voting interest based on the voting interest model. The Company evaluates financial instruments, service contracts, and other arrangements to determine if any variable interests relating to an entity exist. The Company's evaluation did not result in an identification of variable interest entities as of December 31, 2017 and 2016.

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

(c) Other Comprehensive Income / (loss): The Company follows the provisions of Accounting Standard Codification (ASC) 220, "Comprehensive Income", which requires separate presentation of certain transactions, which are recorded directly as components of stockholders' equity. The Company presents Other Comprehensive Income / (Loss) in a separate statement according to ASU 2011-05.

(d) Foreign Currency Translation: The functional currency of the Company is the U.S. Dollar because the Company operates its vessels in international shipping markets, and therefore, primarily transacts business in U.S. Dollars. The Company's accounting records are maintained in U.S. Dollars. Transactions involving other currencies during the years presented are converted into U.S. Dollars using the exchange rates in effect at the time of the transactions. At the balance sheet dates, monetary assets and liabilities which are denominated in other currencies are translated into U.S. Dollars at the period-end exchange rates. Resulting gains or losses are reflected separately in the accompanying consolidated statements of operations.

(e) Cash and Cash Equivalents: The Company considers highly liquid investments such as time deposits, certificates of deposit and their equivalents with an original maturity of three months or less to be cash equivalents.

(f) Restricted Cash: Restricted cash, when applicable, includes minimum cash deposits required to be maintained under the Company's borrowing arrangements.

(g) Accounts Receivable, Trade: The account includes receivables from charterers for hire, freight, demurrage billings and for any deducted bunkers costs relating to the next period. At each balance sheet date, all potentially uncollectible accounts are assessed individually for purposes of determining the appropriate provision for doubtful accounts. No provision for doubtful accounts has been made as of December 31, 2017 and 2016.

(h) Inventories: Inventories consist of lubricants and victualling which are stated at the lower of cost or net realizable value. Cost is determined by the first in, first out method. Net realizable value is defined as estimated selling prices in the ordinary course of business, less reasonably predictable costs of completion, disposal and transportation. Inventories may also consist of bunkers when the vessel operates under freight charter or when on the balance sheet date a vessel has been redelivered by her previous charterers and has not yet been delivered to new charterers, or remains idle. Bunkers are also stated at the lower of cost or net realizable value and cost is determined by the first in, first out method.

(i) Prepaid/Deferred Charter Revenue: The Company records identified assets or liabilities associated with the acquisition of a vessel at their relative fair value, determined by reference to market data. The Company values 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. In determining the relative fair value, when the present value of the contractual cash flows of the time charter assumed is different than its current fair value, the difference, capped to the excess between the acquisition cost and the vessel's fair value on a charter free basis, is recorded as prepaid charter revenue or as deferred revenue, respectively. Such assets and liabilities, respectively, are amortized as a reduction of, or an increase in, revenue over the period of the time charter assumed.

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

(k) Vessel Depreciation: The Company depreciates containership vessels on a straight-line basis over their estimated useful lives, after considering the estimated salvage value. Each vessel's salvage value is the product of her light-weight tonnage and estimated scrap rate, which is estimated at $0.35 per light-weight ton for all vessels in the fleet. Management estimates the useful life of the Company's vessels to be 30 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 on the ability of a vessel to trade on a worldwide basis, the vessel's useful life is adjusted at the date such regulations are adopted.

(l) Impairment of Long-Lived Assets: The Company follows ASC 360-10-40 "Impairment or Disposal of Long-Lived Assets", which addresses financial accounting and reporting for the impairment or disposal of long-lived assets. The Company reviews vessels for impairment whenever events or changes in circumstances indicate that the carrying amount of a vessel may not be recoverable. When the estimate of future undiscounted net operating cash flows, excluding interest charges, expected to be generated by the use of the vessel over her remaining useful life and her eventual disposition is less than her carrying amount, the Company evaluates the vessel for impairment loss. Measurement of the impairment loss is based on the fair value of the vessel. The fair value of the vessel is determined based on management estimates and assumptions and by making use of available market data and third party valuations. The Company evaluates the carrying amounts and periods over which vessels are depreciated to determine if events have occurred which would require modification to their carrying values or useful lives. In evaluating useful lives and carrying values of long-lived assets, management reviews certain indicators of potential impairment, such as undiscounted projected operating cash flows, vessel sales and purchases, business plans and overall market conditions. The current conditions in the containerships market with decreased charter rates and decreased vessel market values are conditions that the Company considers indicators of a potential impairment. In developing estimates of future undiscounted cash flows, the Company makes assumptions and estimates about the vessels' future performance, with the significant assumptions being related to charter rates, fleet utilization, vessels' operating expenses, vessels' residual value, and the estimated remaining useful life of each vessel. The assumptions used to develop estimates of future undiscounted cash flows are based on historical trends as well as future expectations. The Company also takes into account factors such as the vessels' age and employment prospects under the then current market conditions, and determines the future undiscounted cash flows considering its various alternatives, including sale possibilities existing for each vessel as of the testing dates.

The Company determines undiscounted projected net operating cash flows for each vessel and compares it to the vessel's carrying value. The projected net operating cash flows are determined by considering the historical and estimated vessels' performance and utilization, the charter revenues from existing time charters for the fixed fleet days and an estimated daily time charter equivalent for the unfixed days (based, to the extent applicable, on the most recent 10 year average historical 6-12 months' time charter rates available for each type of vessel, considering also current market rates) over the remaining estimated life of each vessel, net of commissions, expected outflows for scheduled vessels' maintenance and vessel operating expenses assuming an average annual inflation rate of 3.5%. Effective fleet utilization is assumed to 98% in the Company's exercise, if vessel not laid-up, taking into account the period(s) each vessel is expected to undergo her scheduled maintenance (dry docking and special surveys), as well as an estimate of 1% off hire days each year, assumptions in line with the Company's historical performance. The review of the vessel's carrying amounts in connection with the estimated recoverable amounts for 2017, 2016 and 2015 indicated impairment charges for certain of the Company's vessels, which are separately reflected in the accompanying consolidated statements of operations (Note 5).

(m) Assets held for sale: It is the Company's policy to dispose of vessels and other fixed assets when suitable opportunities occur and not necessarily keep them until the end of their useful life. The Company classifies assets or assets in disposal groups as being held for sale in accordance with ASC 360-10-45-9 "Long-Lived Assets Classified as Held for Sale", when the following criteria are met: (i) management possessing the necessary authority has committed to a plan to sell the asset (disposal group); (ii) the asset (disposal group) is immediately available for sale on an "as is" basis; (iii) an active program to find the buyer and other actions required to execute the plan to sell the asset (disposal group) have been initiated; (iv) the sale of the asset (disposal group) is probable, and transfer of the asset (disposal group) is expected to qualify for recognition as a completed sale within one year; and (v) the asset (disposal group) is being actively marketed for sale at a price that is reasonable in relation to its current fair value and actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn. In case a long-lived asset is to be disposed of other than by sale (for example, by abandonment, in an exchange measured based on the recorded amount of the nonmonetary asset relinquished, or in a distribution to owners in a spinoff) the Company continues to classify it as held and used until its disposal date. Long-lived assets or disposal groups classified as held for sale are measured at the lower of their carrying amount or fair value less cost to sell. These assets are not depreciated once they meet the criteria to be held for sale. The review of the related criteria for the year ended December 31, 2017 resulted in held for sale classification for certain of the Company's vessels (Notes 5 and 13).

(n) Accounting for Revenues and Expenses: Revenues are generated from time charter agreements. Time charter agreements with the same charterer are accounted for as separate agreements according to the terms and conditions of each agreement. Time-charter revenues are recorded over the term of the charter as service is provided. Revenues from time charter agreements providing for varying annual rates over their term are accounted for on a straight line basis. Deferred revenue, if any, includes cash received prior to the balance sheet date for which all criteria for recognition as revenue would not be met, including any deferred revenue resulting from charter agreements providing for varying annual rates, which are accounted for on a straight line basis.

Voyage expenses, primarily consisting of port, canal and bunker expenses that are unique to a particular charter, are paid for by the charterer under time charter arrangements, except for commissions, which are paid for by the Company. All voyage and vessel operating expenses are expensed as incurred, except for commissions. Commissions are deferred over the related charter period to the extent revenue has been deferred since commissions are due as revenues are earned.

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

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

(q) Accounting for Dry-Docking Costs: The Company follows the deferral method of accounting for dry-docking costs whereby actual costs incurred are deferred and amortized on a straight-line basis over the period through the date the next dry-docking will be scheduled to become due. Unamortized dry-docking costs of vessels that are sold are written off and included in the calculation of the resulting gain or loss in the year of the vessel's sale. The unamortized dry-docking cost is reflected in Deferred Charges, net, in the accompanying consolidated balance sheets. Amortization of dry-docking costs, for 2017, 2016 and 2015 amounted to $744, $657 and $385, respectively, and is reflected in Depreciation and amortization of deferred charges, in the accompanying consolidated statement of operations.

(r) Financing Costs and Liabilities: Fees paid to lenders for obtaining new loans or refinancing existing ones are deferred and recorded as a contra to debt, in accordance with ASU 2015-13: Interest-Imputation of Interest. Other fees paid for obtaining loan facilities not used at the balance sheet date are capitalized as deferred financing costs. Fees are amortized to interest and finance costs over the life of the related debt using the effective interest method and, for the fees relating to loan facilities not used at the balance sheet date, according to the loan availability terms. Discount premiums (Notes 4 and 6) are accounted for similar to other financing fees. Unamortized fees relating to loans repaid or refinanced as debt extinguishment are expensed as interest and finance costs in the period the repayment or extinguishment is made. Loan commitment fees are charged to expense in the period incurred. A loan liability is derecognised when the Company pays the creditor and is relieved of its obligation for the liability. The difference between the settlement price and the net carrying amount of the debt being extinguished (which includes any deferred debt issuance costs) is recognized as a gain or loss in the statement of operations.

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

(t) Share Based Payment: The Company issues restricted share awards which are measured at their grant date fair value and are not subsequently re-measured. That cost is recognized under the straight-line method over the period during which an employee is required to provide service in exchange for the award—the requisite service period (usually the vesting period). When the service inception date precedes the grant date, the Company accrues the compensation cost for periods before the grant date based on the fair value of the award at the reporting date. In the period in which the grant date occurs, cumulative compensation cost is adjusted to reflect the cumulative effect of measuring compensation cost based on the fair value at the grant date. Forfeitures of awards are accounted for when and if they occur. If an equity award is modified after the grant date, incremental compensation cost will be recognized in an amount equal to the excess of the fair value of the modified award over the fair value of the original award immediately before the modification.

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

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

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

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

(v) 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.

(w) Going Concern: The Company's policy is in accordance with ASU No. 2014-15, "Presentation of Financial Statements - Going Concern", issued in August 2014 by the FASB. ASU 2014-15 provides U.S. GAAP guidance on management's responsibility in evaluating whether there is substantial doubt about a company's ability to continue as a going concern and on related required footnote disclosures. For each reporting period, management is required to evaluate whether there are conditions or events that raise substantial doubt about a company's ability to continue as a going concern within one year from the date the financial statements are issued (Note 3).

Recent Accounting Pronouncements Not Yet Adopted

(a) In May 2014, FASB issued Accounting Standards Update ("ASU") No. 2014-09, "Revenue from Contracts with Customers", clarifying the method used to determine the timing and requirements for revenue recognition on the statements of income. Under the new standard, an entity must identify the performance obligations in a contract, the transaction price and allocate the price to specific performance obligations to recognize the revenue when the obligation is completed. The amendments in this update also require disclosure of sufficient information to allow users to understand the nature, amount, timing and uncertainty of revenue and cash flow arising from contracts. In August 2015, FASB issued ASU No. 2015-14 "Revenue from Contracts with Customers (Topic 606): Deferral of the Effective Date," which deferred the effective date of ASU 2014-09 for all entities by one year. The standard will be effective for public entities for annual reporting periods beginning after December 15, 2017 and interim periods therein. In May and April 2016, the FASB issued two Updates with respect to Topic 606: ASU 2016-10, "Revenue from Contracts with Customers (Topic 606): Identifying Performance Obligations and Licensing" and ASU 2016-12, "Revenue from Contracts with Customers (Topic 606): Narrow-Scope Improvements and Practical Expedients." The Company has evaluated the impact of the standard after reviewing historical contracts and has determined that all of the Company's agreements are considered leases. Certain non-lease components which are required to be assessed according to this standard, may only affect presentation and disclosures and not the way revenue is recognized.

(b) In February 2016, the FASB issued ASU No. 2016-02, Leases (ASC 842), which requires lessees to recognize most leases on the balance sheet. This is expected to increase both reported assets and liabilities. The new lease standard does not substantially change lessor accounting. For public companies, the standard will be effective for the first interim reporting period within annual periods beginning after December 15, 2018, although early adoption is permitted. Lessees and lessors will be required to apply the new standard at the beginning of the earliest period presented in the financial statements in which they first apply the new guidance, using a modified retrospective transition method. The requirements of this standard include a significant increase in required disclosures. The Company is analyzing the impact of the adoption of this guidance on the Company's consolidated financial statements, including assessing changes that might be necessary to information technology systems, processes and internal controls to capture new data and address changes in financial reporting.

(c) In June 2016, the FASB issued ASU No. 2016-13– Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments. ASU 2016-13 amends guidance on reporting credit losses for assets held at amortized cost basis and available for sale debt securities. For public entities, the amendments of this Update are effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. Early application is permitted. The Company is in the process of assessing the impact of the amendment of this Update on the Company's consolidated financial position and performance.

(d) In August 2016, the FASB issued ASU No. 2016-15- Statement of Cash Flows (Topic 230) – Classification of Certain Cash Receipts and Cash Payments which addresses the following eight specific cash flow issues with the objective of reducing the existing diversity in practice: Debt prepayment or debt extinguishment costs; settlement of zero-coupon debt instruments or other debt instruments with coupon interest rates that are insignificant in relation to the effective interest rate of the borrowing; contingent consideration payments made after a business combination; proceeds from the settlement of insurance claims; proceeds from the settlement of corporate-owned life insurance policies (COLIs) (including bank-owned life insurance policies (BOLIs)); distributions received from equity method investees; beneficial interests in securitization transactions; and separately identifiable cash flows and application of the predominance principle. ASU 2016-15 is effective for fiscal years beginning after December 15, 2017 including interim periods within that reporting period, however early adoption is permitted. The Company will adopt the standard in the first quarter of 2018 and preliminarily expects that the adoption of the new standard will have no material impact on its consolidated financial statements and notes disclosures.

(e) In November 2016, the FASB issued ASU No. 2016-18—Statement of Cash Flows (Topic 230) - Restricted Cash which addresses the requirement that a statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. Therefore, amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. The amendments in this Update apply to all entities that have restricted cash or restricted cash equivalents and are required to present a statement of cash flows under Topic 230. ASU 2016-18 is effective for fiscal years beginning after December 15, 2017 including interim periods within that reporting period, however early adoption is permitted. The Company will adopt the standard in the first quarter of 2018 and preliminarily expects that the adoption of the new standard will have no material impact on its consolidated financial statements and notes disclosures.

(f) In May 2017, the FASB issued ASU 2017-09, "Compensation — Stock Compensation (Topic 718), Scope of Modification Accounting" ("ASU 2017-09"), which clarifies and reduces both (1) diversity in practice and (2) cost and complexity when applying the guidance in Topic 718, Compensation—Stock Compensation, to a change to the terms or conditions of a share-based payment award. ASU 2017-09 is effective for annual periods, including interim periods within those annual periods, beginning after December 15, 2017, however early adoption is permitted. The Company does not expect that the adoption of ASU 2017-09 will have a material effect in the Company's financial statements.

(g) In July 2017, the FASB issued ASU No. 2017-11, Earnings Per Share (Topic 260), Distinguishing Liabilities from Equity (Topic 480) and Derivatives and Hedging (Topic 815): I. Accounting for Certain Financial Instruments with Down Round Features; II. Replacement of the Indefinite Deferral for Mandatorily Redeemable Financial Instruments of Certain Nonpublic Entities and Certain Mandatorily Redeemable Non-controlling Interests with a Scope Exception, (ASU 2017-11). Part I of this update addresses the complexity of accounting for certain financial instruments with down round features. Down round features are features of certain equity-linked instruments (or embedded features) that result in the strike price being reduced on the basis of the pricing of future equity offerings. Current accounting guidance creates cost and complexity for entities that issue financial instruments (such as warrants and convertible instruments) with down round features that require fair value measurement of the entire instrument or conversion option. Part II of this update addresses the difficulty of navigating Topic 480, Distinguishing Liabilities from Equity, because of the existence of extensive pending content in the FASB Accounting Standards Codification. This pending content is the result of the indefinite deferral of accounting requirements about mandatorily redeemable financial instruments of certain nonpublic entities and certain mandatorily redeemable non-controlling interests. The amendments in Part II of this update do not have an accounting effect. This ASU is effective for fiscal years, and interim periods within those years, beginning after December 15, 2018. The Company is currently assessing the impact that adopting this new accounting guidance will have on its consolidated financial statements and related disclosures.

3. Going Concern

As of December 31, 2016, and thereafter, due to the significant decline in the market value of its vessels, following the prolonged weak charter market conditions, the Company was not in compliance with certain financial covenants, as well as with the minimum required security cover ("hull cover ratio") under its then existing loan agreement with the Royal Bank of Scotland plc (or "RBS"). Due to these technical breaches of the covenants as of December 31, 2016, the Company had classified the long-term portion of its bank debt in current liabilities (Note 6), thus resulting in a reported working capital deficit of $106,988. Given the prolonged market downturn in the containerships segment and the continued depressed outlook on charter rates and vessels' market values, the Company had estimated that cash on hand and cash provided by operating activities could be insufficient to cover its liquidity needs that would become due within one year after the date that the financial statements were issued. The above conditions raised substantial doubts about the Company's ability to continue as a going concern.

On March 22, 2017, the Company announced an up to $150,000 securities offering through the sale of 3,000 newly-designated Series B-1 convertible preferred shares, preferred warrants to purchase 6,500 Series B-1 convertible preferred shares and preferred warrants to purchase 140,500 newly-designated Series B-2 convertible preferred shares. In 2017, the Company received $32,500 of gross proceeds from the sale of preferred shares and exercise of preferred warrants. Furthermore, on June 30, 2017, the Company repaid to RBS an amount of $85,000 as full and final settlement of its loan obligation and the loan agreement was terminated (Note 6). The repayment of the loan was partially funded with $10,000 from the Company's own cash, with $40,000 from a refinance of the Company's existing loan with Diana Shipping Inc. (or "DSI") (Note 4) and with $35,000 from a new loan agreement with Addiewell LTD (or "Addiewell"), an unrelated party (Note 6).

The loans with Addiewell and DSI mature on December 31, 2018, and are classified as current in the accompanying consolidated balance sheets. Consequently, the Company reported at December 31, 2017 a working capital deficit of $73,215. Based on the current performance of the containerships market and the available cash on hand, the Company expects that cash on hand and cash from operating activities will not be sufficient to cover its liquidity needs that become due within one year after the date that the financial statements are issued. The above conditions raise substantial doubt about the Company's ability to continue as a going concern.

Since December 31, 2017, the Company further received $7,500 of gross proceeds from the sale of preferred shares and exercise of preferred warrants (Note 13) and 110,000 warrants remain currently outstanding. In addition, in October 2017, the Company, through its subsidiaries, contracted to sell the vessels "March" and "Great" for a gross purchase price of $11,000 for each vessel (Notes 5 and 13), with expected delivery to the new owners by the end of March 2018. The two vessels have been classified as held for sale in the accompanying consolidated balance sheets. Furthermore, in February 2018, the Company, through one of its subsidiaries, contracted to sell the vessel "New Jersey" to an unrelated party for demolition, which was delivered to the new owners on March 12, 2018 and the Company received the sale price of $9,379, net of commissions to the buyers. The proceeds were used by the Company to partially repay the existing indebtedness (Note 13). Finally, in February 2018, the Company, through its subsidiaries, also contracted to sell the vessels "Sagitta" and "Centaurus" to unrelated parties for a gross sale price of $12,300 for each vessel, with expected delivery to the new owners by the end of April 2018 (Note 13).The Company is also exploring several alternatives aiming to manage its working capital requirements, including potential sales of additional vessels, seeking for more favorable chartering opportunities or a combination thereof.

(Expressed in thousands of US Dollars – except for share and per share data, unless otherwise stated)

Management believes that the Company's plans to manage its working capital requirements will be successful, and as a result the consolidated financial statements have been prepared assuming that the Company will continue as a going concern. Accordingly, they do not include any adjustments relating to the recoverability and classification of recorded asset amounts, the amounts and classification of liabilities, or any other adjustments that might result in the event the Company is unable to continue as a going concern.

4. Transactions with Related Parties

(a) Altair Travel Agency S.A ("Altair"): The Company uses the services of an affiliated travel agent, Altair, which is controlled by the Company's CEO and Chairman of the Board. Travel expenses for 2017, 2016, and 2015, were $672, $864 and $1,120 respectively, and are included in Operating expenses, in General and administrative expenses and in Gain / (Loss) on vessel's sale in the accompanying consolidated statement of operations. As at December 31, 2017 and 2016, an amount of $21 and $3, respectively, was payable to Altair and is included in Due to related parties, current in the accompanying consolidated balance sheets.

(b) Steamship Shipbroking Enterprises Inc. ("Steamship Shipbroking"): Steamship Shipbroking (formerly "Diana Enterprises Inc."), a company controlled by the Company's CEO and Chairman of the Board, provides brokerage services to DCI, pursuant to a Brokerage Services Agreement for a fixed fee. For 2017, 2016 and 2015, total brokerage fees and bonuses to Steamship Shipbroking amounted to $2,100, $2,005 and $1,451 respectively, and are included in General and administrative expenses in the accompanying consolidated statements of operations. As at December 31, 2017 and 2016 there was no amount due from or due to Steamship Shipbroking, and an amount of $420 and $140, respectively, has been accrued for in connection with bonuses approved to Steamship Shipbroking (Note 13) and is included in Accrued liabilities in the accompanying consolidated balance sheets.

(c) Diana Shipping Inc. ("DSI"): The amounts of related party loans shown in the accompanying consolidated balance sheets are analyzed as follows:

	2017	Current	Non-current	**2016**	Current	Non-current
Diana Shipping Inc - Term Loan	$ 82,617	$ 82,617	$ -	$ 45,417	$ -	$ 45,417
plus other fees payable to the lenders	2,292	2,292	-	200	-	200
less unamortized deferred financing costs	(77)	(77)	-	-	-	-
Related party financing, net of unamortized deferred financing costs	$ 84,832	$ 84,832	$ -	$ 45,617	$ -	$ 45,617

On May 20, 2013, the Company, through its subsidiary Eluk Shipping Company Inc., entered into an unsecured loan agreement of up to $50,000 with Diana Shipping Inc., to be used to fund vessel acquisitions and for general corporate purposes. The loan was guaranteed by the Company and, until the amendments discussed below, it bore interest at a rate of LIBOR plus a margin of 5.0% per annum and a fee of 1.25% per annum ("back-end fee") on any amounts repaid upon any repayment or voluntary prepayment dates. In August 2013, the full amount was drawn down under the loan agreement which was repayable on August 20, 2017.

On September 9, 2015, and in relation with The Royal Bank of Scotland plc ("RBS") refinance discussed in Note 6, the loan agreement with DSI was amended. The maturity of the loan agreement was extended until March 15, 2022, provided for annual repayments of $5,000, plus a balloon instalment at the final maturity date, and bore interest at LIBOR plus margin of 3.0% per annum. The Company also agreed to pay at the date of the amendment the accumulated back-end fee, amounting to $1,302, and that no additional back-end fee would be charged thereafter. Furthermore, the Company agreed to pay at the final maturity date a flat fee of $200. Furthermore, on September 12, 2016 and in relation with the RBS amended loan agreement discussed in Note 6, the loan agreement with DSI was amended again. The loan was undertaken by Kapa Shipping Company Inc. and its repayment was immediately suspended and would not recommence until the later of: (i) September 15, 2018 and (ii) until the deferred tranche of the RBS supplemental agreement was fully repaid on June 15, 2021 or prepaid. Finally, the margin was revised to 3.35% per annum until December 31, 2018, thereafter reverting to 3.0% per annum until maturity.

On May 30, 2017, the Company issued 100 shares of its newly-designated Series C Preferred Stock, par value $0.01 per share, to DSI, in exchange for a reduction of $3,000 in the principal amount of the Company's outstanding loan, thus leaving an outstanding principal balance of $42,417 (Note 8).

On June 30, 2017, the Company refinanced its then existing unsecured loan facility with DSI. The principal amount of the new secured loan is $82,617 and includes the $42,417 outstanding principal balance as of June 30, 2017, increased by the flat fee of $200 which was payable at maturity, and an additional $40,000, which was drawn to partially repay the Company's existing loan with RBS (Note 6). The new DSI loan matures on December 31, 2018, however the lenders have the option to request for full repayment after twelve months from the initial drawing. The loan also provides for an additional $5,000 interest-bearing "discount premium", which is payable at maturity, but will be permanently waived and cancelled, in case the lenders exercise their option for full repayment within twelve months from drawing, subject to the terms of the intercreditor agreement with Addiewell Ltd (Note 6). The discount premium is recognized in Interest and Finance costs throughout the life of the loan and in Related party financing, net of unamortized deferred financing costs. Moreover, the specific loan is subordinated to the Addiewell loan (Note 6), is secured by second priority mortgages over all the Company's containerships, bears interest at the rate of 6% per annum for the first twelve months scaled to 9% per annum for the next three months and further scaled to 12% per annum for the remaining three months until maturity, includes financial and other covenants which stipulate the repayment with proceeds from the sale of assets of the Company, proceeds from the issuance of new equity and proceeds from the exercise of existing warrants to purchase the Company's Series B Convertible Preferred Shares (Note 8) and prohibits the payment of dividends.

The weighted average interest rate of the DSI loan during 2017 and 2016 was 5.42% and 3.58%, respectively. For 2017, 2016 and 2015, total interest expense and other fees incurred under the loan agreements with DSI amounted to $5,948, $1,692 and $2,745, respectively, and is included in Interest and finance costs in the accompanying consolidated statements of operations. As at December 31, 2016, the flat fee of $200 is included in Related party financing, non-current, in the accompanying consolidated balance sheets. Accrued interest as of December 31, 2017 and 2016 amounted to $44 and $102, respectively, and is included in Due to related parties, current in the accompanying consolidated balance sheets.

5. Vessels and Vessels held for sale

Vessels' disposals

In May 2017, the Company, through Utirik Shipping Company Inc., entered into a memorandum of agreement to sell the vessel "Doukato" to an unrelated party, for a sale price of $6,027, net of commissions. In March 2016, the Company, through Nauru Shipping Company Inc., sold the vessel "Hanjin Malta", to an unrelated party for demolition, for a sale price of $4,842, net of commissions. Later in November of the same year, the Company, through Kapa Shipping Company Inc., sold the vessel "Angeles" to an unrelated party for demolition, for a sale price of $6,448, net of commissions. The aggregate gain from the sale of vessels, including direct to sale expenses, in 2017 amounted to $945, while the aggregate loss from the sale of vessels, including direct to sale expenses, in 2016 and 2015, amounted to $2,899 and $8,300, respectively, and are separately reflected in (Gain) / Loss on vessels' sale in the accompanying consolidated statements of operations.

Vessels held for sale

In October 2017, the Company entered into an agreement to sell up to seven of its vessels to an unrelated party. Since the sale of the vessels was subject to the purchaser obtaining certain minimum financing, under various amendments to the initial agreement, the transaction concluded that only two of the Company's vessels would be sold, the "March" and the "Great", for a gross purchase price of $11,000 for each vessel. The deliveries of the vessels to the new owners are expected to take place by the end of March 2018 (Note 13). The Company intends to use the net proceeds from the sales to repay indebtedness under its existing credit agreements. As a result of this transaction, both vessels were classified on December 31, 2017 in current assets as held for sale, according to the provisions of ASC 360, as all criteria required for this classification were met. No impairment charge was recognized for the specific two vessels in the accompanying consolidated statement of operations, since their carrying amount as at the balance sheet date was lower than their fair value, less cost to sell.

Vessels' Impairment

In 2017, 2016 and 2015 the Company, after taking into account factors such as the vessels' age and employment prospects under the then current market conditions, determined the future undiscounted cash flows for each of its vessels, considering its various alternatives, including sale possibilities. This assessment concluded that the carrying value of two vessels in 2017, seven vessels in 2016, and one vessel in 2015 was not recoverable and accordingly, the Company has recognized an aggregate impairment loss of $8,363, $118,861, and $6,607, respectively, which is separately reflected in the accompanying statements of operations. The fair value of the vessels was determined through Level 2 inputs of the fair value hierarchy as determined by management, making also use of available market data for the market value of vessels with similar characteristics. The vessels were measured at fair value on a non-recurring basis as a result of the management's impairment test exercise. The aggregate fair value of the impaired vessels as of the testing dates was $20,050 in 2017, $59,900 in 2016 and $5,020 in 2015.

(Expressed in thousands of US Dollars – except for share and per share data, unless otherwise stated)

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

	Vessels' Cost	Accumulated Depreciation	Net Book Value
Balance, December 31, 2015	$ 421,903	$ (37,354)	$ 384,549
- Capitalized costs	194	-	194
- Vessels' disposals	(16,245)	2,728	(13,517)
- Depreciation	-	(12,013)	(12,013)
- Impairment charges	(118,861)	-	(118,861)
Balance, December 31, 2016	$ 286,991	$ (46,639)	$ 240,352
- Vessels' disposals	(9,951)	5,001	(4,950)
- Transfer to vessels held for sale	(21,350)	2,972	(18,378)
- Depreciation	-	(7,353)	(7,353)
- Impairment charges	(8,363)	-	(8,363)
Balance, December 31, 2017	$ 247,327	$ (46,019)	$ 201,308

As at December 31, 2017, all the Company's vessels, including those classified as held for sale, were provided as collateral to secure the loan facilities with Addiewell and DSI, discussed in Notes 4 and 6.

6. Bank and Other Debt

The amounts of bank and other debt shown in the accompanying consolidated balance sheets are analyzed as follows:

	2017	Current	Non-current	2016	Current	Non-current
The Royal Bank of Scotland plc - Term Loan	$ -	$ -	$ -	$ 128,861	$ 128,861	$ -
Addiewell LTD - Term Loan	8,500	8,500	-	-	-	-
plus other fees payable to the lenders	3,718	3,718	-	200	200	-
less unamortized deferred financing costs	(99)	(99)	-	(1,932)	(1,932)	-
Bank and other debt, net of unamortized deferred financing costs	$ 12,119	$ 12,119	$ -	$ 127,129	$ 127,129	$ -

(a) The Royal Bank of Scotland plc ("RBS") – Term Loan: On September 10, 2015, the Company, through nine of its subsidiaries, entered into a loan agreement with RBS of up to $148,000, to re-finance the acquisition cost of seven of the Company's vessels, including the full prepayment of the previous facility agreement, and to support the acquisition of the two newly acquired vessels, the "Hamburg" and the "Rotterdam". Until December 31, 2015, the Company drew down the full amount of the loan and paid arrangement and structuring fees amounting to $1,875.

The loan, until its amendment discussed below, bore interest at the rate of 2.75% per annum over LIBOR and was repayable in quarterly instalments and a balloon payment payable together with the last installment in September 2021. The Company paid commitment commissions of 1.375% per annum on the undrawn amounts, from July 30, 2015, the date of acceptance of the lenders' offer letter, until the drawdown dates.

The loan was secured by first preferred mortgages on nine vessels of the Company's fleet, first priority deeds of assignments of insurances, earnings, charter rights and requisition compensation and a corporate guarantee. The loan agreement also contained customary financial covenants, minimum security value of the mortgaged vessels, required minimum liquidity of $500 per vessel in the fleet and restricted cash of $9,000 to be deposited by the borrowers with the lenders for the duration of the loan. There were also restrictions as to changes in the loan agreement with DSI and in certain shareholdings and management of the vessels. Finally, the Company was not permitted to pay any dividends that would result in a breach of the financial covenants.

On September 12, 2016, the Company entered into an amendment of its loan agreement with RBS, according to which the Company prepaid an amount of $7,607 and agreed to change the repayment schedule and recommence repaying the principal on September 15, 2017. Moreover, the loan amendment provided for changes to the borrowers and to the mortgaged vessels and required an amendment to the loan agreement with DSI (Note 4). It also prohibited the incurrence of additional indebtedness and the acquisition of additional vessels until September 15, 2018, and the payment of dividends until the later of: (a) prepayment or repayment in full on June 15, 2021 of the deferred tranche of $8,851, which was created out of the reallocation of amounts due under the existing tranches, and (b) September 15, 2018. Furthermore, the minimum security covenant ("hull cover ratio") was reduced from 140% to 125% until September 30, 2018, certain financial covenants were amended while the application of others was deferred to 2019, and the interest rate margin increased from 2.75% per annum to 3.10% per annum until December 31, 2018. Finally, the Company paid an amendment fee of $150 at the signing of the agreement and an additional fee of $200 was payable on December 31, 2018.

As of December 31, 2016 and thereafter, due to a significant decline in the market value of its vessels, the Company was not in compliance with two financial covenants, as well as with the required covenant for the minimum required security cover ("hull cover ratio"). Due to these technical breaches in its loan covenants, the Company has classified its bank debt as of December 31, 2016 in current liabilities. Accordingly, the loan balance and the loan-related fees have been reclassified to Bank and other debt, net of unamortized deferred financing costs and the restricted cash under the facility has been reclassified to Restricted cash, current in the accompanying consolidated balance sheet of December 31, 2016.

On June 30, 2017, the Company signed a Settlement Agreement with RBS, whereby it repaid an amount of $85,000 as full and final settlement of the loan obligation. The then outstanding principal balance was $128,861 and the settlement resulted in a net gain of $42,185 for the Company, which is reflected in Gain from bank debt write off in the accompanying consolidated statements of operations and includes the gain from the write off of the principal balance and other fees due to the lenders, net of the unamortized deferred financing costs write off and other costs incurred in connection with the transaction. The repayment of the loan was partially funded by $10,000 from the Company's own cash, $40,000 from the DSI loan refinance as discussed in Note 4 and $35,000 from the new Addiewell loan, discussed under (b) below.

The weighted average interest rate of the RBS loan during 2017 and 2016 was 4.17% and 3.52%, respectively. For 2017, 2016 and 2015, total interest expense incurred in connection with the RBS loan, amounted to $2,688, $4,902 and $3,541, respectively, and is included in Interest and finance costs in the accompanying consolidated statements of operations. Commitment fees for 2017, 2016 and 2015, amounted to $0, $0 and $329, respectively, and are also included in Interest and finance costs in the accompanying consolidated statements of operations. Accrued interest as of December 31, 2017 and 2016 amounted to $0 and $247, respectively, and is included in Accrued liabilities in the accompanying consolidated balance sheets.

(b) ***Addiewell Ltd ("Addiewell") – Loan Facility:*** On June 30, 2017, the Company partially funded the refinancing of the RBS loan, discussed under (a) above, with proceeds under a new secured loan facility with Addiewell Ltd., an unaffiliated third party, in the amount of $35,000. The loan matures on December 31, 2018, however the lenders have the option to request for full repayment after twelve months from the initial drawing. The loan also provides for an additional $10,000 interest-bearing "discount premium", which is also payable at maturity, but will be permanently waived and cancelled in case the lenders exercise their option for full repayment within twelve months from drawing. The discount premium is recognized in Interest and Finance costs throughout the life of the loan and in Bank and other debt, net of unamortized deferred financing costs. Moreover, the loan, which ranks senior to the loan agreement with DSI (Note 4), is secured by first priority mortgages over all the Company's containerships, bears interest at the rate of 6% per annum for the first twelve months scaled to 9% per annum for the next three months and further scaled to 12% per annum for the remaining three months until maturity. Finally, the new loan facility includes financial and other covenants which stipulate the repayment of the facility with proceeds from the sale of assets of the Company, proceeds from the issuance of new equity and proceeds from the exercise of existing warrants to purchase the Company's Series B Convertible Preferred Shares (Note 8), and prohibits the payment of dividends. During 2017, the Company prepaid $26,500 of its outstanding loan balance, according to the respective terms of the loan agreement.

The weighted average interest rate of the Addiewell loan during 2017 was 6%. For 2017, total interest expense and discount premium amortization incurred in connection with the Addiewell loan, amounted to $4,803, and is included in Interest and finance costs in the accompanying consolidated statements of operations. Accrued interest as of December 31, 2017 amounted to $9 and is included in Accrued liabilities in the accompanying consolidated balance sheets.

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. Currently, management is not aware of any claims or contingent liabilities, which should be disclosed, or for which a provision should be established and has not in the accompanying consolidated financial statements.

The Company accrues for the cost of environmental liabilities when management becomes aware that a liability is probable and is able to reasonably estimate the probable exposure. Currently, management is not aware of any such claims or contingent liabilities, which should be disclosed, or for which a provision should be established in the accompanying consolidated financial statements.

The Company's vessels are covered for pollution in the amount of $1 billion per vessel per incident, by the protection and indemnity association ("P&I Association") in which the Company's vessels are entered. The Company's vessels are subject to calls payable to their P&I Association and may be subject to supplemental calls which are based on estimates of premium income and anticipated and paid claims. Such estimates are adjusted each year by the Board of Directors of the P&I Association until the closing of the relevant policy year, which generally occurs within three years from the end of the policy year. Supplemental calls, if any, are expensed when they are announced and according to the period they relate to. The Company is not aware of any supplemental calls outstanding in respect of any policy year.

(b) As at December 31, 2017, all our vessels were operating under time charter agreements, except for one which remained idle. The minimum contractual annual charter revenues, net of related commissions to third parties, to be generated from the existing as at December 31, 2017, non-cancelable time charter contracts, are estimated at $8,895 until December 31, 2018.

8. Changes in Capital Accounts

(a) Reverse Stock Splits: During 2016 and 2017, the Company effected six reverse stock splits of its common shares, each which was approved by the Company's shareholders. More specifically, the Company effected: (i) on June 9, 2016, a one-for-eight reverse stock split, which was approved by shareholders at the Company's 2016 Annual Meeting of Shareholders held on February 24, 2016; (ii) on July 5, 2017, a one-for-seven reverse stock split; on July 27, 2017, a one-for-six reverse stock split; on August 24, 2017, a one-for-seven reverse stock split; and on September 25, 2017, a one-for-three reverse stock split, each which was approved by shareholders at the Company's 2017 Annual Meeting of Shareholders held on June 29, 2017; and (iii) on November 2, 2017, a one-for-seven reverse stock split, which was approved by shareholders at the Company's Special Meeting of Shareholders held on October 26, 2017. No fractional shares were issued in connection with the reverse splits. Shareholders who would otherwise hold fractional shares of the Company's common stock received a cash payment in lieu of such fractional share. All share and per share amounts disclosed in the accompanying consolidated financial statements give effect to these six reverse stock splits retroactively and thus affect all periods presented.

(b) Issuance of Series B Preferred Stock and Warrants to purchase Series B Preferred Stock: On March 21, 2017, the Company completed a registered direct offering of (i) 3,000 newly-designated Series B-1 convertible preferred shares, par value $0.01 per share, and common shares underlying such Series B-1 convertible preferred shares, and (ii) warrants to purchase 6,500 of Series B-1 convertible preferred shares, 6,500 of Series B-1 convertible preferred shares underlying such warrants, and common shares underlying such Series B-1 convertible preferred shares. Concurrently with the registered direct offering, the Company completed an offering of warrants to purchase 140,500 of Series B-2 convertible preferred shares in a private placement, in reliance on Regulation S under the Securities Act. The securities in the registered direct offering and private placement were issued and sold to Kalani Investments Limited (or "Kalani"), an entity not affiliated with the Company, pursuant to a Securities Purchase Agreement. In connection with the private placement, the Company entered into a Registration Rights Agreement with Kalani, pursuant to which the investor was granted certain registration rights with respect to the securities issued and sold in the private placement. The Series B convertible preferred shares are convertible at any time at the option of the holder into common shares at an initial conversion price of $7.00 per common share, provided that a certain minimum trading volume of the Company's common shares on the conversion date is met. At the option of Kalani, the preferred stock may be alternatively converted into common shares at a per share price equal to the higher of (i) 92.25% of the lowest daily volume weighted average price on any trading day during the 5 consecutive trading day period ending on and including the conversion date and (ii) $0.50. Kalani may elect to convert the preferred stock into shares of common stock at the conversion price or alternate conversion price then in effect, at any time. The Series B preferred warrants are exercisable into Series B convertible preferred shares at any time at the option of the holder thereof at an exercise price of $1,000 per Series B convertible preferred share.

The Company in its assessment for the accounting of the Series B-1 and B-2 convertible preferred shares has taken into consideration ASC 480 "Distinguishing liabilities from equity" and determined that the preferred shares should be classified as equity instead of liability. The Company further analysed key features of the preferred shares to determine whether these are more akin to equity or to debt and concluded that the Series B-1 and B-2 convertible preferred shares are equity-like. In its assessment, the Company identified certain embedded features, examined whether these fall under the definition of a derivative according to ASC 815 applicable guidance or whether certain of these features affected the classification. Derivative accounting was deemed inappropriate and thus no bifurcation of these features was performed.

Upon exercise of the warrants, the holder is entitled to receive preferred shares. ASC 480 "Distinguishing liabilities from equity" requires that a warrant which contains an obligation that may require the issuer to redeem the shares in cash, be classified as a liability and accounted for at fair value. The Company determined that the fair value of the warrants at inception and at December 31, 2017 is immaterial. As at December 31, 2017, 117,500 warrants remained outstanding.

In 2017, the Company received gross proceeds of $3,000 from the sale of the 3,000 Series B-1 convertible preferred shares. Also, 29,500 preferred warrants were exercised during the period for the sale of an equal number of Series B-1 and Series B-2 preferred shares, and the Company received for these shares $29,500 of gross proceeds until December 31, 2017. The net proceeds received during the period, after deducting offering expenses payable by the Company, amounted to $31,989. As of December 31, 2017, from the 32,500 Series B preferred shares issued during the period, 32,211 preferred shares were converted to 4,049,733 common shares and 289 Series B preferred shares remained outstanding. Subsequent to the balance sheet date, all outstanding preferred shares were converted to common shares (Note 13).

(c) Issuance of Series C Preferred Stock: On May 30, 2017, the Company issued 100 shares of its newly-designated Series C Preferred Stock, par value $0.01 per share, to DSI, in exchange for a reduction of $3,000 in the principal amount of the Company's outstanding loan, thus leaving an outstanding principal balance of $42,417 at that date (Note 4). The Series C Preferred Stock has no dividend or liquidation rights. The Series C Preferred Stock votes with the common shares of the Company, 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 the Company. The issuance of shares of Series C Preferred Stock to DSI was approved by an independent committee of the Board of Directors of the Company, which received a fairness opinion from independent third parties that the transaction was fair from a financial point of view to the Company. As of December 31, 2017, the 100 Series C Preferred Stock remained outstanding.

(d) Compensation cost on restricted common stock: In May 2015, the Company's board of directors approved to adopt the 2015 Equity Incentive Plan, for 101 shares, which as at December 31, 2017 remained reserved for issuance. In February 2018, the Company's board of directors approved an amendment to the 2015 Equity Incentive Plan, to increase the aggregate number of shares issuable under the plan to 550,000 shares (Note 13).

On February 9, 2017, the Company's board of directors approved an award of restricted common stock with value $380 to the executive management and the non-executive directors, pursuant to the Company's Equity Incentive Plan. The exact number of shares for the grantees would be defined based on the share closing price of February 9, 2018, at which time the shares would be issued (Note 13). One third of the shares will vest on the issuance date and the remainder will vest ratably over the next two years.

During 2017, 2016 and 2015, compensation cost on restricted stock amounted to $1,171, $1,119 and $928, respectively, and is included in General and administrative expenses in the accompanying consolidated statements of operations. At December 31, 2017 and 2016, the total unrecognized compensation cost relating to restricted share awards was $267 and $1,058, respectively.

(Expressed in thousands of US Dollars – except for share and per share data, unless otherwise stated)

9. Interest and Finance Costs

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

	2017	2016	2015
Interest expense and other fees on unrelated party debt (Note 6)	$ 7,491	$ 4,902	$ 3,541
Interest expense and other fees on related party debt (Note 4)	5,948	1,692	2,945
Amortization of deferred financing costs	322	427	268
Commitment fees and other (Note 6)	82	73	412
Total	$ 13,843	$ 7,094	$ 7,166

10. Earnings / (Loss) per Share

All common shares issued (including the restricted shares issued under the equity incentive plan) are DCI's common stock and have equal rights to vote and participate in dividends, subject to forfeiture provisions set forth in the applicable award agreement. Unvested shares granted under the Company's incentive plan are entitled to receive dividends which are not refundable, even if such shares are forfeited, and therefore are considered participating securities for basic earnings per share calculation purposes. Dividends declared and paid during 2017, 2016 and 2015 were $0, $374 and $739, respectively. The calculation of basic earnings/ (loss) per share does not consider the non-vested shares as outstanding until the time-based vesting restrictions have lapsed. For 2017, the computation of diluted earnings per share reflects the potential dilution from conversion of outstanding preferred convertible stock (Note 8 (b)) calculated with the "if converted" method. No incremental shares were calculated with the treasury stock method for the unexercised warrants to issue preferred convertible shares (Note 8 (b)). For 2016 and 2015, and on the basis that the Company incurred losses, the effect of the incremental shares assumed issued would have been anti-dilutive and therefore basic and diluted losses per share is the same amount.

	2017		2016		2015	
	Basic EPS	Diluted EPS	Basic LPS	Diluted LPS	Basic LPS	Diluted LPS
Net income / (loss)	$ 3,819	$ 3,819	$ (149,014)	$ (149,014)	$ (17,531)	$ (17,531)
Net income / (loss) available to common stockholders	3,819	3,819	(149,014)	(149,014)	(17,531)	(17,531)
Weighted average number of common shares outstanding	427,333	427,333	1,478	1,478	1,471	1,471
Effect of dilutive shares	-	28	-	-	-	-
Total shares outstanding	427,333	427,361	1,478	1,478	1,471	1,471
Earnings / (Loss) per common share	$ 8.94	$ 8.94	$ (100,821.38)	$ (100,821.38)	$ (11,917.74)	$ (11,917.74)

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 Company is potentially subject to a four percent U.S. federal income tax on 50% of its gross income derived by from its voyages that begin or end in the United States. However, under Section 883 of the Internal Revenue Code of the United States (the "Code"), a corporation is exempt from U.S. federal income taxation on its U.S.-source shipping income if: (a) it is organized in a foreign country that grants an equivalent exemption from tax to corporations organized in the United States (an "equivalent exemption"); and (b) either (i) more than 50% of the value of its common stock is owned, directly or indirectly, by "qualified shareholders,", which is referred to as the "50% Ownership Test," or (ii) its common stock is "primarily and regularly traded on an established securities market" in the United States or in a country that grants an "equivalent exemption" , which is referred to as the "Publicly-Traded Test."

The Marshall Islands, the jurisdiction where DCI and each of its vessel-owning subsidiaries are incorporated, grant an "equivalent exemption" to U.S. corporations. Therefore, the Company would be exempt from U.S. federal income taxation with respect to its U.S.-source shipping income if either the 50% Ownership Test or the Publicly-Traded Test is met.

Based on the trading and ownership of its stock, the Company believes that it satisfied the Publicly-Traded Test for its 2017 taxable year and intends to take this position on its 2017 U.S. federal income tax returns. Therefore, the Company does not expect to have any U.S. federal income tax liability for the year ended December 31, 2017.

12. Financial Instruments

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 value of long-term loans and restricted cash balances, bearing interest at variable interest rates, approximate their recorded values as at December 31, 2017 and 2016.

13. Subsequent Events

(a) ***Issuance and Conversion of Series B Preferred Shares:*** Subsequent to the balance sheet date and up to March 14, 2018, the 289 Series B-2 convertible preferred shares outstanding on December 31, 2017 were converted to common stock (Notes 3 and 8). Additionally, the Company received $7,500 of gross proceeds from the exercise of 7,500 Series B-2 preferred warrants to purchase an equal number of Series B-2 convertible preferred shares, which were used to partially repay the Company's existing indebtedness (see (b) below). In aggregate, subsequent to the balance sheet date, 7,493 Series B-2 convertible preferred shares were converted to 2,840,144 common shares, thus leaving 296 Series B-2 convertible preferred shares outstanding on March 14, 2018.

(b) ***Repayment of loans:*** Subsequent to the balance sheet date and up to March 14, 2018, the Company repaid $8,500 of the outstanding balance on the Addiewell loan and $8,379 of the outstanding balance on the DSI loan, using the proceeds from equity issuance (see (a) above) and sale of vessels (see (d) below), according to the respective terms of the loan agreements (Notes 4 and 6).

(c) ***Sale of the vessels classified as held for sale:*** Subsequent to the balance sheet date, the Company received $250 from the buyers of each of the vessels "Great" and "March" (Note 5), and an additional $1,950 for each vessel was placed by the buyers in a joint escrow account, as per the respective terms of the memoranda of agreement. The balance of the purchase price will be collected upon delivery of the vessels to the new owners, which is expected to take place by the end of March 2018.

(d) ***Sale of vessels:*** On February 9, 2018, the Company, through Mago Shipping Company Inc, entered into a memorandum of agreement to sell the vessel "New Jersey" to an unrelated party for demolition, for a sale price of $9,379, net of commissions to the buyers. The vessel was delivered to the new owners on March 12, 2018, and the proceeds were used to partially repay the Company's existing indebtedness (see (b) above). Furthermore, on February 28, 2018, the Company, through Likiep Shipping Company Inc., and Orangina Inc., entered into two memoranda of agreement to sell the vessels "Sagitta" and "Centaurus", respectively, to unrelated parties, for a gross sale price of $12,300 for each vessel, and $2,460 was placed by the buyers in a joint escrow account for each vessel, as per the respective terms of the memoranda of agreement. The vessels are expected to be delivered to their new owners by the end of April 2018.

(e) ***Amendment to the 2015 Equity Incentive Plan***: On February 9, 2018, the Company's board of directors approved an amendment to the 2015 Equity Incentive Plan, to increase the aggregate number of shares issuable under the plan to 550,000 shares (Note 8).

(f) ***Determination of restricted stock awards approved in 2017:*** On February 9, 2018, the Company issued 161,700 restricted common shares as an award to the executive management and the non-executive directors, pursuant to the Company's board of directors' decision of February 9, 2017. The fair value of the award is $380 and the number of shares issued was based on the share closing price of February 9, 2018. One third of the shares vested on February 9, 2018 and the remainder two thirds will vest over the next two years.

(g) ***Restricted stock awards and other bonuses approved in 2018:*** On February 15, 2018, the Company's board of directors approved an award of restricted common stock, which was proposed by the Company's compensation committee, with an aggregate value of $5,000, to the executive management and the non-executive directors. The exact number of shares to be issued to the grantees will be based on the share closing price of February 15, 2019 and the shares will be issued on that date. One third of the shares will vest on the issuance date and the remainder two thirds will vest over the next two years. In addition, the Company's board of directors approved on February 15, 2018 a bonus of value $420 to Steamship Shipbroking Enterprises Inc., which has been accrued for as of December 31, 2017.

Exhibit 4.20

STEAMSHIP SHIPBROKING ENTERPRISES INC.

THIS AGREEMENT dated this 1st day of April 2017 by and between Diana Containerships 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 Containerships Inc. is a leading global provider of shipping transportation services through its ownership of containerships. The Company's vessels are employed primarily on time charters with leading liner companies carrying containerized cargo along worldwide shipping routes.

2. Engagement. The Company hereby engages the Broker to act as broker for the Company and for any of its affiliates 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 twelve (12) months commencing on the 1st day of April 2017 and ending (unless terminated earlier on the basis of any other provision of this Agreement) on the 31st day of March 2018 (the said period 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. The Company shall pay the Broker a lump sum commission in the amount of US$140,000 per month, payable at the beginning of every quarter, starting on the 1st day of April 2017, 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 thirty-five percent (35%) 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 NASDAQ.

(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 Unitized Ocean Transport Limited
Pendelis 18, Palaio Faliro, 175 64
Athens, Greece
Telephone: +30 216 6002400
Telefax: +30 216 6002599
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 CONTAINERSHIPS INC.

/s/ Symeon Palios
By: Symeon Palios
Title: Director, Chief Executive Officer and Chairman of the Board

STEAMSHIP SHIPBROKING ENTERPRISES INC.

/s/ Andreas Nikolaos Michalopoulos
By: Andreas Nikolaos Michalopoulos
Title: Director and Secretary

Exhibit 4.23

May 30, 2017

FIFTH AMENDMENT TO

LOAN AGREEMENT

---

relating to an unsecured term loan facility
of up to US$50,000,000 to be used for
general corporate purposes and working
capital requirements

by and between

DIANA SHIPPING INC.
as Lender

- and-

KAPA SHIPPING COMPANY INC.
as Borrower

- and-

DIANA CONTAINERSHIPS INC.
as Guarantor

This **AMENDMENT** (the "Amendment") dated as of May 30, 2017 to that certain loan agreement dated as of May 20, 2013, as amended on July 28, 2014 and further amended on September 9, 2015, December 3, 2015 and September 12, 2016 (the "**Agreement**"), is made on May 30, 2017.

BETWEEN

(1) DIANA SHIPPING INC., a corporation incorporated under the laws of The Republic of the Marshall Islands whose registered office is at Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands MH 96960 (the "**Lender**"), as lender;

(2) KAPA SHIPPING COMPANY INC., a corporation incorporated under the laws of The Republic of the Marshall Islands whose registered office is at Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands MH 96960 and any wholly-owned subsidiary of the Guarantor that becomes an Additional Borrower pursuant to Section 12 hereof (each a "**Borrower**", collectively the "Borrowers"), as borrowers; and

(3) DIANA CONTAINERSHIPS INC., a corporation incorporated under the laws of The Republic of the Marshall Islands whose registered office is at Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands MH 96960 (the "**Guarantor**"), as guarantor.

Unless otherwise indicated, capitalized terms used in this Amendment are used with the meanings attributed thereto in the Agreement.

WHEREAS, on May 30, 2017, the Guarantor issued 100 shares of its newly-designated Series C Preferred Stock, par value $0.01 per share (the "**Preferred Shares**"), to the Lender;

WHEREAS, the parties wish to amend the Agreement as hereinafter set forth;

NOW, THEREFORE, in consideration of the issuance of the Preferred Shares and the premises and mutual agreements herein contained, the parties hereto hereby agree as follows:

(A) Reduction of Principal Amount. Notwithstanding any other provision contained in the Agreement, effective as of May 30, 2017, the aggregate amount of all Advances outstanding shall be deemed to be reduced by Three Million United States Dollars (US$3,000,000).

(G) Confirmation of Agreement. Except as expressly set forth herein, the Agreement is ratified and confirmed in all respects and shall remain in full force and effect in accordance with its terms, and each reference in the Agreement to "this Agreement" shall mean the Agreement as amended by this Amendment.

(H) Counterparts; Effectiveness. This Amendment may be executed in any number of counterparts (including by facsimile) and by different parties hereto in separate counterparts, with the same effect as if all parties had signed the same document. All such counterparts shall be deemed an original, shall be construed together and shall constitute one and the same instrument. This Amendment shall become effective when each party hereto shall have received counterparts hereof signed by all of the other parties hereto.

(I) Governing Law. The laws of the State of New York shall govern the enforceability and validity of this Agreement, the construction of its terms and the interpretation of the rights and duties of the parties, without regard to the principles of conflicts of laws thereof.

[Signature page follows]

THIS AMENDMENT has been entered into on the date stated above

BORROWER

SIGNED by	)	
Anastasios Margaronis	)	/s/ Anastasios Margaronis
for and on behalf of	)	
Kapa Shipping Company Inc.	)	
in the presence of: Christina Symeonidou	)	/s/ Christina Symeonidou

GUARANTOR

SIGNED by	)	
Anastasios Margaronis	)	/s/ Anastasios Margaronis
for and on behalf of	)	
Diana Containerships Inc.	)	
in the presence of: Christina Symeonidou	)	/s/ Christina Symeonidou

LENDER

SIGNED by	)	
Ioannis Zafirakis	)	/s/ Ioannis Zafirakis
for and on behalf of	)	
Diana Shipping Inc.	)	
in the presence of: Christina Symeonidou	)	/s/ Christina Symeonidou

Exhibit 4.24

SUBORDINATED FACILITY AGREEMENT

relating to a credit facility
of US$82,616,666.66 and Discount Premium Amount
of US$5,000,000

dated 30 June 2017

for

DIANA CONTAINERSHIPS INC.

and

DIANA SHIPPING INC.
acting as Agent

with

DIANA SHIPPING INC.
acting as Security Trustee

SEWARD & KISSEL LLP

CONTENTS

THIS AGREEMENT is dated 30 June 2017 and made between:

(1) **DIANA CONTAINERSHIPS INC**, a corporation incorporated in the Marshall Islands with registered office at Trust Company Complex, Ajeltake Island, P O Box 1405, Majuro, Marshall Islands MH96960 as borrower (the "**Borrower**");

(2) **THE SUBSIDIARIES** of the Borrower listed in Part I of Schedule 1 as guarantors (the "**Guarantors**");

(3) **THE FINANCIAL INSTITUTIONS** listed in Part II of Schedule 1 as lenders (the "**Lenders**");

(4) **DIANA SHIPPING INC.** as agent of the Finance Parties (the "**Agent**"); and

(5) **DIANA SHIPPING INC.** as trustee for the Finance Parties (the "**Security Trustee**").

BACKGROUND:

The Lenders have agreed to make available to the Borrower a credit facility of up to US$82,616,666.66 for the purpose of assisting the Borrower and the Guarantors to refinance the Ships and the Existing Loan Agreement and for general corporate purposes and working capital requirements and in consideration of this for the Lenders (*inter alia*) to be entitled to a Discount Premium Amount in the sum of US$5,000,000 in recognition of the substantial discount being secured through the advance of the Loan.

IT IS AGREED as follows:

SECTION 1

INTERPRETATION

1 DEFINITIONS AND INTERPRETATION

1.1 **Definitions**

In this Agreement:

"**Accounting Information**", means the quarterly financial statements and/or the annual audited financial statements to be provided by the Borrower to the Agent in accordance with Clause 17.1 (*Financial Statements*).

"**Accounting Period**", means each consecutive period of approximately three months falling during the "Security Period" (ending on the last day in March, June, September and December of each year) for which quarterly Accounting Information is required to be delivered pursuant to Clause 17.1 (*Financial Statements*).

"**Addiewell**" mean Addiewell Ltd.

"**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.

"**agreed form**" means, in relation to any document, that document in the form specified by the Agent (acting on the instructions of all the Lenders).

"**Approved Flag**" means the Marshall Islands or any other flag as the Agent (acting on the authorisation of the Lenders) may approve as the flag on which a Ship may be registered.

"**Approved Flag State**" means any of the Marshall Islands or any other country in which the Agent (acting on the authorisation of the Lenders) may approve that a Ship may be registered.

"**Assignment Agreement**" means an agreement substantially in the form set out in Schedule 5 (*Form of Assignment Agreement*) or any other form agreed between the relevant assignor and assignee.

"**Approved Manager**" means, in relation to any Ship, Diana Shipping Services S.A., Unitized Ocean Transport Limited or any other person approved by the Agent (acting on the instructions of the Lenders) as the manager of that Ship.

"**Authorisation**" means an authorisation, consent, approval, resolution, licence, exemption, filing, notarisation, legalisation or registration.

"**Availability Date**" means the date on which all the conditions precedent referred to in Schedule 2 have been satisfied and shall be no later than 15 July 2017 or such later date as the Agent (acting on the instructions of the Lenders) may agree with the Borrower.

"**Availability Period**" means the period from and including the date of this Agreement to and including 15 July 2017.

"**Available Commitment**" means a Lender's Commitment minus:

(a) the amount of its participation in the Loan; and

(b) in relation to any proposed Utilisation, the amount of its participation in the Loan that is due to be made on or before the proposed Utilisation Date.

"**Available Facility**" means the aggregate for the time being of each Lender's Available Commitment.

"**Business Day**" means a day (other than a Saturday or Sunday) on which banks are open for general business in London, Athens and New York City.

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

"**Commitment**" means in respect of the Loan:

(a) in relation to a Lender, the amount set opposite its name under the heading "Commitment" in Part II of Schedule 1 (*The Parties*) and the amount of any other Commitment transferred to it under this Agreement; and

(b) in relation to any other Lender, the amount of any Commitment transferred to it under this Agreement,

to the extent not cancelled, reduced or transferred by it under this Agreement.

"**Confidential Information**" means all information relating to any Obligor, the Group, the Finance Documents or the Facility of which a Finance Party becomes aware in its capacity as, or for the purpose of becoming, a Finance Party or which is received by a Finance Party in relation to, or for the purpose of becoming a Finance Party under, the Finance Documents or the Facility from either:

(a) any member of the Group or any of its advisers; or

(b) another Finance Party, if the information was obtained by that Finance Party directly or indirectly from any member of the Group or any of its advisers,

in whatever form, and includes information given orally and any document, electronic file or any other way of representing or recording information which contains or is derived or copied from such information but excludes 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 36 (*Confidentiality*); or

(ii) is identified in writing at the time of delivery as non-confidential by any member of the Group or any of its advisers; or

(iii) is known by that Finance Party before the date the information is disclosed to it in accordance with paragraphs (a) or (b) above or is lawfully obtained by that Finance Party after that date, from a source which is, as far as that Finance party is aware, unconnected with the Group and which, in either case, as far as that Finance Party is aware, has not been obtained in breach of, and is not otherwise subject to, any obligation of confidentiality.

"**Confidentiality Undertaking**" means a confidentiality undertaking in the standard LMA form or in any other form agreed between the Borrower and the Agent.

"**Default**" means an Event of Default or any event or circumstance specified in Clause 23 (*Events of Default*) which would (with the expiry of a grace period, the giving of notice, the making of any determination under the Finance Documents or any combination of any of the foregoing) be an Event of Default.

"**Discount Premium Amount**" means the amount of US$5,000,000 to which the Lenders shall become entitled on the Utilisation Date from the Borrower, which amount is payable in accordance with this Agreement together with interest thereon accruing and payable as if such Discount Premium Amount were advanced on the Utilisation Date or, as the context may require, the principal amount outstanding for the time being of that amount.

"**dollars**" and "**$**" mean the lawful currency, for the time being, of the United States of America.

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

"**Environmental Incident**" means:

(a) any release of Environmentally Sensitive Material from a Ship; 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 any Obligor and/or any operator or manager of a Ship is at fault or allegedly at fault or otherwise liable to any legal or administrative action; or

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

"**Environmental Law**" means any 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.

"**Event of Default**" means any event or circumstance specified as such in Clause 23 (*Events of Default*).

"**Executive Managers**" means Symeon Palios, Anastasios Margaronis, Ioannis Zafirakis and Andreas Michalopoulos.

"**Existing Loan Agreement**" means the unsecured loan agreement, dated as of May 20, 2013, as amended on July 28, 2014 and further amended on September 9, 2015, December 3, 2015, September 12, 2016 and May 30, 2017, between the Agent, as lender, Kapa Shipping Company Inc., as borrower, and the Borrower, as guarantor.

"**Facility**" means the credit facility made available under this Agreement as described in Clause 2 (*The Facility*).

"**Facility Office**" means the office or offices notified by a Lender to the 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.

"**Finance Document**" means:

(a) this Agreement;

(b) the Notes;

(c) the Mortgages;

(d) the Insurance Assignments;

(e) the Share Security;

(f) the Intercreditor Agreement;

(g) the Proceeds Assignment; and

(h) any other document designated as such by the Agent and the Borrower.

"**Finance Party**" means the Agent, the Security Trustee or a Lender.

"**Financial Indebtedness**" means, in relation to any member of the Group (the "**debtor**"), a liability of the debtor resulting from:

(a) money borrowed from all sources;

(b) any bonds, notes, loan stock, debentures or similar instruments;

(c) acceptance credits, bills of exchange or documentary credits;

(d) share issues on the basis that they are, or may become, redeemable (at redemption value);

(e) gross obligations under finance leases;

(f) factoring of debts;

(g) amounts raised or obligations incurred in respect of any other transaction, which has the commercial effect of borrowing as determined in accordance with GAAP,

provided that no amount shall be taken into account more than once in calculating Financial Indebtedness.

"**Group**" means the Borrower and its Subsidiaries from time to time.

"**Holding Company**" means, in relation to a company or corporation, any other company or corporation of which it is a Subsidiary.

"**Insurance Assignment**" means, in relation to each Ship, an assignment of its Insurances and any Requisition Compensation in agreed form.

"**Insurances**" means, in relation to any Ship:

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

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

"**Intercreditor Agreement**" means an agreement entered into or to be entered into by Addiewell, the Obligors and the Security Trustee regulating their respective entitlements and security interests in agreed form.

"**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 (ISPS) Code as adopted by the International Maritime Organization's (IMO) Diplomatic Conference of December 2002, as the same may be amended or supplemented from time to time (and the term "**ISSC**" means an International Ship Security Certificate issued under the ISPS Code).

"**Lender**" means:

(a) any Lender; and

(b) any bank, financial institution, trust, fund or other entity or any special purpose vehicle owned by any such entity which has become a Party in accordance with Clause 24 (*Changes to the Lenders*),

which in each case has not ceased to be a Party in accordance with this Agreement.

"**LMA**" means the Loan Market Association.

"**Loan**" means a loan made or to be made under the Facility in the principal amount of US$82,616,666.66 or, as the context may require, the principal amount outstanding for the time being of that loan.

"**Major Casualty**" means, in relation to any 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.

"**Material Adverse Effect**" means the effect of any event or circumstance or series of events or circumstances occurring or coming into being after the date of this Agreement (or, if expressly specified in this Agreement, during any earlier period) which in the opinion of the Lenders is reasonably likely to have a material adverse effect on:

(a) the business, conditions (financial or otherwise), property, performance, prospects or results or operations of any member of the Group or the Group taken as a whole, so as to result in a Default in respect of the financial covenants in Clause 18 (*Financial Covenants*) under this Agreement on the next occasion on which they are required to be measured for any purpose under this Agreement; or

(b) the ability of the Obligors taken as a whole to comply with their material obligations under this Agreement or the Finance Documents to which they are a party; or

(c) (if not falling within paragraph (b) above, and to the extent that there has not at the time of the Lenders' determination of Material Adverse Effect been another express Default), the legality, validity or enforceability of the Security created under or pursuant to the Finance Documents, or the rights or remedies of the Lenders in relation to that Security.

"**Month**" means a period starting on one day in a calendar month and ending on the numerically corresponding day in the next calendar month, except that:

(a) (subject to paragraph (c) below) if the numerically corresponding day is not a Business Day, that period shall end on the next Business Day in that calendar month in which that period is to end if there is one, or if there is not, on the immediately preceding Business Day; and

(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.

"**Mortgage**" means, in relation to any Ship, the ship mortgage on that Ship and, if required by the Approved Flag State, a collateral deed of covenant in agreed form.

"**Notes**" means the notes to be made by the Borrower evidencing the debt constituted by the Loan and the Discount Premium Amount in agreed form.

"**Obligor**" means the Borrower or any Guarantor.

"**Original Financial Statements**" means those financial statements delivered pursuant to Schedule 2.

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

"**Permitted Security**" means:

(a) Security created by the Finance Documents;

(b) Security created by the Senior Finance Documents;

(c) any netting or set-off arrangement entered into by any member of the Group in the ordinary course of its banking arrangements for the purpose of netting debit and credit balances;

(d) in respect of a Ship, liens for unpaid master's and crew's wages in accordance with usual maritime practice;

(e) in respect of a Ship, liens for salvage;

(f) in respect of a Ship, liens for master's disbursements incurred in the ordinary course of trading; and

(g) 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 in good faith by appropriate steps) and subject, in the case of liens for repair or maintenance, to Clause 21.11 (*Restrictions on chartering, appointment of managers etc.*).

"**Proceeds**" means the proceeds (net of usual commissions and direct collection expense) of (i) the disposal of any Ship, (ii) the disposal of any other asset of the Borrower and/or the Obligors, (iii) sale, realisation or exercise of the Warrants of the Borrower, (iv) sale of shares of the Borrower, (v) disposal of any of the shares of any of the Guarantors, (vi) the proceeds of a Total Loss of any Ship.

"**Proceeds Assignment**" means a document creating security over the proceeds of any Warrants in agreed form.

"**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.

"**Qualifying Lender**" has the meaning given to it in Clause 12 (*Tax gross-up and indemnities*).

"**RBS**" means The Royal Bank of Scotland plc.

"**RBS Facility**" means the Loan Facility made available by RBS to certain of the Guarantors as borrowers pursuant to a Facility Agreement dated 10 September 2015.

"**Refinancing Proceeds**" means the proceeds of any refinancing of the Borrower and/or the Guarantors by a third party financial institution or investor for the purpose of repaying the Loan and the Discount Premium Amount.

"**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 Families**" means the families of the Executive Managers.

"**Repeating Representations**" means each of the representations set out in Clauses 16.1 to 16.7 inclusive, Clause 16.9, Clause 16.11 and Clause 16.13.

"**Representative**" means any delegate, agent, manager, administrator, nominee, attorney, trustee or custodian.

"**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**".

"**Resignation Letter**" means a letter in the form agreed between the Borrower and the Agent.

"**Sanctions**" means any sanctions, embargoes, freezing provisions, prohibitions or other restrictions relating to trading, doing business, investment, exporting, financing or making assets available (or other activities similar to or connected with any of the foregoing):

(a) imposed by law or regulation of the United Kingdom, the Council of the European Union, the United Nations or its Security Council or the United States of America regardless of whether the same is or is not binding on any Obligor; or

(b) otherwise imposed by any law or regulation binding on an Obligor or to which an Obligor is subject (which shall include without limitation, any extra-territorial sanctions imposed by law or regulation of the United States of America).

"**Security**" means:

(a) a mortgage, charge (whether fixed or floating), pledge, assignment, trust, trust receipt, consignment, any maritime or other lien of any kind;

(b) any other security interest of a kind not included in paragraph (a) of this definition;

(c) a conditional sale agreement (including an agreement to sell subject to retention of title), hire purchase agreement, lease or contract of bailment that in effect secures payment or performance of a liability or obligation;

(d) right of set-off or flawed asset arrangement that in effect secures payment or performance of a liability or obligation; and

(e) without limiting the generality of the preceding paragraphs of this definition, any other transaction or instrument that in substance or by operation of law, now or in the future, creates an interest, right or claim in relation to property (real or personal) that secures the payment or performance of a liability or obligation, without regard to:

(i) the form of the transaction or instrument; or

(ii) the identity of the person who has title to the relevant property.

"**Security Period**" means the period starting on the date of this Agreement and ending on the date on which the Agent is satisfied that all amounts outstanding under the Finance Documents have been irrevocably paid and discharged in full (both dates inclusive).

"**Senior Discount Premium Amount**" means the "Discount Premium Amount" as defined under the Senior Loan Agreement.

"**Senior Finance Documents**" means:

(a) the Senior Loan Agreement; and

(b) any other document relating to or evidencing Senior Liabilities.

"**Senior Liabilities**" means the Senior Loan and the Senior Discount Premium Amount and all other indebtedness owed or expressed to be owed by the Borrower and/or any of the Guarantors to Addiewell whether under the Senior Finance Documents or otherwise.

"**Senior Loan**" means the loan in the amount of $35,000,000 made available by Addiewell to the Borrower pursuant to the Senior Loan Agreement.

"**Senior Loan Agreement**" means a loan agreement dated 30 June 2017 and made between (i) the Borrower, (ii) the Guarantors and (iii) Addiewell for the Senior Loan and the Senior Discount Premium Amount.

"**Servicing Party**" means the Agent or the Security Trustee.

"**Share Security**" means a document creating Security over the share capital of each Guarantor in agreed form.

"**Ship**" means each of:

(a) the 3,426 TEU container vessel of 36,087 gross registered tons and IMO No 9401166 named "SAGITTA" and registered in the name of Likiep Shipping Company Inc. under the Marshall Islands flag;

(b) the 3,426 TEU container vessel of 36,087 gross registered tons and IMO No 9401178 named "CENTAURUS" and registered in the name of Orangina Inc. under the Marshall Islands flag.

(c) the 4,923 TEU container vessel of 54,828 gross registered tons and IMO No 9387097 named "NEW JERSEY" and registered in the name of Mago Shipping Company Inc. under the Marshall Islands flag.

(d) the 5,042 TEU container vessel of 54,809 gross registered tons and IMO No 9326782 named "PAMINA" and registered in the name of Dud Shipping Company Inc. under Marshall Islands flag.

(e) the 3,739 TEU container vessel of 40,085 gross registered tons and IMO No 9215672 named "DOMINGO" and registered in the name of Rongerik Shipping Company Inc. under the Marshall Islands flag.

(f) the 6,494 TEU container vessel of 71,786 gross registered tons and IMO No 9332860 named "HAMBURG" and registered in the name of Langor Shipping Company Inc. under the Marshall Islands flag.

(g) the 6,494 TEU container vessel of 71,786 gross registered tons and IMO No 9332858 named "ROTTERDAM" and registered in the name of Meck Shipping Company Inc. under the Marshall Islands flag.

(h) the 6,541 TEU container vessel of 73,934 gross registered tons and IMO No 9306172 named "PUELO" and registered in the name of Eluk Shipping Company Inc. under the Marshall Islands flag.

(i) the 6,541 TEU container vessel of 73,934 gross registered tons and IMO No 9306158 named "PUCON" and registered in the name of Oruk Shipping Company Inc. under the Marshall Islands flag.

(j) the 5,576 TEU container vessel of 66,332 gross registered tons and IMO No 9298997 named "MARCH" and registered in the name of Delap Shipping Company Inc. under the Marshall Islands flag.

(k) the 5,576 TEU container vessel of 66,332 gross registered tons and IMO No 9267156 named "GREAT" and registered in the name of Jabor Shipping Company Inc. under the Marshall Islands flag.

"**Subsidiary**" means a subsidiary within the meaning of section 1159 of the Companies Act 2006.

"**Tax**" means any tax, levy, impost, duty or other charge or withholding of a similar nature (including any penalty or interest payable in connection with any failure to pay or any delay in paying any of the same).

"**Termination Date**" means the date falling eighteen (18) months after the Utilisation Date.

"**Total Commitments**" means the aggregate of the Commitments to the Loan, being US$82,616,666.66.

"**Total Loss**" means, in relation to any Ship:

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

(b) any expropriation, confiscation, requisition or acquisition of that Ship, whether for full 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 30 days redelivered to the full control of the Guarantor which owns that Ship; and

(c) any arrest, capture, seizure or detention of that Ship (including any hijacking or theft) unless it is within 30 days redelivered to the full control of the Guarantor which owns that Ship or in the case of a piracy event such longer period as may be applicable under the relevant hull marine and/or war insurance policy before such piracy event becomes declarable as a total loss under such insurance policy.

"**Total Loss Date**" means, in relation to the Total Loss of any Ship:

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

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

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

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

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

"**Transfer Certificate**" means a certificate in the form set out in Schedule 4 (*Form of Transfer Certificate*) or any other form agreed between the Agent and the Borrower.

"**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.

"**Trust Property**" means:

(a) all Security and other rights granted to, or held or exercisable by, the Security Trustee under or by virtue of the Finance Documents, except rights intended for the sole benefit or protection of the Security Trustee;

(b) all moneys or other assets which are received or recovered by or on behalf of the Security Trustee under or by virtue of any Security or right covered by paragraph (a) above, including any moneys or other assets which are received or recovered by it as a result of the enforcement or exercise by it of such a Security or right; and

(c) all moneys or other assets which may accrue in respect of, or be derived from, any moneys or other assets covered by paragraph (b) above,

except any moneys or other assets which the Security Trustee has transferred to the Agent or (being entitled to do so) has retained in accordance with the provisions of Clause 26 (*Role of the Servicing Parties*).

"**Unpaid Sum**" means any sum due and payable but unpaid by an Obligor under the Finance Documents and referred to in Clause 8.3.

"**US Tax Obligor**" means an Obligor which is either (a) a "United States Person" within the meaning of Section 7701(a)(30) of the Code or (b) a person who pays interest under this Agreement that is treated as U.S. source income under the Code.

"**Utilisation**" means a utilisation of the Facility under this Agreement.

"**Utilisation Date**" means the date of the Utilisation, being the date on which the Loan is to be made under this Agreement.

"**Utilisation Request**" means a notice substantially in the form set out in Schedule 3 (*Requests*).

"**VAT**" means value added tax as provided for in the Value Added Tax Act 1994 and any other tax of a similar nature.

"**Warrants**" means the Borrower's Series B-1 Warrants to purchase the Borrower's Series B-1 Convertible Preferred Shares and the Borrower's Series B-2 Warrants to purchase the Borrower's Series B-2 Convertible Preferred Shares, issued by the Borrower on 24 March 2017 together with any further warrants issued by the Borrower in favour of any Finance Party and shall include any modifications, variations or replacements of any of the foregoing.

1.2 **Construction**

(a) Unless a contrary indication appears, any reference in this Agreement to:

(i) any "**Finance Party**", any "**Obligor**" or any other "**person"** shall be construed so as to include its successors in title, permitted assigns and permitted transferees;

(ii) "**assets**" includes present and future properties, revenues and rights of every description;

(iii) a "**Finance Document**", or any other agreement or instrument is a reference to that Finance Document or other agreement or instrument as amended or novated;

(iv) "**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;

(v) a "**person**" includes any person, firm, company, corporation, government, state or agency of a state or any association, trust or partnership (whether or not having separate legal personality) or two or more of the foregoing;

(vi) a "**regulation**" includes any regulation, rule, official directive, request or guideline (whether or not having the force of law) of any governmental, intergovernmental or supranational body, agency, department or regulatory, self-regulatory or other authority or organisation;

(vii) a provision of any law or regulation is a reference to that provision or regulation as amended, extended, re-enacted or replaced; and

(viii) a time of day is a reference to London time.

(b) Section, Clause and Schedule headings are for ease of reference only and are not to be used for the purposes of construction or interpretation of the Finance Documents.

(c) 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.

(d) 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 remedied or waived.

1.3 **Third Party Rights**

(a) Unless expressly provided to the contrary in a Finance Document, a person who is not a Party has no right under the Contracts (Rights of Third Parties) Act 1999 (the "**Third Parties Act**") to enforce or to enjoy the benefit of any term of this Agreement.

(b) Notwithstanding any term of any Finance Document, the consent of any person who is not a Party is not required to rescind or vary this Agreement at any time.

SECTION 2

THE FACILITY

2 THE FACILITY

2.1 **The Facility**

(a) Subject to the terms of this Agreement, the Lenders have agreed to make available to the Borrower a dollar credit facility in an aggregate amount equal to the Total Commitments.

(b) In consideration of this and recognising the substantial benefit received by the Borrower and the Guarantors from the advance of the Loan, the Borrower has agreed to pay to the Lenders US$5,000,000 by way of Discount Premium Amount which amount is to be payable in accordance with this Agreement together with interest thereon accruing and payable as if such Discount Premium Amount were advanced to the Borrowers by way of loan on the Utilisation Date.

2.2 **Finance Parties' rights and obligations**

(a) The obligations of each Finance Party under the Finance Documents are several. Failure by a Finance Party to perform its obligations under the Finance Documents does not affect the obligations of any other Party under the Finance Documents. No Finance Party is responsible for the obligations of any other Finance Party under the Finance Documents.

(b) The rights of each Finance Party under or in connection with the Finance Documents are separate and independent rights and any debt arising under the Finance Documents to a Finance Party from an Obligor shall be a separate and independent debt.

(c) A Finance Party may separately sue for any Unpaid Sum due to it.

(d) Except as provided in paragraph (c) above, no Finance Party may commence proceedings against any Obligor in connection with a Finance Document without the prior consent of the Lenders.

3 PURPOSE

3.1 **Purpose**

The Borrower shall apply all amounts borrowed by it in respect of the Loan in payment to RBS for the application by RBS in *pro tanto* satisfaction of the Borrower's obligations under the RBS Facility, in payment of its obligations under the Existing Loan Agreement and for general corporate purposes and capital requirements.

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 Availability Date

It shall be a condition to the Utilisation and the Availability Date becoming effective that the Agent has received all of the documents and other evidence listed in Part A of Schedule 2 (*Conditions precedent*) in form and substance satisfactory to the Agent. The Agent shall notify the Borrower and the Lenders promptly upon being so satisfied and at the same time shall notify the Borrower that the Commitments are available for drawing.

4.2 Conditions Subsequent

The Borrower undertakes to deliver or cause to be delivered to the Agent within ten Business Days after the Utilisation Date, or such later date as the Agent may agree, the additional documents and other evidence listed in Part B of Schedule 2 (*Conditions Subsequent*) in form and substance satisfactory to the Agent.

SECTION 3

UTILISATION

5 UTILISATION

5.1 **Delivery of a Utilisation Request**

The Borrower may utilise the Facility by delivery to the Agent of a duly completed Utilisation Request not later than such time as the Agent shall reasonably agree.

5.2 **Completion of a Utilisation Request**

(a) A Utilisation Request is irrevocable and will not be regarded as having been duly completed unless:

(i) the proposed Utilisation Date is a Business Day within the Availability Period; and

(ii) the currency and amount of the Utilisation comply with Clause 5.3 (*Currency and amount*).

(b) Only one Utilisation Request is permitted under this Agreement.

5.3 **Currency and amount**

(a) The currency specified in a Utilisation Request must be dollars.

(b) The amount of the proposed Loan must be for an amount which does not exceed the Available Facility.

5.4 **Lenders' participation**

(a) If the conditions set out in this Agreement have been met, each Lender shall make its participation in the Loan available by the Utilisation Date through its Facility Office.

(b) The amount of each Lender's participation in the Loan will be equal to the proportion borne by its Available Commitment to the Available Facility immediately before making the Loan.

(c) The Agent shall notify each Lender of the amount of the Loan and the amount of its participation in the Loan.

5.5 **Cancellation of Commitment**

At the end of the Availability Period, the Commitments which are unutilised shall be immediately cancelled.

SECTION 4

REPAYMENT, PREPAYMENT AND CANCELLATION

6 REPAYMENT

6.1 **Repayment of Loan and payment of Discount Premium Amount**

The Borrower shall repay the Loan in full and pay the Discount Premium Amount on the Termination Date.

6.2 **Termination Date**

On the Termination Date, the Borrower shall additionally pay to the Agent for the account of the Finance Parties all other sums then accrued and owing under the Finance Documents.

6.3 **Reborrowing**

No part of the Facility which is repaid or prepaid may be reborrowed.

6.4 **Early Repayment**

Subject to the terms of the Intercreditor Agreement, the Borrower shall, if so demanded by the Agent on behalf of the Lenders, repay the Loan on or at any time after the date falling twelve (12) months after the Utilisation Date as specified by the Agent in the relevant demand notice. Any such demand by the Lenders shall be made in writing not less than fourteen (14) days prior to the due date for payment.

If the Borrower repays the Loan on or before the date upon which the Loan is to be repaid pursuant to a demand in accordance with Clause 6.4, the Lenders shall thereupon (but not otherwise) be deemed to have waived permanently and cancelled their entitlement to any part of the Discount Premium Amount (other than any interest thereon paid to the Lender prior to such date). If the Loan is not so repaid, the Discount Premium Amount shall remain payable in accordance with this Agreement.

This Clause 6.4 shall not apply in circumstances where an Event of Default has occurred and is continuing.

7 PREPAYMENT AND CANCELLATION

7.1 **Illegality**

(a) If it becomes unlawful in any applicable jurisdiction for a Lender to perform any of its obligations as contemplated by this Agreement or to fund or maintain its participation in the Loan:

(i) that Lender (the "**Notifying Lender**") shall promptly notify the Agent upon becoming aware of that event;

(ii) upon the Agent notifying the Borrower, the Commitment of that Lender will be immediately cancelled; and

(iii) subject to the terms of the Intercreditor Agreement, the Borrower shall repay that Lender's participation in the Loan on the date specified by the Lender in the notice delivered to the Agent (being no earlier than the last day of any applicable grace period permitted by law).

7.2 **Change of executive management and/or beneficial ownership**

(a) If there is a change in one or more of the Executive Managers other than a change resulting from the death, disability or removal for cause of an Executive Manager:

(i) the Borrower shall promptly notify the Agent upon becoming aware of that event; and

(ii) a Lender shall not be obliged to fund the Utilisation; and

(iii) subject to the terms of the Intercreditor Agreement and if the Lenders so require, the Agent shall, by not less than 30 days' notice to the Borrower, cancel the Facility and declare the Loan, together with accrued interest, the Discount Premium Amount and all other amounts accrued under the Finance Documents immediately due and payable, whereupon the Facility will be cancelled and all such outstanding amounts will become immediately due and payable.

(b) If a change occurs after the date of this Agreement in the ultimate beneficial ownership of any of the shares in the Borrower or any of its Subsidiaries so that persons other than:

(i) members of the Relevant Families or the Agent;

(ii) beneficiaries of any employee stock ownership plan or other employee benefit plan of the Borrower or its Subsidiaries; or

(iii) one or more underwriters temporarily holding shares of the Borrower pursuant to an offering of such shares,

have acquired or shall acquire direct or indirect legal or beneficial ownership of more than 20 per cent of the issued and outstanding share capital of the Borrower or so that less than 20 per cent of the aggregate voting power of the Borrower's issued share capital is vested in the ownership of members of the Relevant Families or the Agent:

(i) the Borrower shall promptly notify the Agent upon becoming aware of that event; and

(ii) a Lender shall not be obliged to fund a Utilisation; and

(iii) subject to the terms of the Intercreditor Agreement and if the Lenders so require, the Agent shall, by not less than 30 days' notice to the Borrower, cancel the Facility and declare the Loan, together with accrued interest, and all other amounts accrued under the Finance Documents and the Discount Premium Amount immediately due and payable, whereupon the Facility will be cancelled and all such outstanding amounts and the Discount Premium Amount will become immediately due and payable.

7.3 **Voluntary prepayment**

Subject to the terms of the Intercreditor Agreement, the Borrower may, if it gives the Agent not less than 14 days' (or such shorter period as the Lenders may agree) prior notice, prepay the whole or part of the Loan and/or the whole or part of the Discount Premium Amount.

7.4 **Mandatory Prepayment – Refinancing Proceeds**

Upon receipt of any Refinancing Proceeds the Borrower shall prepay the whole of the Loan and the Discount Premium Amount; it is agreed that in such event the Loan and the Discount Premium Amount shall be prepaid in priority to the Subordinated Loans.

7.5 **Mandatory prepayment – Sale or Total Loss**

(a) If a Ship is sold or becomes a Total Loss, the relevant part of the Proceeds thereof shall (subject to the Intercreditor Agreement and subject to Clause 7.7) be applied by whichever Obligor or Finance Party is in receipt of the same in accordance with Clause 29.5.

(b) Such repayment shall be made:

(i) in the case of a sale of a Ship, on or before the date on which the sale is completed by delivery of that Ship to the buyer;

(ii) in the case of a Total Loss, on the earlier of the date falling 120 days after the Total Loss Date and the date of receipt by the Security Trustee of the proceeds of insurance relating to such Total Loss; or

(iii) as otherwise required by the Intercreditor Agreement.

(c) For the purpose of paragraph (a) above, "**relevant part**" means an amount equal to the net sales proceeds of the relevant Ship or (in the case of a Total Loss) the amount for which such Ship is to be insured pursuant to this Agreement (less any irrecoverable costs of collection); provided that, in the case of a sale, the Lenders may require evidence that the sale price was not less than the fair market value of the relevant Ship.

7.6 **Mandatory Prepayment - other Proceeds**

Any and all other Proceeds shall (subject to the Intercreditor Agreement) be applied by whichever Obligor or Finance Party is in receipt of the same in accordance with Clause 29.5.

7.7 **Replacement Option**

(a) Upon the sale of the Ship (or a Total Loss of a Ship) the Borrower may, subject to no Event of Default having occurred and being continuing and subject to the Intercreditor Agreement, elect to retain the proceeds of such sale (or Total Loss) for the purpose of re-investing such amount in another vessel approved by the Security Trustee on behalf of the Lenders being a vessel with a market value at least equal to the re-invested amount.

(b) In such case, and prior to completion of the relevant sale of a Ship (or receipt of Total Loss proceeds) the Borrower shall constitute in favour of the Security Trustee a Security over such sale (or Total Loss) proceeds in agreed form and provide the Security Trustee with such ancillary evidence, Authorisation and other documents as the Security Trustee may require.

(c) The funds so deposited will stand as security for the Loan and the Discount Premium Amount and other moneys under this Agreement but may be released from such Security upon the purchase by the Borrower of a ship approved by the Security Trustee (on behalf of the Lenders) in its absolute discretion, and on the basis that forthwith upon the completion of such purchase the new ship will be subject to a Mortgage and Insurance Assignment as security for the Loan and the Discount Premium Amount, and the Borrower will have provided to the Security Trustee such documents, Authorisation and evidence similar to the requirements set forth in Schedule 2 as the Security Trustee may (in its absolute discretion) require. Upon completion of such purchase the Borrower and the Guarantors will enter into such supplementary documentation as the Agent may require to incorporate the new vessel into the term of this Agreement.

(d) If the Borrower does not use the relevant sale (or Total Loss) proceeds within 6 months of receipt or, if earlier, prior to the Termination Date then the relevant proceeds shall be applied in prepayment of the Loan and the Discount Premium Amount by the Lenders at any time thereafter and in accordance with the Intercreditor Agreement.

SECTION 5

COSTS OF UTILISATION

8 INTEREST

8.1 **Calculation of interest**

The rate of interest on the Loan is the percentage rate per annum which is Six per cent (6%) for the period from the Utilisation Date up to and including the first anniversary of the Utilisation Date, Nine per cent (9%) for the period from the first anniversary of the Utilisation Date up to and including the date three months thereafter and Twelve per cent (12%) from the date fifteen months after the Utilisation Date. The Borrower shall also pay amounts calculated as if they were interest payable under this Clause 8.1 on the amount of the Discount Premium Amount as if it were a loan drawndown on the Utilisation Date. Such interest to be payable on the same date, at the same rate and otherwise calculated and payable as interest on the Loan.

8.2 **Payment of interest**

The Borrower shall pay accrued interest on the Loan and on the Discount Premium Amount on the last day of each three month period occurring after the Utilisation Date and on the date of final repayment of the Loan and the Discount Premium Amount.

8.3 **Default interest**

(a) If an Obligor fails to pay any amount payable by it under a Finance Document on its due date, interest shall accrue on the Unpaid Sum from the due date up to the date of actual payment (both before and after judgment) at Fourteen per cent (14%) per annum. Any interest accruing under this Clause 8.3 shall be immediately payable by the Obligors on demand by the Agent.

(b) Default interest (if unpaid) arising on an Unpaid Sum will be compounded with the Unpaid Sum at the end of each month but will remain immediately due and payable.

9 INTEREST DATES

9.1 **Non-Business Days**

If any date for the payment of interest would otherwise fall on a day which is not a Business Day, that date will instead fall on the next Business Day in that calendar month (if there is one) or the preceding Business Day (if there is not).

10 ASSUMPTION AND CONFIRMATION

10.1 **Assumption**

The Borrower hereby agrees, on and with effect from the Utilisation Date, to become obligated to the Lenders in the amount of the Discount Premium Amount payable in accordance with this Agreement.

10.2 **Consideration**

The Borrower and the Guarantors hereby confirm that the obligations of the Borrower to the Lenders with respect to the Discount Premium Amount is proportionate and appropriate and reasonable in the light of this benefit to be derived by the Borrower and the Guarantors from the Loan. The Borrower and the Guarantors agree not to challenge or purport to challenge the entitlement of the Lenders to the Discount Premium Amount.

11 AGENCY FEE

11.1 **Agency fees**

The Borrower shall pay to the Agent (for its own account) and to the Security Trustee (for its own account) any agency fee or trustee fee in the amount and at the times agreed by the Agent and the Borrower.

SECTION 6

ADDITIONAL PAYMENT OBLIGATIONS

12 TAX GROSS UP AND INDEMNITIES

12.1 **Definitions.**

In this Agreement:

"**Protected Party**" means a Finance Party which is or will be subject to any liability, or required to make any payment, for or on account of Tax in relation to a sum received or receivable (or any sum deemed for the purposes of Tax to be received or receivable) under a Finance Document;

"**Tax Deduction**" means a deduction or withholding for or on account of Tax from a payment under a Finance Document;

Unless a contrary indication appears, in this Clause 12, a reference to "**determines**" or "**determined**" means a determination made in the absolute discretion of the person making the determination.

12.2 **Tax gross-up**

(a) Each Obligor shall make all payments to be made by it without any Tax Deduction, unless a Tax Deduction is required by law.

(b) The Borrower 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 Borrower and that Obligor.

(c) If a Tax Deduction is required by law to be made by an Obligor, the amount of the payment due from that Obligor shall be increased to an amount which (after making any Tax Deduction) leaves an amount equal to the payment which would have been due if no Tax Deduction had been required.

(d) If an Obligor is required to make a Tax Deduction, that Obligor shall make that Tax Deduction and any payment required in connection with that Tax Deduction within the time allowed and in the minimum amount required by law.

12.3 **Tax indemnity**

(a) The Borrower shall (within 3 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.

(b) Paragraph (a) above shall not apply:

(i) with respect to any Tax assessed on a Finance Party:

(A) under the law of the jurisdiction in which that Finance Party is incorporated or, if different, the jurisdiction (or jurisdictions) in which that Finance Party is treated as resident for tax purposes; or

(B) under the law of the jurisdiction in which that Finance Party's Facility Office is located in respect of amounts received or receivable in that jurisdiction,

if that Tax is imposed on or calculated by reference to the net income received or receivable (but not any sum deemed to be received or receivable) by that Finance Party; or

(ii) to the extent a loss, liability or cost:

(A) is compensated for by an increased payment under Clause 12.2 (*Tax gross-up*); or

(B) would have been compensated for by an increased payment under Clause 12.2 (*Tax gross-up*) but was not so compensated solely because one of the exclusions in paragraph (d) of Clause 12.2 (*Tax gross-up*) applied or related to a FATCA Deduction required to be made by a Party.

(c) A Protected Party making, or intending to make, a claim under paragraph (a) above shall promptly notify the Agent of the event which will give, or has given, rise to the claim, following which the Agent shall notify the Borrower.

(d) A Protected Party shall, on receiving a payment from an Obligor under this Clause 12.3, notify the Agent.

12.4 **Stamp taxes**

The Borrower shall pay and, within 3 Business Days of demand, indemnify each Finance Party against any cost, loss or liability which that Finance Party incurs in relation to all stamp duty, registration and other similar Taxes payable in respect of any Finance Document.

12.5 **FATCA Information**

(a) Subject to paragraph (c) below, each Party shall, within ten Business Days of a reasonable request by another Party:

(i) confirm to that other Party whether it is:

(A) a FATCA Exempt Party; or

(ii) not a FATCA Exempt Party; and

(iii) 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

(iv) supply to that other Party such forms, documentation and other information relating to its status as that other Party reasonably requests for the purposes of that other Party's compliance with any other law, regulation, or exchange of information regime.

(b) If a Party confirms to another Party pursuant to sub-paragraph (i) of paragraph (a) above that it is a FATCA Exempt Party and it subsequently becomes aware that it is not, or has ceased to be a FATCA Exempt Party, that Party shall notify that other Party reasonably promptly.

(c) Paragraph (a) above shall not oblige any Finance Party to do anything and sub-paragraph (iv) 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 (iii) of paragraph (a) above (including, for the avoidance of doubt, where paragraph (c) above applies), then such Party shall be treated for the purposes of the Finance Documents (and payments under them) as if it is not a FATCA Exempt Party until such time as the Party in question provides the requested confirmation, forms, documentation or other information.

(e) If the Borrower is a US Tax Obligor, or the Agent reasonably believes that its obligations under FATCA or any other applicable law or regulation require it, each Lender shall, within ten Business Days of:

(i) where the Borrower is a US Tax Obligor and the relevant Lender is an Original Lender, the date of this Agreement;

(ii) where the Borrower is a US Tax Obligor on a Transfer Date and the relevant Lender is a New Lender, the relevant Transfer Date; or

(iii) where the Borrower is not a US Tax Obligor, the date of a request from the Facility Agent,

supply to the Facility Agent:

(i) a withholding certificate on Form W-8, Form W-9 or any other relevant form; or

(ii) any withholding statement or other document, authorisation or waiver as the Facility Agent may require to certify or establish the status of such Lender under FATCA or that other law or regulation.

(f) The Facility Agent shall provide any withholding certificate, withholding statement, document, authorisation or waiver it receives from a Lender pursuant to paragraph (e) above to the Borrower.

(g) If any withholding certificate, withholding statement, document, authorisation or waiver provided to the Facility Agent by a Lender pursuant to paragraph (e) above is or becomes materially inaccurate or incomplete, that Lender shall promptly update it and provide such updated withholding certificate, withholding statement, document, authorisation or waiver to the Facility Agent unless it is unlawful for the Lender to do so (in which case the Lender

shall promptly notify the Facility Agent). The Facility Agent shall provide any such updated withholding certificate, withholding statement, document, authorisation or waiver to the Borrower.

(h) The Facility Agent may rely on any withholding certificate, withholding statement, document, authorisation or waiver it receives from a Lender pursuant to paragraph (e) or (g) above without further verification. The Facility Agent shall not be liable for any action taken by it under or in connection with paragraphs (e), (f) or (g) above.

12.6 **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, including without limitation, under Clauses 12.2 and 12.3 of this Agreement.

(b) Each Party shall promptly, upon becoming aware that it must make a FATCA Deduction (or that there is any change in the rate or the basis of such FATCA Deduction), notify the Party to whom it is making the payment and, in addition, shall notify each Obligor and the Facility Agent and the Facility Agent shall notify the other Finance Parties.

12.7 **VAT**

(a) All amounts set out or expressed in a Finance Document to be payable by any Party to a Finance Party which (in whole or in part) constitute the consideration for a supply or supplies for VAT purposes shall be deemed to be exclusive of any VAT which is chargeable on such supply, and accordingly, subject to paragraph (b) below, if VAT is or becomes chargeable on any supply made by any Finance Party to any Party under a Finance Document, that Party shall pay to the 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 such VAT (and such Finance Party shall promptly provide an appropriate VAT invoice to such Party).

(b) If VAT is or becomes chargeable on any supply made by any Finance Party (the "**Supplier**") to any other Finance Party (the "**Recipient**") under a Finance Document, and any Party other than the Recipient (the "**Subject Party**") is required by the terms of any Finance Document to pay an amount equal to the consideration for such supply to the Supplier (rather than being required to reimburse the Recipient in respect of that consideration), such Party shall also pay to the Supplier (in addition to and at the same time as paying such amount) an amount equal to the amount of such VAT. The Recipient will promptly pay to the Subject Party an amount equal to any credit or repayment obtained by the Recipient from the relevant tax authority which the Recipient reasonably determines is in respect of such VAT.

(c) Where a Finance Document requires any Party to reimburse or indemnify a Finance Party for any cost or expense, that Party shall reimburse or indemnify (as the case may be) such Finance Party for the full amount of such cost or expense, including such part 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.

(d) Any reference in this Clause 12.5 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).

13 OTHER INDEMNITIES

13.1 **Currency indemnity**

(a) If any sum due from an Obligor under the Finance Documents (a "**Sum**"), or any order, judgment or award given or made in relation to a Sum, has to be converted from the currency (the "**First Currency**") in which that Sum is payable into another currency (the "**Second Currency**") for the purpose of:

(i) making or filing a claim or proof against that Obligor; or

(ii) obtaining or enforcing an order, judgment or award in relation to any litigation or arbitration proceedings,

that Obligor shall as an independent obligation, within 3 Business Days of demand, indemnify each Finance Party to which that Sum is due against any cost, loss or liability arising out of or as a result of the conversion including any discrepancy between (A) the rate of exchange used to convert that Sum from the First Currency into the Second Currency and (B) the rate or rates of exchange available to that person at the time of its receipt of that Sum.

(b) Each Obligor waives any right it may have in any jurisdiction to pay any amount under the Finance Documents in a currency or currency unit other than that in which it is expressed to be payable.

13.2 **Other indemnities**

The Borrower shall (or shall procure that an Obligor will), within 3 Business Days of demand, indemnify each Finance Party against any cost, loss or liability incurred by that Finance 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 28 (*Sharing among the Finance Parties*);

(c) funding, or making arrangements to fund, its participation in the Loan requested by the Borrower 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 Borrower.

13.3 **Indemnity to the Agent and the Security Trustee**

The Borrower shall promptly indemnify the Agent and the Security Trustee against any cost, loss or liability incurred by the Agent or the Security Trustee (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.

13.4 **Environmental Indemnity**

The Borrower shall fully indemnify each Finance 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 Finance Party under, or in connection with this Agreement, in any country, 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.

14 COSTS AND EXPENSES

14.1 **Transaction expenses**

The Borrower shall promptly on demand pay the Agent and the Security Trustee the amount of all costs and expenses (including legal fees) reasonably incurred by any of them in connection with the negotiation, preparation, printing, execution and syndication of:

(a) this Agreement and any other documents referred to in this Agreement; and

(b) any other Finance Documents executed after the date of this Agreement.

14.2 **Amendment costs**

If an Obligor requests an amendment, waiver or consent

the Borrower shall, within 3 Business Days of demand, reimburse the Agent and the Security Trustee for the amount of all costs and expenses (including legal fees) reasonably incurred by the Agent or the Security Trustee in responding to, evaluating, negotiating or complying with that request or requirement.

14.3 **Enforcement costs**

The Borrower shall, within 3 Business Days of demand, pay to each Finance 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.

SECTION 7

GUARANTEE

15 GUARANTEE AND INDEMNITY

15.1 **Guarantee and indemnity**

Each Guarantor irrevocably and unconditionally jointly and severally:

(a) guarantees to each Finance Party punctual performance by the Borrower of all the Borrower's obligations under the Finance Documents;

(b) undertakes with each Finance Party that whenever the Borrower 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 were the principal obligor;

(c) agrees with each Finance Party that if any obligation guaranteed by it is or becomes unenforceable, invalid or illegal, it will, as an independent and primary obligation, indemnify that Finance Party immediately on demand against any cost, loss or liability it incurs as a result of a Borrower not paying any amount which would, but for such unenforceability, invalidity or illegality, have been payable by it under any Finance Document on the date when it would have been due. The amount payable by a Guarantor under this indemnity will not exceed the amount it would have had to pay under this Clause 15 if the amount claimed had been recoverable on the basis of a guarantee; and

(d) confirms in accordance with Clause 10.2 that this Clause shall apply in all respects to the Borrower's obligation with respect to the Discount Premium Amount.

15.2 **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.

15.3 **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 15, to the extent that such liability has been reduced as a result of such avoidance or restoration, will continue or be reinstated as if the discharge, release or arrangement had not occurred.

15.4 **Waiver of defences**

The obligations of each Guarantor under this Clause 15 will not be affected by an act, omission, matter or thing which, but for this Clause, would reduce, release or prejudice any of its obligations under this Clause 15 (without limitation and whether or not known to it or any Finance Party) including:

(a) any time, waiver or consent granted to, or composition with, any Obligor or other person;

(b) the release of any other Obligor or any other person under the terms of any composition or arrangement with any creditor of any member of the Group;

(c) the taking, variation, compromise, exchange, renewal or release of, or refusal or neglect to perfect, 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;

(d) any incapacity or lack of power, authority or legal personality of or dissolution or change in the members or status of an Obligor or any other person;

(e) any amendment, novation, supplement, extension, restatement (however fundamental and whether or not more onerous) or replacement of any Finance Document or any other document or security including without limitation any change in the purpose of, any extension of or any increase in any facility or the addition of any new facility under any Finance Document or other document or security;

(f) any unenforceability, illegality or invalidity of any obligation of any person under any Finance Document or any other document or security; or

(g) any insolvency or similar proceedings.

15.5 **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 15. This waiver applies irrespective of any law or any provision of a Finance Document to the contrary.

15.6 **Appropriations**

Until all amounts which may be or become payable by the Obligors under or in connection with the Finance Documents have been irrevocably paid in full, each Finance Party (or any trustee or agent on its behalf) may:

(a) refrain from applying or enforcing any other moneys, security or rights held or received by that 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

(b) hold in an interest-bearing suspense account any moneys received from any Guarantor or on account of any Guarantor's liability under this Clause 15.

15.7 **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 Obligor will exercise any rights which it may have by reason of performance by it of its obligations under the Finance Documents or by reason of any amount being payable to any other Obligor in any capacity, or arising out of any transaction, whatsoever:

(a) to be indemnified by an Obligor;

(b) to claim any contribution from any other guarantor of any Obligor's obligations under the Finance Documents;

(c) to take the benefit (in whole or in part and whether by way of subrogation or otherwise) of any rights of the 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;

(d) to bring legal or other proceedings for an order requiring any Obligor to make any payment, or perform any obligation, in respect of which any Guarantor has given a guarantee, undertaking or indemnity under Clause 15.1 (*Guarantee and Indemnity*);

(e) to exercise any right of set-off against any Obligor; and/or

(f) to claim or prove as a creditor of any Obligor in competition with any Finance Party.

If an Obligor 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 or 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 29.5.

15.8 **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

16 REPRESENTATIONS

Each Obligor makes the representations and warranties set out in this Clause 16 to each Finance Party on the date of this Agreement.

16.1 **Status**

(a) It is a corporation, duly incorporated and validly existing in good standing under the law of its jurisdiction of incorporation.

(b) It and each of its Subsidiaries has the power to own its assets and carry on its business as it is being conducted.

16.2 **Binding obligations**

The obligations expressed to be assumed by it in each Finance Document to which it is a party are, subject to any general principles of law limiting its obligations which are referred to in any legal opinion delivered pursuant to Clause 4 (*Conditions of Utilisation*) or Clause 25 (*Changes to the Obligors*), legal, valid, binding and enforceable obligations.

16.3 **Status of security**

(a) Each Finance Document to which it is a party does now or, as the case may be, will upon execution and delivery (and, where applicable, registration) confer the Security it purports to confer over any assets to which such Security, by its terms, relates subject to any general principles of law limiting its obligations which are specifically referred to in any legal opinion delivered pursuant to Clause 4 (*Conditions of Utilisation*) or Clause 25 (*Changes to the Obligors*); and

(b) no third party will have any Security (except for Permitted Security) over any asset to which such Security, by its terms, relates.

16.4 **Non-conflict with other obligations**

The entry into and performance by it of, and the transactions contemplated by, the Finance Documents do not and will not conflict with:

(a) any law or regulation applicable to it;

(b) its or any of its Subsidiaries' constitutional documents; or

(c) any agreement or instrument binding upon it or any of its Subsidiaries or any of its or any of its Subsidiaries' assets.

16.5 **Power and authority**

It has the power to enter into, perform and deliver, and has taken all necessary action to authorise its entry into, performance and delivery of, the Finance Documents to which it is a party and the transactions contemplated by those Finance Documents.

16.6 **Validity and admissibility in evidence**

All Authorisations required or desirable:

(a) to enable it lawfully to enter into, exercise its rights and comply with its obligations in the Finance Documents to which it is a party; and

(b) to make the Finance Documents to which it is a party admissible in evidence in its jurisdiction of incorporation,

have been obtained or effected and are in full force and effect.

16.7 **Governing law and enforcement**

(a) The choice of English law as the governing law of the Finance Documents (other than any Mortgage) will be recognised and enforced in its jurisdiction of incorporation.

(b) Any judgment obtained in England in relation to a Finance Document (other than a Mortgage) will be recognised and enforced in its jurisdiction of incorporation.

(c) The choice of law of the relevant Approved Flag State as the governing law of each Mortgage will be recognised and enforced in its jurisdiction of incorporation.

In each case subject to any reservations or qualifications which are referred to in any legal opinion delivered pursuant to Clause 4 (*Conditions of Utilisation*) or Clause 25 (*Changes to the Obligors*).

16.8 **Deduction of Tax**

It is not required to make any deduction for or on account of Tax from any payment it may make under any Finance Document to which it is a party.

16.9 **No filing or stamp taxes**

Under the law of its jurisdiction of incorporation it is not necessary that the Finance Documents be filed, recorded or enrolled with any court or other authority in that jurisdiction or that any stamp, registration or similar tax be paid on or in relation to the Finance Documents or the transactions contemplated by the Finance Documents subject to any reservations or qualifications which are referred to in any legal opinion delivered pursuant to Clause 4 (*Conditions of Utilisation*) or Clause 25 (*Changes to the Obligors*)..

16.10 **No default**

(a) No Event of Default is continuing or might reasonably be expected to result from the making of any Utilisation.

(b) No other event or circumstance is outstanding which constitutes a default under any other agreement or instrument which is binding on it or any of its Subsidiaries or to which its (or its Subsidiaries') assets are subject which might have a Material Adverse Effect.

16.11 **No misleading information**

(a) All financial and other information which is provided by or on behalf of any member of the Group under or in connection with any Finance Document is true and accurate in all material respects as at the date it was provided or as at the date (if any) at which it is stated.

16.12 **Financial statements**

(a) Its Original Financial Statements were prepared in accordance with GAAP consistently applied unless expressly disclosed to the Agent in writing to the contrary before the date of this Agreement.

(b) Its Original Financial Statements fairly represent its financial condition and operations (consolidated in the case of the Borrower) during the relevant financial year unless expressly disclosed to the Agent in writing to the contrary before the date of this Agreement.

(c) There has been no material adverse change in its business or financial condition (or the business or consolidated financial condition of the Group, in the case of the Borrower) since 30th March 2017.

16.13 **Pari passu ranking**

Its payment obligations under the Finance Documents 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.

16.14 **No proceedings pending or threatened**

No litigation, arbitration or administrative proceedings (including proceedings relating to any alleged or actual breach of the ISM Code or of the ISPS Code) of or before any court, arbitral body or agency which, if adversely determined, might reasonably be expected to have a Material Adverse Effect have (to the best of the Borrower's knowledge and belief) been started or threatened against the Borrower or any of its Subsidiaries.

16.15 **Sanctions**

As regards Sanctions:

(a) None of the Obligors, any other member of the Group or any Affiliate of any of them is a Prohibited Person or is owned or controlled by, or acting directly or indirectly on behalf of or for the benefit of, a Prohibited Person and none of such persons owns or controls a Prohibited Person.

(b) None of the Obligors has a Prohibited Person serving as a director, officer or employee.

(c) No proceeds of the Loan shall be made available, directly or indirectly, to or for the benefit of a Prohibited Person or otherwise shall be, directly or indirectly, applied in a manner or for a purpose prohibited by Sanctions.

(d) Each Obligor, each other member of the Group and each Affiliate of any of them is in compliance with all Sanctions.

16.16 **Disclosure of Debts**

The Borrower has fully disclosed to the Agent details of all debts and liabilities (other than usual trade debts outstanding for less than forty-five (45) days), it being understood that public filings made with the SEC are deemed to be disclosed to the Agent. The Borrower is not aware of any other material debts or liabilities claimed against the Borrower, the Guarantors or any other member of the Group.

16.17 **Repetition**

The Repeating Representations are deemed to be made by each Obligor by reference to the facts and circumstances then existing on the first of each month.

16.18 **No Registration**

Assuming the accuracy of the representations and warranties of each Lender contained in this Agreement, the issuance and sale of the Notes pursuant to this Agreement is exempt from registration requirements of the Securities Act, and neither the Borrower nor, to the knowledge of the Borrower, any authorized representative acting on its behalf, has taken or will take any action hereafter that would cause the loss of such exemption.

16.19 **No Integration**

Neither the Borrower nor any of its Affiliates have, directly or indirectly through any agent, sold, offered for sale, solicited offers to buy or otherwise negotiated in respect of, any "security" (as defined in the Securities Act) that is or will be integrated with the sale of the Notes in a manner that would require registration under the Securities Act.

16.20 **No Directed Selling Efforts**

Neither the Borrower nor any person acting on behalf of the Borrower has engaged in any "directed selling efforts" (as defined in Regulation S under the Securities Act) in the United States in respect of the Loan or the Notes, which would include any activities undertaken for the purpose of, or that could reasonably be expected to have the effect of, conditioning the market in the United States for the resale of the Loan or the Notes, including placing an advertisement in a publication with a general circulation in the United States, nor has it seen or been aware of any activity that, to its knowledge, constitutes directed selling efforts in the United States.

16.21 **Certain Fees**

There are no fees or commissions that are or will be payable by the Borrower to brokers, finders, or investment bankers with respect to the sale and purchase of the Loan or the Notes or the consummation of the transaction contemplated by this Agreement.

16.22 **Offering Materials**

Neither the Borrower nor any agents of the Borrower provided to potential lenders any offering materials in connection with the offer and sale of the Loan or the Notes.

16.23 **Foreign Private Issuer**

The Borrower is a foreign private issuer, as defined in Rule 405 promulgated under the Securities Act.

16.24 **Substantial U.S. Market Interest**

There is no "substantial U.S. market interest" (as such term is defined by Regulation S promulgated under the Securities Act) in the debt securities of the Borrower.

17 INFORMATION UNDERTAKINGS

The undertakings in this Clause 17 remain in force throughout the Security Period.

17.1 **Financial statements**

The Borrower shall supply to the Agent in sufficient copies for all the Lenders:

(a) 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; and

(b) as soon as the same become available, but in any event within 90 days after the end of each quarter of each of its financial years its unaudited consolidated financial statements for that financial quarter.

17.2 **Compliance Certificate**

(a) The Borrower shall supply to the Agent, with each set of financial statements delivered pursuant to paragraph (a) or (b) of Clause 17.1 (*Financial statements*), a Compliance Certificate setting out (in reasonable detail) computations as to compliance with each of the financial covenants in Clause 18 (*Financial covenants*) as at the date as at which those financial statements were drawn up.

(c) Each Compliance Certificate shall be signed by the chief financial officer of the Borrower.

17.3 **Requirements as to financial statements**

(a) Each set of financial statements delivered by the Borrower pursuant to Clause 17.1 (*Financial statements*) shall be certified by the chief financial officer of the Borrower as fairly representing its financial condition as at the date as at which those financial statements were drawn up.

(b) The Borrower shall procure that each set of financial statements delivered pursuant to Clause 17.1 (*Financial statements*) is prepared in accordance with all applicable laws, the requirements of the United States Securities and Exchange Commission and GAAP.

17.4 **Information: miscellaneous**

The Borrower shall supply to the Agent (in sufficient copies for all the Lenders, if the Agent so requests):

(a) at the same time as they are despatched, all documents dispatched by the Borrower to its shareholders (or any class of them) or its creditors generally and any documents filed with the United States Securities and Exchange Commission;

(b) promptly upon becoming aware of them, the details of any litigation, arbitration or administrative proceedings (including proceedings relating to any alleged or actual breach of the ISM Code or of the ISPS Code) which are current, threatened or pending against any

member of the Group, and which might, if adversely determined, have a Material Adverse Effect; and

(c) as soon as practicable after receiving the request, such further information regarding any Ship, its Insurances or the financial condition, business and operations of any member of the Group as any Finance Party (through the Agent) may reasonably request.

17.5 **Notification of default**

(a) Each Obligor shall notify the Agent of any Default (and the steps, if any, being taken to remedy it) promptly upon becoming aware of its occurrence (unless that Obligor is aware that a notification has already been provided by another Obligor).

(b) Promptly upon a request by the Agent, the Borrower shall supply to the Agent a certificate signed by 2 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).

17.6 **Use of websites**

(a) The Borrower may satisfy its obligation under this Agreement to deliver any information in relation to those Lenders (the "**Website Lenders**") which accept this method of communication by posting this information onto an electronic website designated by the Borrower and the Agent (the "**Designated Website**") if:

(i) the Agent expressly agrees (after consultation with each of the Lenders) that it will accept communication of the information by this method, in which case it shall notify the Borrower in writing promptly after such consultation;

(ii) both the Borrower and the Agent are aware of the address of and any relevant password specifications for the Designated Website; and

(iii) the information is in a format previously agreed between the Borrower 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 Borrower according and the Borrower shall supply the information to the Agent (in sufficient copies for each Paper Form Lender) in paper form. In any event the Borrower shall supply the Agent with at least one copy in paper form of any information required to be provided by it.

(b) 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 Borrower and the Agent.

(c) The Borrower shall promptly upon becoming aware of its occurrence notify the Agent if:

(i) the Designated Website cannot be accessed due to technical failure;

(ii) the password specifications for the Designated Website change;

(iii) any new information which is required to be provided under this Agreement is posted onto the Designated Website;

(iv) any existing information which has been provided under this Agreement and posted onto the Designated Website is amended; or

(v) the 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 the Borrower notifies the Agent under paragraph (c)(i) or paragraph (c)(v) above, all information to be provided by the 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.

(d) 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. The Borrower shall comply with any such request within 10 Business Days.

17.7 **"Know your customer" checks**

(a) If:

(i) the introduction of or any change in (or in the interpretation, administration or application of) any law or regulation or internal guideline made after the date of this Agreement;

(ii) any change in the status of an Obligor after the date of this Agreement; or

(iii) a proposed assignment or transfer by a Lender of any of its rights and obligations under this Agreement to a party that is not a Lender prior to such assignment or transfer,

obliges the Agent or any Lender (or, in the case of paragraph (iii) above, any prospective new Lender) to comply with "know your customer" or similar identification procedures in circumstances where the necessary information is not already available to it, each Obligor shall promptly upon the request of 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 paragraph (iii) above, on behalf of any prospective new Lender) in order for the Agent, such Lender or, in the case of the event described in paragraph (iii) above, any prospective new Lender to carry out and be satisfied it has complied with all necessary "know your customer" or other similar checks under all applicable laws and regulations pursuant to the transactions contemplated in the Finance Documents.

(b) Each Lender shall promptly upon the request of 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.

18 FINANCIAL COVENANTS

18.1 **Borrowings**

No Obligor shall incur any Financial Indebtedness except under the Finance Documents to which it is a party and under the Senior Loan Agreement. The Borrower shall also procure that no other member of the Group incurs any Financial Indebtedness.

18.2 **Expenditure**

No Obligor shall incur any expenditure, except for expenditure reasonably incurred in the ordinary course of owning, operating, maintaining and repairing a Ship.

18.3 **Intentionally Omitted**

18.4 **Working Capital**

The Obligors shall maintain adequate working capital for the efficient operation of this business and shall provide details thereof to the Agent on request (acting reasonably).

19 GENERAL UNDERTAKINGS

The undertakings in this Clause 19 remain in force throughout the Security Period.

19.1 **Authorisations**

Each Obligor shall promptly:

(a) obtain, comply with and do all that is necessary to maintain in full force and effect; and

(b) supply certified copies to the Agent of,

any Authorisation required under any law or regulation of its jurisdiction of incorporation or the Approved Flag State of any Ship to enable it to perform its obligations under the Finance Documents and to ensure the legality, validity, enforceability or admissibility in evidence in its jurisdiction of incorporation or in the flag-state of any Ship of any Finance Document to which it is a party.

19.2 **Compliance with laws**

(a) Each Obligor shall comply in all respects with all laws to which it may be subject, if (except as regards Sanctions, to which paragraph (b) below applies) failure so to comply would materially impair its ability to perform its obligations under the Finance Documents.

(b) Each member of the Group and shall comply, in all respect with all Sanctions.

(c) As regards the Guarantors this Clause 19.2 is not a limitation of Clause 21.8, and *vice versa*.

19.3 **Negative pledge**

No Obligor shall (and the Borrower shall ensure that no other member of the Group will) create or permit to subsist any Security over any of its assets except for Permitted Security.

19.4 **No disposal of assets**

No Obligor will without the consent of the Agent (and the Borrower shall ensure that no other member of the Group will) transfer, lease or otherwise dispose of:

(a) any Ship or any Subsidiary or 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,

19.5 **Merger**

No Obligor shall (and the Borrower shall ensure that no other member of the Group will) enter into any amalgamation, demerger, merger or corporate reconstruction.

19.6 **Change of business**

The Borrower shall procure that no substantial change is made to the general nature of the business of the Borrower or the Group from that carried on at the date of this Agreement.

19.7 **Acquisition of further tonnage**

The Obligors shall not and shall procure that none of their Subsidiaries shall acquire any further tonnage without the prior written consent of the Agent on behalf of the Lenders.

19.8 **Share capital**

The Borrower shall not purchase, cancel or redeem any of its share capital .

19.9 **Dividends**

The Borrower shall not make or pay any dividend or other distribution (in cash or in kind) in respect of its share capital.

19.10 **Investments**

No Obligor shall:

(a) provide any form of credit or financial assistance to any person **Provided that** this shall not prevent or restrict the Borrower from (i) on lending loans to other Obligors for the purposes permitted in accordance with the terms of this Agreement and (ii) intra-group indebtedness between the Obligors;

(a) acquire any shares or other securities.

19.11 **Hedging**

The Borrower shall not enter into any interest rate hedging arrangements.

19.12 **No Joint Venture**

No Obligor shall enter into or agree to enter into any joint venture or provide any assets or financial support to any joint venture.

19.13 **Intentionally omitted**

19.14 **Further assurance**

(a) Each Obligor shall promptly, and in any event within the time period specified by the Security Trustee do all such acts (including procuring or arranging any registration, notarisation or authentication or the giving of any notice) or execute or procure execution of all such documents (including assignments, transfers, mortgages, charges, notices, instructions, acknowledgments, proxies and powers of attorney), as the Security Trustee may specify (and in such form as the Security Trustee may require in favour of the Security Trustee or its nominee(s)):

(i) to create, perfect, vest in favour of the Security Trustee or protect the priority of the Security or any right of any kind created or intended to be created under or evidenced by the Finance Documents (which may include the execution of a mortgage, charge, assignment or other Security over all or any of the assets which are or are intended to be, the subject of the Security) or for the exercise of any rights, powers and remedies of any of the Finance Parties provided by or pursuant to the Finance Documents or by law;

(ii) to confer on the Security Trustee or confer on the Finance Parties Security over any property and assets of that Obligor located in any jurisdiction equivalent or similar to the Security intended to be conferred by or pursuant to the Finance Documents;

(iii) to facilitate or expedite the realisation and/or sale of the transfer of title to or the grant of, any interest in or right relating to the assets which are, or are intended to be, the subject of the Finance Documents or to exercise any power specified in any Finance Document in respect of which the/Security has become enforceable; and/or

(iv) to enable or assist the Security Trustee to enter into any transaction to commence, defend or conduct any proceedings and/or to take any other action relating to any of the Finance Documents.

(b) Each Obligor shall take all such action as is available to it (including making all filings and registrations) as may be necessary for the purpose of the creation, perfection, protection or maintenance of any Security conferred or intended to be conferred on the Security Trustee by or pursuant to the Finance Documents.

(c) At the same time as an Obligor delivers to the Security Trustee any document executed by itself pursuant to this Clause 19.14, that Obligor shall deliver to the Security Trustee a certificate signed by two of that Obligor's directors or officers which shall:

(i) Set out the text of a resolution of that Obligor's directors specifically authorising the execution of the document specified by the Security Trustee; and

(ii) State that either the resolution was duly passed at a meeting of the directors validly convened and held, throughout which a quorum of directors entitled to vote on the resolution was present, or that the resolution has been signed by all the directors or officers and is valid under the Obligor's articles of association or other constitutional documents.

19.15 **Listing**

The Borrower shall remain listed on the NASDAQ exchange.

20 INSURANCE

The undertakings in this Clause 20 remain in force throughout the Security Period.

20.1 **Definitions**

(a) In this Clause 20:

"**excess risks**" means, in relation to any Ship, the proportion of claims for general average, salvage and salvage charges not recoverable under the hull and machinery policies in respect of that Ship in consequence of its insured value being less than the value at which that Ship is assessed for the purpose of such claims.

"**obligatory insurances**" means, in relation to any Ship, all insurances effected, or which the Guarantor which owns that Ship is obliged to effect, under this Clause 20 or any other provision of this Agreement or of another Finance Document.

"**policy**", in relation to any insurance, includes a slip, cover note, certificate of entry or other document evidencing the contract of insurance or its terms.

"**protection and indemnity risks**" means the usual risks covered by a protection and indemnity association managed in London, including pollution risks and the proportion (if any) of any sums payable to any other person or persons in case of collision which are not recoverable under the hull and machinery policies by reason of the incorporation in them of clause 1 of the Institute Time Clauses (Hulls)(1/10/83) or clause 8 of the Institute Time Clauses (Hulls)(1/11/1995) or the Institute Amended Running Down Clause (1/10/71) or any equivalent provision.

"**war risks**" includes the risk of mines and all risks excluded by clause 23 of the Institute Time Clauses (Hulls)(1/10/83) or clause 24 of the Institute Time Clauses (Hulls) (1/11/1995).

(b) In this Clause 20, a reference to "**approved**" means approved in writing by the Agent acting on the instructions of the Lenders.

20.2 **Maintenance of obligatory insurances**

Each Guarantor shall keep the Ship owned by it insured at its expense against:

(a) fire and usual marine risks (including hull and machinery and excess risks);

(b) war risks;

(c) protection and indemnity risks (without any exclusion for any Environmental Incident); and

(d) any other risks against which the Agent acting on the instructions of the Lenders considers, having regard to practices and other circumstances prevailing at the relevant time, it would be reasonable for that Guarantor to insure and which are specified by the Agent by notice to that Guarantor.

20.3 **Terms of obligatory insurances**

Each Guarantor shall effect such insurances:

(a) in dollars;

(b) in the case of fire and usual marine risks and war risks, in an amount on an agreed value basis at least the greater of:

(i) together with the other Ships then subject to a Mortgage, 120% of the Loan and the Discount Premium Amount (and the Senior Loan and the Senior Discount Premium Amount); and

(ii) the market value of the Ship owned by it;

(c) in the case of oil pollution liability risks, for an aggregate amount equal to the highest level of cover from time to time available under basic protection and indemnity club entry and in the international marine insurance market;

(d) in the case of protection and indemnity risks, in respect of the full tonnage of the Ship owned by it;

(e) on approved terms; and

(f) through approved brokers and with approved insurance companies and/or underwriters or, in the case of war risks and protection and indemnity risks, in approved war risks and protection and indemnity risks associations.

20.4 **Further protections for the Finance Parties**

In addition to the terms set out in Clause 20.3 (*Terms of obligatory insurances*), each Guarantor shall procure that the obligatory insurances effected by it shall:

(a) whenever the Agent 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;

(b) name the Security Trustee as loss payee with such directions for payment as the Agent may specify;

(c) provide that all payments by or on behalf of the insurers under the obligatory insurances to the Security Trustee shall be made without set-off, counterclaim or deductions or condition whatsoever;

(d) provide that such obligatory insurances shall be primary without right of contribution from other insurances which may be carried by the Security Trustee or any other Finance Party; and

(e) provide that the Security Trustee may make proof of loss if the Guarantor concerned fails to do so.

20.5 **Renewal of obligatory insurances**

Each Guarantor shall:

(a) at least 14 days before the expiry of any obligatory insurance effected by it:

(i) notify the Agent of the brokers (or other insurers) and any protection and indemnity or war risks association through or with which that Guarantor proposes to renew that obligatory insurance and of the proposed terms of renewal; and

(ii) obtain the Agents' approval to the matters referred to in paragraph (a) (i) above;

(b) at least 7 days before the expiry of any obligatory insurance effected by it, renew that obligatory insurance in accordance with the Agent's approval pursuant to paragraph (a) above; and

(c) procure that the approved brokers and/or the approved war risks and protection and indemnity associations with which such a renewal is effected shall promptly after the renewal notify the Agent in writing of the terms and conditions of the renewal.

20.6 **Copies of policies; letters of undertaking**

Each Guarantor 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 or undertaking in a form required by the Agent and including, subject to customary practice in the market from time to time, 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 20.4 (*Further protections for the Finance Parties*);

(b) they will hold such policies, and the benefit of such insurances, to the order of the Security Trustee in accordance with such loss payable clause;

(c) they will advise the Agent immediately of any material change to the terms of the obligatory insurances;

(d) they will notify the Agent, not less than 7 days before the expiry of the obligatory insurances, in the event of their not having received notice of renewal instructions from that Guarantor or its agents and, in the event of their receiving instructions to renew, they will promptly notify the Agent 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 Guarantor 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 Agent.

20.7 **Copies of certificates of entry**

Each Guarantor 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;

(b) a letter or letters of undertaking in such form as may be required by the Agent acting on the instructions of Lenders; and

(c) a certified copy of each certificate of financial responsibility for pollution by oil or other Environmentally Sensitive Material issued by the relevant certifying authority in relation to that Ship.

20.8 **Deposit of original policies**

Each Guarantor shall ensure that all policies relating to obligatory insurances effected by it are deposited with the approved brokers through which the insurances are effected or renewed.

20.9 **Payment of premiums**

Each Guarantor shall punctually pay all premiums or other sums payable in respect of the obligatory insurances effected by it and produce all relevant receipts when so required by the Agent or the Security Trustee.

20.10 **Guarantees**

Each Guarantor shall ensure that any guarantees required by a protection and indemnity or war risks association are promptly issued and remain in full force and effect.

20.11 **Compliance with terms of insurances**

No Guarantor 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 Guarantor shall take all necessary action and comply with all requirements which may from time to time be applicable to the obligatory insurances, and (without limiting the obligation contained in paragraph (c) of Clause 20.6 (*Copies of policies; letters of undertaking*)) ensure that the obligatory insurances are not made subject to any exclusions or qualifications to which the Agent has not given its prior approval;

(b) no Guarantor 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) if applicable, each Guarantor shall make (and promptly supply copies to the Agent of) all quarterly or other voyage declarations which may be required by the protection and indemnity risks association in which the Ship 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 Guarantor 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.

20.12 **Alteration to terms of insurances**

No Guarantor shall either make or agree to any alteration to the terms of any obligatory insurance nor waive any right relating to any obligatory insurance which would cause that Guarantor to be in breach of this Clause 20.

20.13 **Settlement of claims**

No Guarantor 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.

20.14 **Provision of information**

Each Guarantor shall promptly provide the Agent (or any persons which it may designate) with any information which the Agent (or any such designated person) requests for the purpose of:

(a) obtaining or preparing any report from an independent marine insurance broker as to the adequacy of the obligatory insurances effected or proposed to be effected; and/or

(b) effecting, maintaining or renewing any such insurances as are referred to in Clause 20.15 (*Mortgagee's interest and additional perils insurances*) or dealing with or considering any matters relating to any such insurances,

and the Borrower shall, forthwith upon demand, indemnify the Security Trustee in respect of all fees and other expenses incurred by or for the account of the Security Trustee in connection with any such report as is referred to in paragraph (a) above.

20.15 **Mortgagee's interest and additional perils insurances**

The Security Trustee shall be entitled from time to time to effect, maintain and renew a mortgagee's interest marine insurance in an amount equal to 120% of the Available Facility Limit and on such terms, through such insurers and generally in such manner as the Security Trustee acting on the instructions of the Lenders may from time to time consider appropriate and the Borrower shall upon demand fully indemnify the Security Trustee in respect of all premiums and other expenses which are incurred in connection with or with a view to effecting, maintaining or renewing any such insurance or dealing with, or considering, any matter arising out of any such insurance.

21 SHIP COVENANTS

The undertakings in this Clause 21 remain in force throughout the Security Period.

21.1 **Ships' names and registration**

Each Guarantor shall:

(a) keep the Ship owned by it registered in its name under an Approved Flag;

(b) not do or allow to be done anything as a result of which such registration might be cancelled or imperilled; and

(c) not change the name of the Ship owned by it without the Agent's prior written consent, such consent not to be unreasonably withheld.

21.2 **Repair and classification**

Each Guarantor 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 classification available to ships of the same type, specification and age as that Ship with a classification society which is a member of the International Association of Classification Societies free of overdue recommendations and conditions affecting that Ship's class; and

(c) so as to comply with all laws and regulations applicable to vessels registered on the relevant Approved Flag 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.

21.3 **Modification**

No Guarantor shall make any modification or repairs to, or replacement of, the Ship owned by it 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.

21.4 **Removal of parts**

No Guarantor shall remove any material part of the Ship owned by it, or any item of equipment installed on, that Ship unless the part or item so removed is forthwith replaced by a suitable part or item which is in the same condition as or better condition than the part or item removed, is free from any Security in favour of any person other than the Security Trustee and becomes on installation on that Ship the property of the Guarantor concerned and subject to the security constituted by the Mortgage **Provided that** a Guarantor 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.

21.5 **Surveys**

Each Guarantor shall submit the Ship owned by it regularly to all periodic or other surveys which may be required for classification purposes and, if so required by the Agent acting on the instructions of the Lenders provide the Agent, with copies of all survey reports.

21.6 **Inspection**

Each Guarantor shall permit the Security Trustee (acting through surveyors or other persons appointed by it for that purpose) to board the Ship owned by it at all reasonable times to inspect its condition or to satisfy themselves about proposed or executed repairs and shall afford all proper facilities for such inspections.

21.7 **Prevention of and release from arrest**

Each Guarantor shall promptly discharge:

(a) all liabilities which give or may give rise to maritime or possessory liens on or claims enforceable against the Ship owned by it or its Insurances;

(b) all taxes, dues and other amounts charged in respect of the Ship owned by it or its Insurances; and

(c) all other outgoings whatsoever in respect of the Ship owned by it or its 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 Guarantor shall procure its release by providing bail or otherwise as the circumstances may require.

21.8 **Compliance with laws etc.**

Each Guarantor shall:

(a) comply, or procure compliance with all laws or regulations relating to the ownership, employment, operation and management of the Ship owned by it, including but not limited to the ISM Code, the ISPS Code, all Environmental Laws and all Sanctions;

(b) without prejudice to the generality of paragraph (a) of this Clause 21.8, not employ the Ship owned by it nor allow its employment in any manner contrary to any laws or regulations including but not limited to the ISM Code, the ISPS Code, all Environmental Laws and all Sanctions; 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 that Ship's war risks insurers unless the prior written consent of the Security Trustee acting on the instructions of the Lenders has been given and that Guarantor has (at its expense) effected any special, additional or modified insurance cover which the Security Trustee acting on the instructions of the Lenders may require.

21.9 **Provision of information**

Each Guarantor shall promptly provide the Agent with any information which it requests regarding:

(a) the Ship owned by it, its employment, position and engagements;

(b) the Earnings of the Ship owned by it and payments and amounts due to its master and crew;

(c) any expenditure incurred, or likely to be incurred, in connection with the operation, maintenance or repair of the Ship owned by it and any payments made by it in respect of that Ship;

(d) any towages and salvages; and

(e) its compliance, the Approved Manager's compliance and the compliance of the Ship owned by it with the ISM Code and the ISPS Code,

and, upon the Agent's request, provide copies of any current charter relating to the Ship owned by it, of any current guarantee of any such charter and of that Ship's Safety Management Certificate and any relevant Document of Compliance.

21.10 **Notification of certain events**

Each Guarantor shall immediately notify the Agent by fax, confirmed forthwith by letter, of:

(a) any casualty to the Ship owned by it 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 in relation to the Ship owned by it 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 Guarantor 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 that Guarantor, 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 Guarantor shall keep the Agent advised in writing on a regular basis and in such detail as the Agent shall require of that Guarantor's, the Approved Manager's or any other person's response to any of those events or matters.

21.11 **Restrictions on chartering, appointment of managers etc.**

Except as the Agent may otherwise permit, no Guarantor shall, in relation to the Ship owned by it:

(a) let that Ship on demise charter for any period;

(b) 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, 13 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 other than any Permitted Security.

21.12 **Notice of Mortgage**

Each Guarantor shall keep the Mortgage registered against the Ship owned by it as a valid preferred mortgage, carry on board that Ship a certified copy of the Mortgage and place and maintain in a conspicuous place in the navigation room and the master's cabin of that Ship a framed printed notice stating that that Ship is mortgaged by that Guarantor to the Security Trustee.

21.13 **Sharing of Earnings**

No Guarantor shall enter into any agreement or arrangement for the sharing of any Earnings of the Ship owned by it.

21.14 **Sanctions and Ship Trading**

Without limiting Clause 21.8 (*Compliance with laws etc.*), the Obligors shall procure:

(a) that no Ship shall be used by or for the benefit of a Prohibited Person;

(b) that no Ship shall be used in trading in any manner contrary to Sanctions (or which could be contrary to Sanctions if Sanctions were binding on each Obligor);

(c) that no Ship shall be traded in any manner which would trigger the operation of any sanctions limitation or exclusion clause (or similar) in the Insurances; and

(d) that each charterparty in respect of a Ship shall contain, for the benefit of the relevant Obligor, language which gives effect to the provisions of paragraph (c) of Clause 21.8 (*Compliance with laws etc.*) as regards Sanctions and of this Clause 21.14 (*Sanctions and Ship trading*) and which permits refusal of employment or voyage orders if compliance would result in a breach of Sanctions (or which would result in a breach of Sanctions if Sanctions were binding on each Obligor).

22 APPLICATION OF EARNINGS

22.1 **Payment of Earnings**

Each Guarantor shall ensure that all the Earnings of the Ship owned by it are promptly collected and lawfully applied in accordance with this Agreement and subject to the Intercreditor Agreement.

23 EVENTS OF DEFAULT

Each of the events or circumstances set out in this Clause 23 is an Event of Default.

23.1 **Non-payment**

An Obligor does not pay on the due date any amount payable pursuant to a Finance Document at the place at and in the currency in which it is expressed to be payable unless:

(a) its failure to pay is caused by administrative or technical error; and

(b) payment is made within 2 Business Days of its due date.

23.2 **Certain obligations**

Any requirement of Clause 18 (*Financial covenants*), Clause 19.2 (*Compliance with laws*), Clause 19.5 (*Listing*), Clause 22 (*Insurance)*, Clause 21.8 (*Compliance with laws etc.*), Clause 21.14 (*Sanctions and Ship Trading*) is not satisfied.

23.3 **Other obligations**

(a) An Obligor does not comply with any provision of the Finance Documents (other than those referred to in Clause 23.1 (*Non-payment*) and Clause 23.2 (*Certain obligations*)).

(b) No Event of Default under paragraph (a) above will occur if the failure to comply is capable of remedy and is remedied within 10 days of the earlier of (A) the Agent giving notice to the Borrower and (B) the Borrower becoming aware of the failure to comply.

23.4 **Misrepresentation**

Any representation or statement made or deemed to be made by an Obligor in the Finance Documents or any other document delivered by or on behalf of any Obligor under or in connection with any Finance Document is or proves to have been incorrect or misleading in any material respect when made or deemed to be made.

23.5 **Cross default**

(a) Any Financial Indebtedness of any member of the Group is not paid when due nor within any originally applicable grace period.

(b) Any Financial Indebtedness of any member of the Group is declared to be or otherwise becomes due and payable prior to its specified maturity as a result of an event of default (however described).

(c) Any commitment for any Financial Indebtedness of any member of the Group is cancelled or suspended by a creditor of any member of the Group as a result of an event of default (however described).

(d) Any creditor of any member of the Group becomes entitled to declare any Financial Indebtedness of any member of the Group due and payable prior to its specified maturity as a result of an event of default (however described).

No Event of Default will occur under this Clause 23.5 if the aggregate amount of Financial Indebtedness or commitment for Financial Indebtedness falling within paragraphs (a) to (d) above is less than $100,000 (or its equivalent in any other currency).

23.6 **Insolvency**

(a) A member of the Group is unable or admits inability to pay its debts as they fall due, suspends making payments on any of its debts or, 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 any 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 any member of the Group.

23.7 **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 or reorganisation (by way of voluntary arrangement, scheme of arrangement or otherwise) of any member of the Group other than a solvent liquidation or reorganisation of any member of the Group which is not an Obligor;

(b) a composition, compromise, assignment or arrangement with any creditor of any member of the Group;

(c) the appointment of a liquidator (other than in respect of a solvent liquidation of a member of the Group which is not an Obligor), receiver, administrator, administrative receiver, compulsory manager or other similar officer in respect of any member of the Group or any of its assets; or

(d) enforcement of any Security over any assets of any member of the Group,

or any analogous procedure or step is taken in any jurisdiction.

This Clause 23.7 shall not apply to any winding-up petition which is frivolous or vexatious and is discharged, stayed or dismissed within 30 days of commencement.

23.8 **Creditors' process**

Any expropriation, attachment, sequestration, distress or execution affects any asset or assets of a member of the Group and is not discharged within 30 days.

23.9 **Ownership of the Obligors**

An Obligor (other than the Borrower) is not or ceases to be a wholly owned Subsidiary of the Borrower.

23.10 **Unlawfulness**

It is or becomes unlawful for an Obligor to perform any of its obligations under the Finance Documents to which it is a party.

23.11 **Ranking of security**

Any Security created by a Finance Document proves to have been or becomes invalid or unenforceable or such Security proves to have ranked after, or loses its priority to, other Security.

23.12 **Repudiation**

An Obligor repudiates a Finance Document or evidences an intention to repudiate a Finance Document.

23.13 **Material adverse change**

Any event or circumstance occurs which the Lenders reasonably believe has or is reasonably likely to have a Material Adverse Effect.

23.14 **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 Lenders, by notice to the Borrower:

(a) cancel the Total Commitments whereupon they shall immediately be cancelled;

(b) declare that all or part of the Loan, together with accrued interest, and all other amounts accrued or outstanding under the Finance Documents and the Discount Premium Amount be immediately or in accordance with the terms of such notice due and payable, whereupon they shall become immediately due and payable; and/or

(c) declare that all or part of the Loan and the Discount Premium Amount be payable on demand, whereupon they shall immediately become payable on demand by the Agent acting on the instructions of the Lenders.

23.15 **Enforcement of security**

On and at any time after the occurrence of an Event of Default which is continuing the Security Trustee may, and shall if so directed by the Lenders, take any action which, as a result of the Event of Default or any notice served under Clause 23.14 (*Acceleration*) the Security Trustee is entitled to take under any Finance Document or any applicable law or regulation, subject to the terms of the Intercreditor Agreement.

SECTION 9

CHANGES TO PARTIES

24 CHANGES TO THE LENDERS

24.1 **Assignments and transfers by the Lenders**

Subject to this Clause 24, a Lender (the "**Existing Lender**") may:

(a) assign any of its rights; or

(b) 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 (or a special purpose vehicle owned by such an institution (the "**New Lender**").

24.2 **Conditions of assignment or transfer**

(a) An assignment will only be effective on:

(i) 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 as it would have been under if it was a Lender; and

(ii) 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.

(b) A transfer will only be effective if the procedure set out in Clause 24.5 (*Procedure for transfer*) is complied with.

(c) If:

(i) a Lender assigns or transfers any of its rights or obligations under the Finance Documents or changes its Facility Office; and

(ii) as a result of circumstances existing at the date the assignment, transfer or change occurs, an Obligor would be obliged to make a payment to the New Lender or Lender acting through its new Facility Office under Clause 12 (*Tax gross-up and indemnities*,

then the New Lender or Lender acting through its new Facility Office is only entitled to receive payment under that Clause to the same extent as the Existing Lender or Lender acting through its previous Facility Office would have been if the assignment, transfer or change had not occurred. This paragraph (c) shall not apply in respect of an assignment or transfer made in the ordinary course of the primary syndication of the Facility.

(d) 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.

24.3 **Assignment or transfer fee**

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 $5,000.

24.4 **Limitation of responsibility of Existing Lenders**

(a) Unless expressly agreed to the contrary, an Existing Lender makes no representation or warranty and assumes no responsibility to a New Lender for:

(i) the legality, validity, effectiveness, adequacy or enforceability of the Finance Documents or any other documents;

(ii) the financial condition of any Obligor;

(iii) the performance and observance by any Obligor of its obligations under the Finance Documents or any other documents; or

(iv) the accuracy of any statements (whether written or oral) made in or in connection with any Finance Document or any other document,

and any representations or warranties implied by law are excluded.

(b) Each New Lender confirms to the Existing Lender and the other Finance Parties that it:

(i) has made (and shall continue to make) its own independent investigation and assessment of the financial condition and affairs of each Obligor and its related entities in connection with its participation in this Agreement and has not relied exclusively on any information provided to it by the Existing Lender in connection with any Finance Document; and

(ii) will continue to make its own independent appraisal of the creditworthiness of each Obligor and its related entities whilst any amount is or may be outstanding under the Finance Documents or any Commitment is in force.

(c) Nothing in any Finance Document obliges an Existing Lender to:

(i) accept a re-transfer or re-assignment from a New Lender of any of the rights and obligations assigned or transferred under this Clause 24; or

(ii) support any losses directly or indirectly incurred by the New Lender by reason of the non-performance by any Obligor of its obligations under the Finance Documents or otherwise.

24.5 **Procedure for transfer**

(a) Subject to the conditions set out in Clause 24.2 (*Conditions of assignment or transfer*), a transfer is effected in accordance with paragraph (b) below when the Agent executes an otherwise duly completed Transfer Certificate delivered to it by the Existing Lender and the New Lender. The Agent shall, as soon as reasonably practicable after receipt by it of a duly completed Transfer Certificate appearing on its face to comply with this Agreement and delivered in accordance with this Agreement, execute that Transfer Certificate.

(b) The Agent shall only be obliged to execute a Transfer Certificate delivered to it by the Existing Lender and the New Lender once it is satisfied it has complied with all necessary "know your customer" or other similar checks under all applicable laws and regulations in relation to the transfer to such New Lender.

(c) Subject to Clause 24.9 (*Pro rata interest* settlement), on the Transfer Date:

(i) to the extent that in the Transfer Certificate the Existing Lender seeks to transfer by novation its rights and obligations under the Finance Documents, each of the Obligors and the Existing Lender shall be released from further obligations towards one another under the Finance Documents and their respective rights against one another under the Finance Documents shall be cancelled (being the "**Discharged Rights and Obligations**");

(ii) each of the Obligors and the New Lender shall assume obligations towards one another and/or acquire rights against one another which differ from the Discharged Rights and Obligations only insofar as that Obligor and the New Lender have assumed and/or acquired the same in place of that Obligor and the Existing Lender;

(iii) the Agent, the Security Trustee, 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 Trustee and the Existing Lender shall each be released from further obligations to each other under the Finance Documents; and

(iv) the New Lender shall become a Party as a "Lender".

24.6 **Procedure for assignment.**

(a) Subject to the conditions set out in Clause 24.2 (*Conditions of assignment or transfer*) an assignment may be effected in accordance with paragraph (c) below 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 paragraph (b) below, as soon as reasonably practicable after receipt by it of a duly completed Assignment Agreement appearing on its face to comply with the terms of this Agreement and delivered in accordance with the terms of this Agreement, execute that Assignment Agreement.

(b) The Agent shall only be obliged to execute an Assignment Agreement delivered to it by the Existing Lender and the New Lender once it is satisfied it has complied with all necessary "know your customer" or other similar checks under all applicable laws and regulations in relation to the assignment to such New Lender.

(c) Subject to Clause 24.9 (*Pro rata interest settlement),* on the Transfer Date:

(i) the Existing Lender will assign absolutely to the New Lender the rights under the Finance Documents expressed to be the subject of the assignment in the Assignment Agreement;

(ii) the Existing Lender will be released by each Obligor and the other Finance Parties from the obligations owed by it (the "**Relevant Obligations**") and expressed to be the subject of the release in the Assignment Agreement; and

(iii) the New Lender shall become a Party as a "Lender" and will be bound by obligations equivalent to the Relevant Obligations.

(d) Lenders may utilise procedures other than those set out in this Clause 24.6 to assign their rights under the Finance Documents (but not, without the consent of the relevant Obligor or unless in accordance with Clause 24.5 (*Procedure for transfer*), to obtain a release by that Obligor from the obligations owed to that Obligor by the Lenders nor the assumption of equivalent obligations by a New Lender) **provided that** they comply with the conditions set out in Clause 24.2 (*Conditions of assignment or transfer*).

24.7 **Copy of Transfer Certificate or Assignment Agreement to Borrower**

The Agent shall, as soon as reasonably practicable after it has executed a Transfer Certificate or an Assignment Agreement, send to the Borrower a copy of that Transfer Certificate or Assignment Agreement.

24.8 **Security over Lenders' rights.** In addition to the other rights provided to Lenders under this Clause 24, each Lender may without consulting with or obtaining consent from any Obligor, at any time charge, assign or otherwise create Security in or over (whether by way of collateral or otherwise) all or any of its rights under any Finance Document to secure obligations of that Lender including, without limitation:

(a) any charge, assignment or other Security to secure obligations to a federal reserve or central bank; and

(b) in the case of any Lender which is a fund, any charge, assignment or other Security granted to any holders (or trustee or representatives of holders) of obligations owed, or securities issued, by that Lender as security for those obligations or securities;

except that no such charge, assignment or Security shall:

(i) release a Lender from any of its obligations under the Finance Documents or substitute the beneficiary of the relevant charge, assignment or Security for the Lender as a party to any of the Finance Documents; or

(ii) require any payments to be made by any Obligor 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.

24.9 **Pro rata interest settlement**

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 Lender then (in respect of any transfer pursuant to Clause 24.5 (*Procedure for transfer*) or any assignment pursuant to Clause 24.6 (*Procedure for assignment*) the Transfer Date of which, in each case, is after the date of such notification):

(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 next due date for payment of interest in accordance with Clause 8.2; 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, the Accrued Amounts will be payable to the Existing Lender; and

(ii) the amount payable to the New Lender on that date will be the amount which would, but for the application of this Clause 24.9, have been payable to it on that date, but after deduction of the Accrued Amounts.

25 CHANGES TO THE OBLIGORS

25.1 **Assignments and transfer by Obligors**

No Obligor may assign any of its rights or transfer any of its rights or obligations under the Finance Documents.

SECTION 10

THE FINANCE PARTIES

26 ROLE OF THE SERVICING PARTIES

26.1 **Appointment of the Agent**

(a) Each other Finance Party appoints the Agent to act as its agent under and in connection with the Finance Documents.

(b) Each other Finance Party authorises the Agent to exercise the rights, powers, authorities and discretions specifically given to the Agent under, or in connection with, the Finance Documents together with any other incidental rights, powers, authorities and discretions.

26.2 **Duties of the Agent**

(a) Subject to paragraph (b) below, 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.

(b) Without prejudice to Clause 24.7 (*Copy of Transfer Certificate or Assignment Agreement to Borrower*), paragraph (a) above shall not apply to any Transfer Certificate or to any Assignment Agreement.

(c) 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.

(d) 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 Lenders.

(e) 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) under this Agreement it shall promptly notify the other Finance Parties.

(f) The Agent's duties under the Finance Documents are solely mechanical and administrative in nature.

26.3 **No fiduciary duties**

(a) Neither the Agent nor the Security Trustee shall have any duties or obligations to any person under this Agreement or the other Finance Documents except to the extent that they are expressly set out in those documents; and neither Servicing Party shall have any liability to any person in respect of its obligations and duties under this Agreement or the other Finance Documents except as expressly set out in Clauses 26.5 and 26.6, and as excluded or limited by Clauses 26.12, 26.13, 26.14 and 26.15.

(b) The provisions of Clause 26.4(a) shall apply even if, notwithstanding and contrary to Clause 26.4(a), any provision of this Agreement or any other Finance Document by operation of law has the effect of constituting the Agent as a fiduciary.

26.4 **Duties of the Security Trustee**

The Security Trustee shall:

(a) hold the Trust Property on trust for the Finance Parties in accordance with their respective entitlements under the Finance Documents; and

(b) deal with the Trust Property,

in accordance with this Clause 26 and the other provisions of the Finance Documents.

26.5 **Application of receipts**

Except as expressly stated to the contrary in any Finance Document, any moneys which the Security Trustee receives or recovers and which are Trust Property shall (without prejudice to the rights of the Security Trustee under any Finance Document to credit any moneys received or recovered by it to any suspense account) be transferred to the Agent for application in accordance with Clause 29.2 (*Distributions by the Agent*) and Clause 29.5 (*Partial payments*).

26.6 **Deductions from receipts**

Before transferring any moneys to the Agent under Clause 26.5 (*Application of receipts*), the Security Trustee may deduct any sum then due and payable under this Agreement or any other Finance Document to the Security Trustee or any receiver, agent or other person appointed by it and retain that sum for itself or, as the case may require, pay it to the other person to whom it is then due and payable; for this purpose if the Security Trustee has become entitled to require a sum to be paid to it on demand, that sum shall be treated as due and payable, even if no demand has yet been served.

26.7 **Agent and Security Trustee the same person**

Where the same person is the Security Trustee and the Agent, it shall be sufficient compliance with Clause 26.5 (*Application of receipts*) for the moneys concerned to be credited to the account to which the Agent remits or credits the amounts which it receives from the Borrower under this Agreement for distribution to the Lenders.

26.8 **Additional statutory rights**

In addition to its rights under or by virtue of this Agreement and the other Finance Documents, the Security Trustee shall have all the rights conferred on a trustee by the Trustee Act 1925, the Trustee Delegation Act 1999 and by the Trustee Act 2000.

26.9 **Perpetuity period**

The trusts constituted by this Agreement are governed by English law, and the applicable perpetuity period is 75 years commencing on the date of this Agreement.

26.10 **Business with the Group**

The Agent and the Security Trustee may accept deposits from, lend money to, and generally engage in any kind of banking or other business with, any member of the Group.

26.11 **Rights and discretions of the Servicing Parties**

(a) Each Servicing Party may rely on:

(i) any representation, notice or document believed by it to be genuine, correct and appropriately authorised; and

(ii) any statement made by a director, authorised signatory or employee of any person regarding any matters which may reasonably be assumed to be within his knowledge or within his power to verify.

(b) Each Servicing Party may assume (unless it has received notice to the contrary in its capacity as agent or, as the case may be, trustee for the Lenders) that:

(i) no Default has occurred (unless it has actual knowledge of a Default arising under Clause 23.1 (*Non-payment*));

(ii) any right, power, authority or discretion vested in any Party or the Lenders has not been exercised; and

(iii) any notice or request made by the Borrower (other than a Utilisation Request) is made on behalf of and with the consent and knowledge of all the Obligors.

(c) Each Servicing Party may engage, pay for and rely on the advice or services of any lawyers, accountants, surveyors or other experts.

(d) Each Servicing Party may act in relation to the Finance Documents through its personnel and agents.

(e) Each Servicing Party may disclose to any other Party any information it reasonably believes it has received as agent or security trustee under this Agreement.

(f) Notwithstanding any other provision of any Finance Document to the contrary, no Servicing Party 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 duty of confidentiality.

26.12 **Lenders' instructions**

(a) Unless a contrary indication appears in a Finance Document, each Servicing Party shall:

(i) exercise any right, power, authority or discretion vested in it as Servicing Agent in accordance with any instructions given to it by the Lenders (or, if so instructed by the Lenders, refrain from exercising any right, power, authority or discretion vested in it as Agent or the Security Trustee); and

(ii) not be liable for any act (or omission) if it acts (or refrains from taking any action) in accordance with an instruction of the Lenders.

(b) Unless a contrary indication appears in a Finance Document, any instructions given by the Lenders will be binding on all the Finance Parties.

(c) Each Servicing Party may refrain from acting in accordance with the instructions of the Lenders (or, if appropriate, the Lenders) until it has received such security as it may require

for any cost, loss or liability (together with any associated VAT) which it may incur in complying with the instructions.

(d) In the absence of instructions from the Lenders (or, if appropriate, the Lenders), each Servicing Party may act (or refrain from taking action) as it considers to be in the best interest of the Lenders.

(e) 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.

26.13 **Responsibility for documentation**

None of the Agent and the Security Trustee:

(a) is responsible for the adequacy, accuracy and/or completeness of any information (whether oral or written) supplied by the Agent, the Security Trustee, an Obligor or any other person given in, or in connection with, any Finance Document or the Information Memorandum; or

(b) is responsible for the legality, validity, effectiveness, adequacy or enforceability of any Finance Document or any other agreement, arrangement or document entered into or made or executed in anticipation of, or in connection with, any Finance Document; or

(c) is responsible for 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.

26.14 **Exclusion of liability**

(a) Without limiting paragraph (b) below, neither Servicing Party will be liable (including, without limitation, for negligence or any other category of liability whatsoever) for any action taken by it under or in connection with any Finance Document, unless directly caused by its gross negligence or wilful misconduct.

(b) No Party may take any proceedings against any officer, employee or agent of a Servicing Party in respect of any claim it might have against the Servicing Party concerned or in respect of any act or omission of any kind by that officer, employee or agent in relation to any Finance Document and each officer, employee or agent of a Servicing Party may rely on this Clause subject to Clause 1.4 (*Third party rights*) and the provisions of the Third Parties Act.

(c) A Servicing Party 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 it if it 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 it for that purpose.

(d) Nothing in this Agreement shall oblige either Servicing Party to carry out any "know your customer" or other checks in relation to any person on behalf of any Lender and each Lender confirms to each Servicing Party 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, the Security Trustee.

26.15 **Lenders' indemnity to the Servicing Parties**

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 each Servicing Party, within 3 Business Days of demand, against any cost, loss or liability (including, without limitation, for negligence or any other category of liability whatsoever) incurred by the Servicing Party concerned (otherwise than by reason of its gross negligence or wilful misconduct) 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 or Security Trustee under the Finance Documents (unless the Agent or Security Trustee has been reimbursed by an Obligor pursuant to a Finance Document).

26.16 **Resignation of a Servicing Party**

(a) A Servicing Party may resign and appoint one of its Affiliates as successor by giving notice to the other Finance Parties and the Borrower.

(b) Alternatively, a Servicing Party may resign by giving 30 days' notice to the other Finance Parties and the Borrower, in which case the Lenders may appoint a successor Agent or Security Trustee.

(c) If the Lenders have not appointed a successor Agent or Security Trustee in accordance with paragraph (b) above within 20 days after notice of resignation was given, the retiring Agent or Security Trustee may appoint a successor Agent or Security Trustee.

(d) The retiring Agent or Security Trustee shall, at its own cost, make available to the successor Agent or Security Trustee such documents and records and provide such assistance as the successor Agent or Security Trustee may reasonably request for the purposes of performing its functions as Agent or Security Trustee under the Finance Documents.

(e) A Servicing Party's resignation notice shall only take effect upon the appointment of a successor.

(f) Upon the appointment of a successor, the retiring Servicing Party shall be discharged from any further obligation in respect of the Finance Documents but shall remain entitled to the benefit of this Clause 26. Any successor and each of the other Parties shall have the same rights and obligations amongst themselves as they would have had if such successor had been an original Party.

(g) The Lenders may, by notice to a Servicing Party, require it to resign in accordance with paragraph (b) above. In this event, the Servicing Party shall resign in accordance with paragraph (b) above.

26.17 **Confidentiality**

(a) In acting as agent or, as the case may be, trustee for the Finance Parties, a Servicing Party shall be regarded as acting through its agency division which shall be treated as a separate entity from any other of its divisions or departments.

(b) If information is received by a division or department of a Servicing Party other than that division or department responsible for complying with the obligations assumed by that Servicing Party under the Finance Documents, that information may be treated as

confidential to that division or department, and the Servicing Party concerned shall not be deemed to have notice of it nor shall it be obliged to disclose such information to any Party.

26.18 **Relationship with the Lenders**

(a) Subject to Clause 24.9 (*Pro rata Interest Settlement*), the Agent may treat the person shown in its records as Lender at the opening of business (in the place of the Agent's principal office as notified to the Finance Parties from time to time) as the Lender acting through its Facility Office:

(i) entitled to or liable for any payment due under any Finance Document on that day; and

(ii) entitled to receive and act upon any notice, request, document or communication or make any decision or determination under any Finance Document made or delivered on that day;

unless it has received not less than 5 Business Days' prior notice from that Lender to the contrary in accordance with the terms of this Agreement.

(b) 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 despatched to that Lender under the Finance Documents. Such notice shall contain the address, fax number and (where communication by electronic mail or other electronic means is permitted under Clause 31.5 (*Electronic communication*)) electronic mail address and/or any other information required to enable the sending and receipt of information by that means (and, in each case, the department or officer, if any, for whose attention communication is to be made) and be treated as notification of a substitute address, fax number, electronic mail address, department and officer by that Lender for the purposes of Clause 31.2 (*Addresses*) and paragraph (a)(iii) of Clause 31.5 (*Electronic communication*) and the Agent shall be entitled to treat such person as the person entitled to receive all such notices, communications, information and documents as though that person were that Lender.

26.19 **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 Finance Document, each Lender confirms to the Agent and the Security Trustee 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 Finance Document including but not limited to:

(a) the financial condition, status and nature of each member of the Group;

(b) the legality, validity, effectiveness, adequacy or enforceability of any Finance Document and any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Finance Document;

(c) 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 Finance Document, the transactions contemplated by the Finance Documents or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Finance Document; and

(d) the adequacy, accuracy and/or completeness of the Information Memorandum and any other information provided by the Agent, the Security Trustee, any Party or by any other person under, or in connection with, any Finance Document, the transactions contemplated by the Finance Documents or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Finance Document.

26.20 **Deduction from amounts payable by the Agent**

If any Party owes an amount to the Agent under the Finance Documents, the Agent may, after giving notice to that Party, deduct an amount not exceeding that amount from any payment to that Party which the Agent would otherwise be obliged to make under the Finance Documents and apply the amount deducted in or towards satisfaction of the amount owed. For the purposes of the Finance Documents that Party shall be regarded as having received any amount so deducted.

26.21 **Full freedom to enter into transactions**

Notwithstanding any rule of law or equity to the contrary, each Servicing Party shall be absolutely entitled:

(a) to enter into and arrange banking, derivative, investment and/or other transactions of every kind with or affecting the Borrower or any person who is party to, or referred to in, a Finance Document (including, but not limited to, any interest or currency swap or other transaction, whether related to this Agreement or not, and acting as syndicate agent and/or security trustee for, and/or participating in, other facilities to the Borrower or any person who is party to, or referred to in, a Finance Document);

(b) to deal in and enter into and arrange transactions relating to:

(i) any securities issued or to be issued by the Borrower or any such other person; or

(ii) any options or other derivatives in connection with such securities; and

(c) to provide advice or other services to the Borrower or any person who is a party to, or referred to in, a Finance Document,

and, in particular, each Servicing Party shall be absolutely entitled, in proposing, evaluating, negotiating, entering into and arranging all such transactions and in connection with all other matters covered by paragraphs (a), (b) and (c) above, to use (subject only to insider dealing legislation) any information or opportunity, howsoever acquired by it, to pursue its own interests exclusively, to refrain from disclosing such dealings, transactions or other matters or any information acquired in connection with them and to retain for its sole benefit all profits and benefits derived from the dealings transactions or other matters.

26.22 **Representations of Lenders**

Each Lender, severally and not jointly, hereby represents and warrants to the Borrower that:

(a) **Certain Fees**

No fees or commissions are or will be payable by such Lender to brokers, finders, or investment bankers with respect to the purchase of the Loan or the issuance of the Notes or the consummation of the transaction contemplated by this Agreement or the other agreements contemplated hereby. Such Lender agrees that it will indemnify and hold harmless the

Borrower from and against any and all claims, demands, or liabilities for broker's, finder's, placement, or other similar fees or commissions incurred by such Lender in connection with the purchase of the Loan or the issuance of the Notes or the consummation of the transactions contemplated by this Agreement.

(b) **Legend**

Such Lender understands that the Notes will bear a legend in substantially the following form:

> THIS PROMISSORY NOTE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR APPLICABLE STATE SECURITIES LAWS. THIS PROMISSORY NOTE MAY NOT BE OFFERED FOR SALE, SOLD, TRANSFERRED OR ASSIGNED IN THE ABSENCE OF (A) AN EFFECTIVE REGISTRATION STATEMENT FOR SECURITIES UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR (B) AN OPINION OF COUNSEL TO THE HOLDER (IF REQUESTED BY THE COMPANY), IN A FORM REASONABLY ACCEPTABLE TO THE COMPANY, THAT REGISTRATION IS NOT REQUIRED UNDER SAID ACT OR IS EXEMPT THEREFROM.

(c) **Transfer or Resale**

Such Lender understands that: (i) the Loan and the Notes have not been and are not being registered under the Securities Act or any state securities laws, and may not be offered for sale, sold, assigned or transferred unless (A) subsequently registered thereunder, (B) pursuant to an exemption from such registration; (ii) any sale of the Notes made in reliance on Rule 144 may be made only in accordance with the terms of Rule 144, and further, if Rule 144 is not applicable, any resale of the Notes under circumstances in which the seller (or the person through whom the sale is made) may be deemed to be an underwriter (as that term is defined in the Securities Act) may require compliance with some other exemption under the Securities Act or the rules and regulations of the Securities and Exchange Commission promulgated thereunder; and (iii) neither the Borrower nor any other person is under any obligation to register the Notes under the Securities Act or any state securities laws or to comply with the terms and conditions of any exemption thereunder. If such Lender should in the future decide to dispose of any portion of the Notes, such Lender understands and agrees that stop-transfer instructions to that effect will be in effect with respect to such Notes to ensure compliance with this Clause. Such Lender further understands and agrees that there is no public trading market for the Notes, that none is expected to develop, and that the Notes must be held indefinitely unless and until it is repaid in full or the sale is registered under the Securities Act or an exemption from registration is available.

(d) **Offering Materials**

Such Lender did not receive from the Borrower or its agent any offering materials in connection with offers and sales of the Loan.

(e) **Non-U.S. Lender Representations and Warranties**

If the Lender is not located in the United States (as defined in Regulation S promulgated under the Securities Act) when it was offered the opportunity to purchase the Loan and when

it signed this Agreement, and is not a U.S. person (as defined in Regulation S promulgated under the Securities Act):

(i) Offshore Transaction.

At the time such Lender received the offer to purchase the Loan and the Notes, it was not in the United States. Such Lender is not a U.S. person (as defined in Regulation S promulgated under the Securities Act) and is not acquiring the Notes for the account or benefit of any U.S. person. Such Lender's receipt and execution of each of this Agreement and the documents contemplated hereby, and any other agreement relating hereto or thereto, has occurred or will occur outside the United States. Such Lender understands and acknowledges that the offering and sale of the Notes is not being, and will not be, made, directly or indirectly, in or into, or by the use of the mails or any means or instrumentality (including telephonically or electronically) of interstate or foreign commerce of, or any facilities of a national securities exchange of, the United States.

(ii) No Directed Selling Efforts

Such Lender is not aware of any form of "directed selling efforts" (as defined in Regulation S promulgated under the Securities Act) in the United States in respect of the Loan or the Notes, which would include any activities undertaken for the purpose of, or that could reasonably be expected to have the effect of, conditioning the market in the United States for the resale of the Loans or the Notes, including placing an advertisement in a publication with a general circulation in the United States.

27 CONDUCT OF BUSINESS BY THE FINANCE PARTIES

No provision of this Agreement will:

(a) interfere with the right of any Finance Party to arrange its affairs (tax or otherwise) in whatever manner it thinks fit;

(b) oblige any Finance Party to investigate or claim any credit, relief, remission or repayment available to it or the extent, order and manner of any claim; or

(c) oblige any Finance Party to disclose any information relating to its affairs (tax or otherwise) or any computations in respect of Tax.

28 SHARING AMONG THE FINANCE PARTIES

28.1 **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 29 (*Payment mechanics*) (a "**Recovered Amount**") and applies that amount to a payment due under the Finance Documents then:

(a) the Recovering Finance Party shall, within 3 Business Days, notify details of the receipt or recovery, to the Agent;

(b) 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 29 (*Payment mechanics*),

without taking account of any Tax which would be imposed on the Agent in relation to the receipt, recovery or distribution; and

(c) the Recovering Finance Party shall, within 3 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 29.5 (*Partial payments*).

28.2 **Redistribution of payments**

The Agent shall treat the Sharing Payment as if it had been paid by the relevant Obligor and distribute it among the Finance Parties (other than the Recovering Finance Party) (the "**Sharing Finance Parties**") in accordance with Clause 29.5 (*Partial payments*) towards the obligations of that Obligor to the Sharing Finance Parties.

28.3 **Recovering Finance Party's rights**

On a distribution by the Agent under Clause 28.2 (*Redistribution of payments*) of a payment received by a Recovering Finance Party from an Obligor, as between the relevant Obligor and the Recovering Finance Party, an amount of the Recovered Amount equal to the Sharing Payment will be treated as not having been paid by that Obligor.

28.4 **Reversal of redistribution**

If any part of the Sharing Payment received or recovered by a Recovering Finance Party becomes repayable and is repaid by that Recovering Finance Party, then:

(a) each Sharing Finance Party shall, upon request of the 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

(b) as between the relevant Obligor and each relevant Sharing Finance Party, an amount equal to the relevant Redistributed Amount will be treated as not having been paid by that Obligor.

28.5 **Exceptions**

(a) This Clause 28 shall not apply to the extent that the Recovering Finance Party would not, after making any payment pursuant to this Clause, have a valid and enforceable claim against the relevant Obligor.

(b) A Recovering Finance Party is not obliged to share with any other Finance Party any amount which the Recovering Finance Party has received or recovered as a result of taking legal or arbitration proceedings, if:

(i) it notified that other Finance Party of the legal or arbitration proceedings; and

(ii) the 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

29 PAYMENT MECHANICS

29.1 **Payments to the Agent**

(a) On each date on which an Obligor or a Lender is required to make a payment under a Finance Document, that Obligor or Lender shall make 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.

(b) 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.

29.2 **Distributions by the Agent**

Each payment received by the Agent under the Finance Documents for another Party shall, subject to Clause 29.3 (*Distributions to an Obligor*) and Clause 29.4 (*Clawback*) 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 5 Business Days' notice with a bank in the principal financial centre of the country of that currency.

29.3 **Distributions to an Obligor**

The Agent may (with the consent of the Obligor or in accordance with Clause 30 (*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.

29.4 **Clawback**

(a) 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.

(b) 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.

29.5 **Partial payments**

(a) If the Agent receives a payment that is insufficient to discharge all the amounts then due and payable by an Obligor under the Finance Documents, the Agent shall apply that payment towards the obligations of that Obligor under the Finance Documents unless otherwise provided in this Agreement or in the Intercreditor Agreement in the following order:

(i) **first**, in or towards payment pro rata of any unpaid costs and expenses (including legal fees) of the Agent and the Security Trustee under the Finance Documents;

(ii) **secondly**, in or towards payment pro rata of any accrued interest or fees due but unpaid under this Agreement;

(iii) **thirdly**, in or towards payment pro rata of any principal due in respect of the Loan but unpaid under this Agreement;

(iv) **fourthly**, in or towards payment of any amount unpaid in respect of the Discount Premium Amount;

(v) **fifthly**, in release to the Borrower.

(b) Paragraph (a) above will override any appropriation made by an Obligor.

29.6 **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.

29.7 **Business Days**

(a) Any payment which is due to be made on a day that is not a Business Day shall be made on the next Business Day in the same calendar month (if there is one) or the preceding Business Day (if there is not).

(b) During any extension of the due date for payment of any principal or an Unpaid Sum under this Agreement interest is payable on the principal at the rate payable on the original due date.

29.8 **Currency of account**

(a) Subject to paragraphs (b) to (c) below, dollars is the currency of account and payment for any sum due from an Obligor under any Finance Document.

(b) Each payment in respect of costs, expenses or Taxes shall be made in the currency in which the costs, expenses or Taxes are incurred.

(c) Any amount expressed to be payable in a currency other than dollars shall be paid in that other currency.

29.9 **Change of currency**

(a) Unless otherwise prohibited by law, if more than one currency or currency unit are at the same time recognised by the central bank of any country as the lawful currency of that country, then:

(i) any reference in the Finance Documents to, and any obligations arising under the Finance Documents in, the currency of that country shall be translated into, or paid in, the currency or currency unit of that country designated by the Agent (after consultation with the Borrower); and

(ii) any translation from one currency or currency unit to another shall be at the official rate of exchange recognised by the central bank for the conversion of that currency or currency unit into the other, rounded up or down by the Agent (acting reasonably).

(b) 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 Borrower) specifies to be necessary, be amended to comply with any generally accepted conventions and market practice in the Relevant Interbank Market and otherwise to reflect the change in currency.

30 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.

31 NOTICES

31.1 **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.

31.2 **Addresses**

The address and fax number (and the department or officer, if any, for whose attention the communication is to be made) of each Party for any communication or document to be made or delivered under or in connection with the Finance Documents are:

(a) in the case of the Borrower, that identified with its name below;

(b) in the case of each Lender or any other Obligor, that notified in writing to the Agent on or before the date on which it becomes a Party;

(c) in the case of the Agent, that identified with its name below; and

(d) in the case of the Security Trustee, that identified with its name below,

or any substitute address or 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 5 Business Days' notice.

31.3 **Delivery**

(a) Any communication or document made or delivered by one person to another under or in connection with the Finance Documents will only be effective:

(i) if by way of fax, when received in legible form; or

(ii) if by way of letter, when it has been left at the relevant address or 5 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 31.2 (*Addresses*), if addressed to that department or officer.

(b) Any communication or document to be made or delivered to the Agent or the Security Trustee will be effective only when actually received by the Agent or the Security Trustee and then only if it is expressly marked for the attention of the department or officer identified with the Agent's or the Security Trustee's signature below (or any substitute department or officer as the Agent or the Security Trustee shall specify for this purpose).

(c) All notices from or to an Obligor shall be sent through the Agent.

(d) Any communication or document made or delivered to the Borrower in accordance with this Clause will be deemed to have been made or delivered to each of the Obligors.

31.4 **Notification of address and fax number**

Promptly upon receipt of notification of an address and fax number or change of address or fax number pursuant to Clause 31.2 (*Addresses*) or changing its own address or fax number, the Agent shall notify the other Parties.

31.5 **Electronic communication**

(a) Any communication to be made between the Agent and a Lender under or in connection with the Finance Documents may be made by electronic mail or other electronic means, if the Agent and the relevant Lender:

(i) agree that, unless and until notified to the contrary, this is to be an accepted form of communication;

(ii) 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

(iii) notify each other of any change to their address or any other such information supplied by them.

(b) Any electronic communication made between the Agent and a Lender will be effective only when actually received in readable form and in the case of any electronic communication made by a Lender to the Agent only if it is addressed in such a manner as the Agent shall specify for this purpose.

31.6 **English language**

(a) Any notice given under or in connection with any Finance Document must be in English.

(b) All other documents provided under or in connection with any Finance Document must be:

(i) in English; or

(ii) if not in English, and if so required by the 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.

32 CALCULATIONS AND CERTIFICATES

32.1 Accounts

In any litigation or arbitration proceedings arising out of or in connection with a Finance Document, the entries made in the accounts maintained by a Finance Party are *prima facie* evidence of the matters to which they relate.

32.2 Certificates and determinations

Any certification or determination by a Finance Party of a rate or amount under any Finance Document is, in the absence of manifest error, conclusive evidence of the matters to which it relates.

32.3 Day count convention

Any interest, commission or fee accruing under a Finance Document will accrue from day to day and is calculated on the basis of the actual number of days elapsed and a year of 360 days or, in any case where the practice in the Relevant Interbank Market differs, in accordance with that market practice.

33 PARTIAL INVALIDITY

If, at any time, any provision of the Finance Documents is or becomes illegal, invalid or unenforceable in any respect under any law of any jurisdiction, neither the legality, validity or enforceability of the remaining provisions nor the legality, validity or enforceability of such provision under the law of any other jurisdiction will in any way be affected or impaired.

34 REMEDIES AND WAIVERS

No failure to exercise, nor any delay in exercising, on the part of any Finance Party, any right or remedy under the Finance Documents shall operate as a waiver, nor shall any single or partial exercise of any right or remedy prevent any further or other exercise or the exercise of any other right or remedy. The rights and remedies provided in this Agreement are cumulative and not exclusive of any rights or remedies provided by law.

35 AMENDMENTS AND WAIVERS

35.1 Required consents

(a) Subject to Clause 35.2 (*Exceptions*) any term of the Finance Documents may be amended or waived only with the consent of the Lenders and the Obligors and any such amendment or waiver will be binding on all Parties.

(b) The Agent may effect, on behalf of any Finance Party, any amendment or waiver permitted by this Clause.

35.2 Exceptions

(a) An amendment or waiver that has the effect of changing or which relates to:

(i) a postponement to the date of payment of any amount under the Finance Documents;

(ii) a reduction in the amount of any payment of principal, interest, fees or commission payable;

(iii) an increase in any Commitment;

(iv) a change to the Borrower or Guarantors other than in accordance with Clause 25 (*Changes to the Obligors*);

(v) any provision which expressly requires the consent of all the Lenders;

(vi) Clause 2.2 (*Finance Parties' rights and obligations*), Clause 24 (*Changes to the Lenders*) or this Clause 35 (*Amendment and waivers*); or

(vii) the nature or scope of the guarantee and indemnity granted under Clause 15 (*Guarantee and Indemnity*),

shall not be made without the prior consent of all the Lenders.

(b) An amendment or waiver which relates to the rights or obligations of the Agent or the Security Trustee (each in their capacity as such) may not be effected without the consent of the Agent, the Security Trustee.

36 CONFIDENTIALITY

36.1 **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 36.2 (*Disclosure of Confidential Information*) and Clause 36.3 (*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.

36.2 **Disclosure of Confidential Information**. Any Finance Party may disclose:

(a) to any of its Affiliates and Related Funds and any of its or their officers, directors, employees, professional advisers, auditors, partners and Representatives such Confidential Information as that Finance Party shall consider appropriate if any person to whom the Confidential Information is to be given pursuant to this paragraph (a) is informed in writing of its confidential nature and that some or all of such Confidential Information may be price-sensitive information except that there shall be no such requirement to so inform if the recipient is subject to professional obligations to maintain the confidentiality of the information or is otherwise bound by requirements of confidentiality in relation to the Confidential Information;

(b) to any person:

(i) to (or through) whom it assigns or transfers (or may potentially assign or transfer) all or any of its rights and/or obligations under one or more Finance Documents and to any of that person's Affiliates, Related Funds, Representatives and professional advisers;

(ii) with (or through) whom it enters into (or may potentially enter into), whether directly or indirectly, any sub-participation in relation to, or any other transaction under which payments are to be made or may be made by reference to, one or more Finance Documents and/or one or more Obligors and to any of that person's Affiliates, Related Funds, Representatives and professional advisers;

(iii) appointed by any Finance Party or by a person to whom paragraph (b)(i) or (ii) above applies to receive communications, notices, information or documents delivered pursuant to the Finance Documents on its behalf (including, without limitation, any person appointed under paragraph (c) of Clause 26.18 (*Relationship with the Lenders*));

(iv) who invests in or otherwise finances (or may potentially invest in or otherwise finance), directly or indirectly, any transaction referred to in paragraph (b)(i) or (b)(ii) above;

(v) to whom information is required or requested to be disclosed by any court of competent jurisdiction or any governmental, banking, taxation or other regulatory authority or similar body, the rules of any relevant stock exchange or pursuant to any applicable law, rule or regulation including without limitation the rules or regulations of the United States Securities and Exchange Commission;

(vi) to whom or for whose benefit that Finance Party chargers, assigns or otherwise creates Security (or may do so) pursuant to Clause 24.8 (*Security over Lenders' rights*);

(vii) to whom information is required to be disclosed in connection with, and for the purposes of, any litigation, arbitrations, administrative or other investigations, proceedings or disputes;

(viii) who is a Party; or

(ix) with the consent of the Borrower;

in each case, such Confidential Information as that Finance Party shall consider appropriate if:

(A) in relation to paragraphs (b)(i), (b)(ii) and b(iii) above, the person to whom the Confidential Information is to be given has entered into a Confidentiality Undertaking except that there shall be no requirement for a Confidentiality Undertaking if the recipient is a professional adviser and is subject to professional obligations to maintain the confidentiality of the Confidential Information;

(B) in relation to paragraph (b)(iv) above, the person to whom the Confidential Information is to be given has entered into a Confidentiality Undertaking or is otherwise bound by requirements of confidentiality in relation to the Confidential Information they receive and is informed that some or all of such Confidential Information may be price-sensitive information;

(C) in relation to paragraphs (b)(v), (b)(vi) and (b)(vii) above, the person to whom the Confidential Information is to be given is informed of its confidential nature and that some or all of such Confidential Information may be price-sensitive information except that there shall be no requirement to so inform if, in the opinion of that Finance Party, it is not practicable so to do in the circumstances;

(c) to any person appointed by that Finance Party or by a person to whom paragraph (b)(i) or (b)(ii) above applies to provide administration or settlement services in respect of one or more of the Finance Documents including without limitation, in relation to the trading of

participations in respect of the Finance Documents, such Confidential Information as may be required to be disclosed to enable such service provider to provide any of the services referred to in this paragraph (c) if the service provider to whom the Confidential Information is to be given has entered in to a confidentiality agreement substantially in the form of the LMA Master Confidentiality Undertaking for Use With Administration/Settlement Service Providers or such other form of confidentiality undertaking agreed between the and the relevant Finance Party;

(d) to any rating agency (including its professional advisers) such Confidential Information as may be required to be disclosed to enable such rating agency to carry out its normal rating activities in relation to the Finance Documents and/or the Obligors if the rating agency to whom the Confidential Information is to be given is informed of its confidential nature and that some or all of such Confidential Information may be price-sensitive information.

(e) to any investor or potential investor in a securitisation (or similar transaction of broadly equivalent economic effect of that Finance Party's rights and obligations under the Finance Documents) the size and term of the Facility and the name of each of the Obligors.

36.3 **Disclosure to numbering service providers.**

(a) Any Finance Party may disclose to any national or international numbering service provider appointed by that Finance Party to provide identification numbering services in respect of this Agreement, the Facility and/or one or more Obligors the following information:

(i) names of Obligors;

(ii) country of domicile of Obligors;

(iii) place of incorporation of Obligors;

(iv) date of this Agreement;

(v) the name of the Agent;

(vi) date of each amendment and restatement of this Agreement;

(vii) amount of Total Commitments;

(viii) currency of the Facility;

(ix) type of Facility;

(x) ranking of Facility;

(xi) Termination Date for Facility;

(xii) changes to any of the information previously supplied pursuant to paragraphs (i) to (xi) above; and

(xiii) such other information agreed between such Finance Party and the 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 Facility and/or one or more Obligors by a numbering service provider and the information associated with each such number may be disclosed to users of its services in accordance with the standard terms and conditions of that numbering service provider.

(c) Each Obligor represents that none of the information set out in paragraphs (i) to (xiii) of paragraph (a) above is, nor will at any time be, unpublished price-sensitive information.

(d) The Agent shall notify the Borrower and the other Finance Parties of:

(i) the name of any numbering service provider appointed by the Agent in respect of this Agreement, the Facility and/or one or more Obligors; and

(ii) the number or, as the case may be, numbers assigned to this Agreement, the Facility and/or one or more Obligors by such numbering service provider.

36.4 **Entire agreement.** This Clause 36 (*Confidentiality*) 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.

36.5 **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.

36.6 **Notification of disclosure**. Each of the Finance Parties agrees (to the extent permitted by law and regulation) to inform the Borrower:

(a) of the circumstances of any disclosure of Confidential Information made pursuant to paragraph (b)(v) of Clause 36.2 (*Disclosure of Confidential Information*) except where such disclosure is made to any of the persons referred to in that paragraph during the ordinary course of its supervisory or regulatory function; and

(b) upon becoming aware that Confidential Information has been disclosed in breach of this Clause 36 (*Confidentiality*).

36.7 **Continuing obligations.** The obligations in this Clause 36 (*Confidentiality*) are continuing and , in particular, shall survive and remain binding on each Finance Party for a period of 12 months from the earlier of:

(a) the date on which all amounts payable by the Obligors under or in connection with this Agreement have been paid in full and all Commitments have been cancelled or otherwise cease to be available; and

(b) the date on which such Finance Party otherwise ceased to be a Finance Party.

37 COUNTERPARTS

Each Finance Document may be executed in any number of counterparts, and this has the same effect as if the signatures on the counterparts were on a single copy of the Finance Document.

SECTION 12

GOVERNING LAW AND ENFORCEMENT

38 GOVERNING LAW

This Agreement and any non-contractual obligations arising out of or in connection with it are governed by English law.

39 ENFORCEMENT

39.1 **Jurisdiction**

(a) The courts of England have exclusive jurisdiction to settle any dispute arising out of or in connection with this Agreement (including a dispute regarding the existence, validity or termination of this Agreement or any non-contractual obligation arising out of or in connection with this Agreement) (a "**Dispute**").

(b) The Parties agree that the courts of England are the most appropriate and convenient courts to settle Disputes and accordingly no Party will argue to the contrary.

(c) This Clause 39.1 is for the benefit of the Finance Parties only. As a result, 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, the Finance Parties may take concurrent proceedings in any number of jurisdictions.

39.2 **Service of process**

Without prejudice to any other mode of service allowed under any relevant law, each Obligor (other than an Obligor incorporated in England and Wales):

(a) irrevocably appoints Nicolaou & Co at its registered office for the time being (presently at 25 Heath Drive, Potters Bar, Herts, EN6 1EN, 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 the relevant Obligor of the process will not invalidate the proceedings concerned.

SECTION 13

INTERCREDITOR AGREEMENT

40 INTERCREDITOR AGREEMENT; CONFLICTS

Notwithstanding anything herein to the contrary, the lien and security interest granted to the Security Trustee pursuant to this Agreement are subordinate to those granted to Addiewell under the Senior Finance Documents. The lien and security interest granted to the Security Trustee pursuant to this Agreement and the exercise of any right or remedy by the Security Trustee hereunder are subject to the provisions of the Intercreditor Agreement. In the event of any conflict between the terms of the Intercreditor Agreement and this Agreement, the terms of the Intercreditor Agreement shall govern and control.

This Agreement has been entered into on the date stated at the beginning of this Agreement.

SCHEDULE 1

THE PARTIES

PART I

THE OBLIGORS

Name of Borrower	**Place of Incorporation/ Registered office**
Diana Containerships Inc.	Marshall Islands Trust Company Complex Ajeltake Island PO Box 1405 Majuro Marshall Islands MH96960

Name of Guarantor	**Place of Incorporation/ Registered office**
Likiep Shipping Company Inc.	Marshall Islands Trust Company Complex Ajeltake Island PO Box 1405 Majuro Marshall Islands MH96960
Orangina Inc.	Marshall Islands Trust Company Complex Ajeltake Island PO Box 1405 Majuro Marshall Islands MH96960
Mago Shipping Company Inc.	Marshall Islands Trust Company Complex Ajeltake Island PO Box 1405 Majuro Marshall Islands MH96960

Dud Shipping Company Inc.	Marshall Islands Trust Company Complex Ajeltake Island PO Box 1405 Majuro Marshall Islands MH96960
Rongerik Shipping Company Inc.	Marshall Islands Trust Company Complex Ajeltake Island PO Box 1405 Majuro Marshall Islands MH96960
Langor Shipping Company Inc.	Marshall Islands Trust Company Complex Ajeltake Island PO Box 1405 Majuro Marshall Islands MH96960
Meck Shipping Company Inc.	Marshall Islands Trust Company Complex Ajeltake Island PO Box 1405 Majuro Marshall Islands MH96960
Eluk Shipping Company Inc.	Marshall Islands Trust Company Complex Ajeltake Island PO Box 1405 Majuro Marshall Islands MH96960
Oruk Shipping Company Inc.	Marshall Islands Trust Company Complex Ajeltake Island PO Box 1405 Majuro Marshall Islands MH96960

Delap Shipping Company Inc.	Marshall Islands Trust Company Complex Ajeltake Island PO Box 1405 Majuro Marshall Islands MH96960
Jabor Shipping Company Inc.	Marshall Islands Trust Company Complex Ajeltake Island PO Box 1405 Majuro Marshall Islands MH96960

SCHEDULE 1

THE PARTIES

PART II

LENDERS

Name of Lender	**Lending Office**	**Loan Commitment**
Diana Shipping Inc.	(t/b/a)	$82,616,666.66

SCHEDULE 2

PART A

CONDITIONS PRECEDENT TO UTILISATION

1 Obligors

(a) A copy of the constitutional documents of each Obligor.

(b) A copy of a resolution of the executive committee of the Borrower and the board of directors of each Guarantor:

(i) approving the terms of, and the transactions contemplated by, the Finance Documents to which it is a party and resolving that it execute the Finance Documents to which it is a party;

(ii) authorising a specified person or persons to execute the Finance Documents to which it is a party on its behalf; and

(iii) authorising a specified person or persons, on its behalf, to sign and/or despatch all documents and notices (including, if relevant, a Utilisation Request) to be signed and/or despatched by it under, or in connection with, the Finance Documents to which it is a party.

(c) A specimen of the signature of each person authorised by the resolution referred to in paragraph (b) above.

(d) A copy of a resolution signed by all the holders of the issued shares in each Guarantor, approving the terms of, and the transactions contemplated by, the Finance Documents to which the Guarantor is a party.

(e) A certificate of an authorised signatory of the relevant Obligor certifying that each copy document relating to it specified in this Schedule 2 is correct, complete and in full force and effect as at a date no earlier than the date of this Agreement.

2 Notes

(a) A duly executed original of the Notes.

3 Ships and other security

(a) A duly executed original of the Mortgage and of the Insurance Assignment relating to each Ship together with documentary evidence that the Mortgage relating to each Ship has been duly registered as a valid preferred ship mortgage in accordance with the laws of the relevant Approved Flag State.

(b) Documentary evidence that each Ship:

(i) is definitively and permanently registered in the name of a Guarantor under an Approved Flag;

(ii) is in the absolute and unencumbered ownership of a Guarantor save as contemplated by the Finance Documents;

(iii) maintains the highest classification available to ships of the same type, specification and age of such Ship with a classification society which is a member of the International Association of Classification Societies free of all overdue recommendations and conditions of such classification society affecting class; and

(iv) is insured in accordance with this Agreement and all requirements therein in respect of insurances have been complied with.

(c) A duly executed original of the Intercreditor Agreement.

4 Other documents and evidence

(a) Evidence that any process agent referred to in Clause 39.2 (*Service of process*) has accepted its appointment.

(b) 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 any Finance Document or for the validity and enforceability of any Finance Document.

(c) The financial statements of the Borrower for the fiscal year ending 31 December 2016 and the fiscal quarter ending 31 March 2017 (provided that public filings made with the SEC containing such financial statements are deemed to have been delivered to the Agent).

(d) Evidence that the fees, costs and expenses then due from the Borrower pursuant to Clause 11 (*Fees*) and Clause 14 (*Costs and expenses*) have been paid or will be paid by the Utilisation Date.

(e) 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) in order for the 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, regulations and internal guidelines pursuant to the transactions contemplated in the Finance Documents.

(f) Certified copies of each of the Warrants and the terms and conditions attaching to the Warrants.

5 Refinancing Mechanics

Such evidence as the Lender may require that save for the payment of the Loan amount to RBS, the Borrower and the Guarantors have no continuing obligation or liability to RBS whatsoever.

SCHEDULE 2

PART B

CONDITIONS SUBSEQUENT

1 Ships and other security

(a) Documents establishing that each Ship will, as from the first Utilisation Date, be managed by the Approved Manager on terms acceptable to the Lenders, together with:

(i) a letter of undertaking (which shall constitute a Finance Document) executed by the Approved Manager in favour of the Security Trustee in terms required by the Agent subordinating the rights of the Approved Manager against the Obligors to the rights of the Finance Parties under the Finance Documents; and

(ii) copies of the Approved Manager's Document of Compliance and of each Ship's Safety Management Certificate (together with any other details of the applicable safety management system which the Agent requires) and ISSC.

(b) A duly executed original of the Proceeds Assignment together with such documents and evidence as shall be required pursuant thereto.

(c) A duly executed original of a Share Security in respect of each Guarantor (and of each document to be delivered under each such Share Security).

SCHEDULE 3

UTILISATION REQUEST

From: Diana Containerships Inc.

To: Diana Shipping Inc.

Dated: [l]

Dear Sirs

Diana Containerships Inc. – Facility Agreement
dated [l] 2017 (the "Agreement")

1 We refer to the Agreement. This is a Utilisation Request. Terms defined in the Agreement have the same meaning in this Utilisation Request unless given a different meaning in this Utilisation Request.

2 We wish to borrow the Loan on the following terms:

Proposed Utilisation Date:	[l] (or, if that is not a Business Day, the next Business Day)
Amount:	[l]

3 We confirm that each condition specified in Clause [l] (*conditions precedent*) of the Agreement is satisfied on the date of this Utilisation Request.

4 The proceeds of this Loan should be credited to [*account*].

5 This Utilisation Request is irrevocable.

Yours faithfully

authorised signatory for

Diana Containerships Inc.

SCHEDULE 4

FORM OF TRANSFER CERTIFICATE

To: Diana Shipping Inc. as Agent

From: [*The Existing Lender*] (the "**Existing Lender**") and [*The New Lender*] (the "**New Lender**")

Dated: [l]

Diana Containerships Inc. – Facility Agreement
dated [l] 2017 (the "Agreement")

1 We refer to the Agreement. This is a Transfer Certificate. Terms defined in the Agreement have the same meaning in this Transfer Certificate unless given a different meaning in this Transfer Certificate.

2 We refer to Clause 24.5 (*Procedure for transfer*) of the Agreement:

(a) The Existing Lender and the New Lender agree to the Existing Lender transferring to the New Lender by novation all or part of the Existing Lender's Commitment, rights and obligations referred to in the Schedule in accordance with Clause 24.5 (*Procedure for transfer*) of the Agreement.

(b) The proposed Transfer Date is [l].

(c) The Facility Office and address, fax number and attention details for notices of the New Lender for the purposes of Clause 31.2 (*Addresses*) of the Agreement are set out in the Schedule.

3 The New Lender expressly acknowledges the limitations on the Existing Lender's obligations set out in paragraph (c) of Clause 24.4 (*Limitation of responsibility of Existing Lenders*) of the Agreement.

4 This Transfer Certificate may be executed in any number of counterparts and this has the same effect as if the signatures on the counterparts were on a single copy of this Transfer Certificate.

5 This Transfer Certificate is governed by English law.

6 This Transfer Certificate has been entered into on the date stated at the beginning of this Transfer Certificate.

THE SCHEDULE

Commitment/rights and obligations to be transferred

[*insert relevant details*]
[*Facility Office address, fax number and attention details for notices and account details for payments.*]

[*Existing Lender*] [*New Lender*]

By:[ ] By:[ ]

This Transfer Certificate is accepted by the Agent and the Transfer Date is confirmed as [ ].

Diana Shipping Inc.

By:[ ]

SCHEDULE 5

FORM OF ASSIGNMENT AGREEMENT

To: Diana Shipping Inc. as Agent and Diana Containerships Inc. as Borrower, for and on behalf of each Obligor

From: [the *Existing Lender*] (the "**Existing Lender**") and [the *New Lender*] (the "**New Lender**")

Dated:

Diana Containerships Inc. - Facility Agreement
dated [l] 2017 (the "Agreement")

1 We refer to the Agreement. This is an Assignment Agreement. Terms defined in the Agreement have the same meaning in this Assignment Agreement unless given a different meaning in this Assignment Agreement.

2 We refer to Clause 27.6 (*Procedure for assignment*):

(a) The Existing Lender assigns absolutely to the New Lender all the rights of the Existing Lender under the Agreement and the other Finance Documents which relate to that portion of the Existing Lender's Commitments and participations in the Loan under the Agreement as specified in the Schedule.

(b) The Existing Lender is released from all the obligations of the Existing Lender which correspond to that portion of the Existing Lender's Commitments and participations in the Loan under the Agreement specified in the Schedule.

(c) The New Lender becomes a Party as a Lender and is bound by obligations equivalent to those from which the Existing Lender is released under paragraph (b) above.

3 The proposed Transfer Date is [l].

4 On the Transfer Date the New Lender becomes Party to the Finance Documents as a Lender.

5 The Facility Office and address, fax, number and attention details for notices of the New Lender for the purposes of Clause 31.2 (*Addresses*) are set out in the Schedule.

6 The New Lender expressly acknowledges the limitations on the Existing Lender's obligations set out in paragraph (c) of Clause 24.4 (*Limitation of responsibility of Existing Lenders*).

7 This Assignment Agreement acts as notice to the Agent (on behalf of each Finance Party) and, upon delivery in accordance with Clause 24.7 (*Copy of Transfer Certificate or Assignment Agreement to Borrower*), to the Borrower (on behalf of each Obligor) of the assignment referred to in this Assignment Agreement.

8 This Assignment Agreement may be executed in any number of counterparts and this has the same effect as if the signatures on the counterparts were on a single copy of this Assignment Agreement.

9 This Assignment and any non-contractual obligations arising out of or in connection with it are governed by English law.

10 This Assignment Agreement has been entered into on the date stated at the beginning of this Assignment Agreement.

THE SCHEDULE

Rights to be assigned and obligations to be released and undertaken

[*insert relevant details*]

[*Facility office address, fax number and attention details for notices and account details for payments*]

[Existing Lender] [New Lender]

By: By:

This Assignment Agreement is accepted by the Agent and the Transfer Date is confirmed as [l].

Signature of this Assignment Agreement by the Agent constitutes confirmation by the Agent of receipt of notice of the assignment referred to herein, which notice the Agent receives on behalf of each Finance Party.

Dianna Shipping Inc.

By:

SIGNATORIES

Borrower

SIGNED by Nicholas Kaasik	)	/s/ Nicholas Kaasik
for and on behalf of	)	
DIANA CONTAINERSHIPS INC.	)	
in the presence of: Sophia Agathis	)	/s/ Sophia Agathis

Address for notices:

Pendelis 16
175 64 Palaio Faliro
Athens
Greece

Fax Number: +30210 942 4975
Attention: Mr S. P. Palios

Guarantors

SIGNED by Nicholas Kaasik	)	/s/ Nicholas Kaasik
for and on behalf of	)	
LIKIEP SHIPPING COMPANY INC.	)	
in the presence of: Sophia Agathis	)	/s/ Sophia Agathis

Address for notices:

Pendelis 16
175 64 Palaio Faliro
Athens
Greece

Fax Number: +30210 942 4975
Attention: Mr S. P. Palios

SIGNED by Nicholas Kaasik	)	/s/ Nicholas Kaasik
for and on behalf of	)	
ORANGINA INC.	)	
in the presence of: Sophia Agathis	)	/s/ Sophia Agathis

Address for notices:

Pendelis 16
175 64 Palaio Faliro
Athens

Greece

Fax Number: +30210 942 4975
Attention: Mr S. P. Palios

SIGNED by Nicholas Kaasik) /s/ Nicholas Kaasik
for and on behalf of)
MAGO SHIPPING COMPANY INC.)
in the presence of: Sophia Agathis) /s/ Sophia Agathis

Address for notices:

Pendelis 16
175 64 Palaio Faliro
Athens
Greece

Fax Number: +30210 942 4975
Attention: Mr S. P. Palios

SIGNED by Nicholas Kaasik) /s/ Nicholas Kaasik
for and on behalf of)
DUD SHIPPING COMPANY INC.)
in the presence of: Sophia Agathis) /s/ Sophia Agathis

Address for notices:

Pendelis 16
175 64 Palaio Faliro
Athens
Greece

Fax Number: +30210 942 4975
Attention: Mr S. P. Palios

SIGNED by Nicholas Kaasik) /s/ Nicholas Kaasik
for and on behalf of)
RONGERIK SHIPPING COMPANY INC.)
in the presence of: Sophia Agathis) /s/ Sophia Agathis

Address for notices:

Pendelis 16
175 64 Palaio Faliro
Athens
Greece

Fax Number: +30210 942 4975

Attention: Mr S. P. Palios

SIGNED by Nicholas Kaasik	)	/s/ Nicholas Kaasik
for and on behalf of	)	
LANGOR SHIPPING COMPANY INC.	)	
in the presence of: Sophia Agathis	)	/s/ Sophia Agathis

Address for notices:

Pendelis 16
175 64 Palaio Faliro
Athens
Greece

Fax Number: +30210 942 4975
Attention: Mr S. P. Palios

SIGNED by Nicholas Kaasik	)	/s/ Nicholas Kaasik
for and on behalf of	)	
MECK SHIPPING COMPANY INC.	)	
in the presence of: Sophia Agathis	)	/s/ Sophia Agathis

Address for notices:

Pendelis 16
175 64 Palaio Faliro
Athens
Greece

Fax Number: +30210 942 4975
Attention: Mr S. P. Palios

SIGNED by Nicholas Kaasik	)	/s/ Nicholas Kaasik
for and on behalf of	)	
ELUK SHIPPING COMPANY INC.	)	
in the presence of: Sophia Agathis	)	/s/ Sophia Agathis

Address for notices:

Pendelis 16
175 64 Palaio Faliro
Athens
Greece

Fax Number: +30210 942 4975

Attention: Mr S. P. Palios

SIGNED by Nicholas Kaasik) /s/ Nicholas Kaasik
for and on behalf of)
ORUK SHIPPING COMPANY INC.)
in the presence of: Sophia Agathis) /s/ Sophia Agathis

Address for notices:

Pendelis 16
175 64 Palaio Faliro
Athens
Greece

Fax Number: +30210 942 4975
Attention: Mr S. P. Palios

SIGNED by Nicholas Kaasik) /s/ Nicholas Kaasik
for and on behalf of)
DELAP SHIPPING COMPANY INC.)
in the presence of: Sophia Agathis) /s/ Sophia Agathis

Address for notices:

Pendelis 16
175 64 Palaio Faliro
Athens
Greece

Fax Number: +30210 942 4975
Attention: Mr S. P. Palios

SIGNED by Nicholas Kaasik) /s/ Nicholas Kaasik
for and on behalf of)
JABOR SHIPPING COMPANY INC.)
in the presence of: Sophia Agathis) /s/ Sophia Agathis

Address for notices:

Pendelis 16
175 64 Palaio Faliro
Athens
Greece

Fax Number: +30210 942 4975

Attention: Mr S. P. Palios

Lender

SIGNED by Ioannis Zafirakis	)	/s/ Ioannis Zafirakis
for and on behalf of	)	
DIANA SHIPPING INC.	)	
in the presence of: Margarita Veniou	)	/s/ Margarita Veniou

Address for notices:

Pendelis 16
175 64 Palaio Faliro
Athens
Greece

Fax Number: +302109470101
Attention: Ioannis Zafirakis

Agent

SIGNED by Ioannis Zafirakis	)	/s/ Ioannis Zafirakis
for and on behalf of	)	
DIANA SHIPPING INC.	)	
in the presence of: Margarita Veniou	)	/s/ Margarita Veniou

Address for notices:

Pendelis 16
175 64 Palaio Faliro
Athens
Greece

Fax Number: +302109470101
Attention; Ioannis Zafirakis

Security Trustee

SIGNED by Ioannis Zafirakis	)	/s/ Ioannis Zafirakis
for and on behalf of	)	
DIANA SHIPPING INC.	)	
in the presence of: Margarita Veniou	)	/s/ Margarita Veniou

Address for notices:

Pendelis 16
175 64 Palaio Faliro
Athens
Greece
Fax Number: +302109470101
Attention: Ioannis Zafirakis

Exhibit 4.25

FACILITY AGREEMENT

relating to a credit facility
of US$35,000,000 and Discount Premium Amount
of US$10,000,000

dated 30 June 2017

for

DIANA CONTAINERSHIPS INC

and

ADDIEWELL LTD
acting as Agent

with

ADDIEWELL LTD
acting as Security Trustee

Watson, Farley & Williams LLP

CONTENTS

THIS AGREEMENT is dated 30 June 2017 and made between:

(1) **DIANA CONTAINERSHIPS INC**, a corporation incorporated in the Marshall Islands with registered office at Trust Company Complex, Ajeltake Island, P O Box 1405, Majuro, Marshall Islands MH96960 as borrower (the "**Borrower**");

(2) **THE SUBSIDIARIES** of the Borrower listed in Part I of Schedule 1 as guarantors (the "**Guarantors**");

(3) **THE FINANCIAL INSTITUTIONS** listed in Part II of Schedule 1 as lenders (the "**Lenders**");

(4) **ADDIEWELL LTD** as agent of the Finance Parties (the "**Agent**"); and

(5) **ADDIEWELL LTD** as trustee for the Finance Parties (the "**Security Trustee**").

BACKGROUND:

The Lenders have agreed to make available to the Borrower a credit facility of up to US$35,000,000 for the purpose of assisting the Borrower and the Guarantors to refinance the Ships and in consideration of this for the Lenders (*inter alia*) to be entitled to a Discount Premium Amount in the sum of US$10,000,000 in recognition of the substantial discount being secured through the advance of the Loan.

IT IS AGREED as follows:

SECTION 1

INTERPRETATION

1. DEFINITIONS AND INTERPRETATION

1.1 **Definitions**

In this Agreement:

"**Accounting Information**", means the quarterly financial statements and/or the annual audited financial statements to be provided by the Borrower to the Agent in accordance with Clause 17.1 (*Financial Statements*).

"**Accounting Period**", means each consecutive period of approximately three months falling during the "Security Period" (ending on the last day in March, June, September and December of each year) for which quarterly Accounting Information is required to be delivered pursuant to Clause 17.1 (*Financial Statements*).

"**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;

"**agreed form**" means, in relation to any document, that document in the form specified by the Agent (acting on the instructions of all the Lenders);

"**Approved Flag**" means the Marshall Islands or any other flag as the Agent (acting on the authorisation of the Lenders) may approve as the flag on which a Ship may be registered.

"**Approved Flag State**" means any of the Marshall Islands or any other country in which the Agent (acting on the authorisation of the Lenders) may approve that a Ship may be registered.

"**Assignment Agreement**" means an agreement substantially in the form set out in Schedule 5 (*Form of Assignment Agreement*) or any other form agreed between the relevant assignor and assignee.

"**Approved Manager**" means, in relation to any Ship, Diana Shipping Services S.A., Unitized Ocean Transport Limited or any other person approved by the Agent (acting on the instructions of the Lenders) as the manager of that Ship.

"**Authorisation**" means an authorisation, consent, approval, resolution, licence, exemption, filing, notarisation, legalisation or registration.

"**Availability Date**" means the date on which all the conditions precedent referred to in Schedule 2 have been satisfied and shall be no later than 15 July 2017 or such later date as the Agent (acting on the instructions of the Lenders) may agree with the Borrower.

"**Availability Period**" means the period from and including the date of this Agreement to and including 15 July 2017.

"**Available Commitment**" means a Lender's Commitment minus:

(a) the amount of its participation in the Loan; and

(b) in relation to any proposed Utilisation, the amount of its participation in the Loan that is due to be made on or before the proposed Utilisation Date.

"**Available Facility**" means the aggregate for the time being of each Lender's Available Commitment.

"**Business Day**" means a day (other than a Saturday or Sunday) on which banks are open for general business in London, Athens and New York City.

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

"**Commitment**" means in respect of the Loan:

(a) in relation to a Lender, the amount set opposite its name under the heading "Commitment" in Part II of Schedule 1 (*The Parties*) and the amount of any other Commitment transferred to it under this Agreement; and

(b) in relation to any other Lender, the amount of any Commitment transferred to it under this Agreement,

to the extent not cancelled, reduced or transferred by it under this Agreement.

"**Confidential Information**" means all information relating to any Obligor, the Group, the Finance Documents or the Facility of which a Finance Party becomes aware in its capacity as, or for the purpose of becoming, a Finance Party or which is received by a Finance Party in

relation to, or for the purpose of becoming a Finance Party under, the Finance Documents or the Facility from either:

(a) any member of the Group or any of its advisers; or

(b) another Finance Party, if the information was obtained by that Finance Party directly or indirectly from any member of the Group or any of its advisers,

in whatever form, and includes information given orally and any document, electronic file or any other way of representing or recording information which contains or is derived or copied from such information but excludes 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 36 (*Confidentiality*); or

(ii) is identified in writing at the time of delivery as non-confidential by any member of the Group or any of its advisers; or

(iii) is known by that Finance Party before the date the information is disclosed to it in accordance with paragraphs (a) or (b) above or is lawfully obtained by that Finance Party after that date, from a source which is, as far as that Finance party is aware, unconnected with the Group and which, in either case, as far as that Finance Party is aware, has not been obtained in breach of, and is not otherwise subject to, any obligation of confidentiality.

"**Confidentiality Undertaking**" means a confidentiality undertaking in the standard LMA form or in any other form agreed between the Borrower and the Agent.

"**Default**" means an Event of Default or any event or circumstance specified in Clause 23 (*Events of Default*) which would (with the expiry of a grace period, the giving of notice, the making of any determination under the Finance Documents or any combination of any of the foregoing) be an Event of Default.

"**Diana Shipping**" means Diana Shipping Inc, a corporation incorporated in the Marshall Islands whose registered office is at Trust Company Complex, Ajeltake Island, PO Box 1405, Majuro, Marshall Islands MH96960.

"**Discount Premium Amount**" means the amount of US$10,000,000 to which the Lenders shall become entitled on the Utilisation Date from the Borrowers, which amount is payable in accordance with this Agreement together with interest thereon accruing and payable as if such Discount Premium Amount were advanced on the Utilisation Date or, as the context may require, the principal amount outstanding for the time being of that amount.

"**dollars**" and "**$**" mean the lawful currency, for the time being, of the United States of America.

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

"**Environmental Incident**" means:

(a) any release of Environmentally Sensitive Material from a Ship; 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 any Obligor and/or any operator or manager of a Ship is at fault or allegedly at fault or otherwise liable to any legal or administrative action; or

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

"**Environmental Law**" means any 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.

"**Executive Managers**" means Symeon Palios, Anastasios Margaronis, Ioannis Zafirakis and Andreas Michalopoulos.

"**Event of Default**" means any event or circumstance specified as such in Clause 23 (*Events of Default*).

"**Facility**" means the credit facility made available under this Agreement as described in Clause 2 (*The Facility*).

"**Facility Office**" means the office or offices notified by a Lender to the 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.

"**Finance Document**" means:

(a) this Agreement;

(b) the Notes;

(c) the Mortgages;

(d) the Insurance Assignments;

(e) the Share Security;

(f) the Intercreditor Agreement;

(g) the Proceeds Assignment; and

(h) any other document designated as such by the Agent and the Borrower.

"**Finance Party**" means the Agent, the Security Trustee or a Lender.

"**Financial Indebtedness**" means, in relation to any member of the Group (the "**debtor**"), a liability of the debtor resulting from:

(a) money borrowed from all sources;

(b) any bonds, notes, loan stock, debentures or similar instruments;

(c) acceptance credits, bills of exchange or documentary credits;

(d) share issues on the basis that they are, or may become, redeemable (at redemption value);

(e) gross obligations under finance leases;

(f) factoring of debts;

(g) amounts raised or obligations incurred in respect of any other transaction, which has the commercial effect of borrowing as determined in accordance with GAAP,

provided that no amount shall be taken into account more than once in calculating Financial Indebtedness.

"**Group**" means the Borrower and its Subsidiaries from time to time.

"**Holding Company**" means, in relation to a company or corporation, any other company or corporation of which it is a Subsidiary.

"**Insurance Assignment**" means, in relation to each Ship, an assignment of its Insurances and any Requisition Compensation in agreed form.

"**Insurances**" means, in relation to any Ship:

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

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

"**Intercreditor Agreement**" means an agreement entered into or to be entered into by Diana Shipping, the Obligors and the Security Trustee regulating their respective entitlements and security interests in agreed form.

"**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 (ISPS) Code as adopted by the International Maritime Organization's (IMO) Diplomatic Conference of December 2002, as the same may be amended or supplemented from time to time (and the term "**ISSC**" means an International Ship Security Certificate issued under the ISPS Code).

"**Lender**" means:

(a) any Lender; and

(b) any bank, financial institution, trust, fund or other entity or any special purpose vehicle owned by any such entity which has become a Party in accordance with Clause 24 (*Changes to the Lenders*),

which in each case has not ceased to be a Party in accordance with this Agreement.

"**LMA**" means the Loan Market Association.

"**Loan**" means a loan made or to be made under the Facility in the principal amount of US$35,000,000 or, as the context may require, the principal amount outstanding for the time being of that loan.

"**Major Casualty**" means, in relation to any 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.

"**Material Adverse Effect**" means the effect of any event or circumstance or series of events or circumstances occurring or coming into being after the date of this Agreement (or,

if expressly specified in this Agreement, during any earlier period) which in the opinion of the Lenders is reasonably likely to have a material adverse effect on:

(a) the business, conditions (financial or otherwise), property, performance, prospects or results or operations of any member of the Group or the Group taken as a whole, so as to result in a Default in respect of the financial covenants in Clause 18 (*Financial Covenants*) under this Agreement on the next occasion on which they are required to be measured for any purpose under this Agreement; or

(b) the ability of the Obligors taken as a whole to comply with their material obligations under this Agreement or the Finance Documents to which they are a party; or

(c) (if not falling within paragraph (b) above, and to the extent that there has not at the time of the Lenders' determination of Material Adverse Effect been another express Default), the legality, validity or enforceability of the Security created under or pursuant to the Finance Documents, or the rights or remedies of the Lenders in relation to that Security.

"**Month**" means a period starting on one day in a calendar month and ending on the numerically corresponding day in the next calendar month, except that:

(a) (subject to paragraph (c) below) if the numerically corresponding day is not a Business Day, that period shall end on the next Business Day in that calendar month in which that period is to end if there is one, or if there is not, on the immediately preceding Business Day; and

(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.

"**Mortgage**" means, in relation to any Ship, the first priority or preferred ship mortgage on that Ship and, if required by the Approved Flag State, a collateral deed of covenant in agreed form.

"**Notes**" means the notes to be made by the Borrower evidencing the debt constituted by the Loan and the Discount Premium Amount in agreed form.

"**Obligor**" means the Borrower or any Guarantor.

"**Original Financial Statements**" means those financial statements delivered pursuant to Schedule 2.

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

"**Permitted Security**" means:

(a) Security created by the Finance Documents;

(b) Security created by the Subordinated Finance Documents;

(c) any netting or set-off arrangement entered into by any member of the Group in the ordinary course of its banking arrangements for the purpose of netting debit and credit balances;

(d) in respect of a Ship, liens for unpaid master's and crew's wages in accordance with usual maritime practice;

(e) in respect of a Ship, liens for salvage;

(f) in respect of a Ship, liens for master's disbursements incurred in the ordinary course of trading; and

(g) 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 in good faith by appropriate steps) and subject, in the case of liens for repair or maintenance, to Clause 21.11 (*Restrictions on chartering, appointment of managers etc.*).

"**Proceeds**" means the proceeds (net of usual commissions and direct collection expense) of (i) the disposal of any Ship, (ii) the disposal of any other asset of the Borrower and/or the Obligors, (iii) sale, realisation or exercise of the Warrants of the Borrower, (iv) sale of shares of the Borrower, (v) disposal of any of the shares of any of the Guarantors, (vi) the proceeds of a Total Loss of any Ship.

"**Proceeds Assignment**" means a document creating security over the proceeds of any Warrants in agreed form.

"**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.

"**Qualifying Lender**" - has the meaning given to it in Clause 12 (*Tax gross-up and indemnities*).

"**RBS**" means The Royal Bank of Scotland plc.

"**RBS Facility**" means the Loan Facility made available by RBS to certain of the Guarantors as borrowers pursuant to a Facility Agreement dated 10 September 2015.

"**Refinancing Proceeds**" means the proceeds of any refinancing of the Borrower and/or the Guarantors by a third party financial institution or investor for the purpose of repaying the Loan and the Discount Premium Amount.

"**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 Families**" means the families of the Executive Managers.

"**Repeating Representations**" means each of the representations set out in Clauses 16.1 to 16.7 inclusive, Clause 16.9, Clause 16.11 and Clause 16.13.

"**Representative**" means any delegate, agent, manager, administrator, nominee, attorney, trustee or custodian.

"**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**".

"**Resignation Letter**" means a letter in the form agreed between the Borrower and the Agent.

"**Sanctions**" means any sanctions, embargoes, freezing provisions, prohibitions or other restrictions relating to trading, doing business, investment, exporting, financing or making assets available (or other activities similar to or connected with any of the foregoing):

(a) imposed by law or regulation of the United Kingdom, the Council of the European Union, the United Nations or its Security Council or the United States of America regardless of whether the same is or is not binding on any Obligor; or

(b) otherwise imposed by any law or regulation binding on an Obligor or to which an Obligor is subject (which shall include without limitation, any extra-territorial sanctions imposed by law or regulation of the United States of America).

"**Security**" means:

(a) a mortgage, charge (whether fixed or floating), pledge, assignment, trust, trust receipt, consignment, any maritime or other lien of any kind;

(b) any other security interest of a kind not included in paragraph (a) of this definition;

(c) a conditional sale agreement (including an agreement to sell subject to retention of title), hire purchase agreement, lease or contract of bailment that in effect secures payment or performance of a liability or obligation;

(d) right of set-off or flawed asset arrangement that in effect secures payment or performance of a liability or obligation; and

(e) without limiting the generality of the preceding paragraphs of this definition, any other transaction or instrument that in substance or by operation of law, now or in the future, creates an interest, right or claim in relation to property (real or personal) that secures the payment or performance of a liability or obligation, without regard to:

(i) the form of the transaction or instrument; or

(ii) the identity of the person who has title to the relevant property.

"**Security Period**" means the period starting on the date of this Agreement and ending on the date on which the Agent is satisfied that all amounts outstanding under the Finance Documents have been irrevocably paid and discharged in full (both dates inclusive).

"**Servicing Party**" means the Agent or the Security Trustee.

"**Share Security**" means a document creating Security over the share capital of each Guarantor in agreed form.

"**Ship**" means each of:

(a) the 3,426 TEU container vessel of 36,087 gross registered tons and IMO No 9401166 named "SAGITTA" and registered in the name of Likiep Shipping Company Inc. under the Marshall Islands flag;

(b) the 3,426 TEU container vessel of 36,087 gross registered tons and IMO No 9401178 named "CENTAURUS" and registered in the name of Orangina Inc under the Marshall Islands flag.

(c) the 4,923 TEU container vessel of 54,828 gross registered tons and IMO No 9387097 named "NEW JERSEY" and registered in the name of Mago Shipping Company Inc. under the Marshall Islands flag.

(d) the 5,042 TEU container vessel of 54,809 gross registered tons and IMO No 9326782 named "PAMINA" and registered in the name of Dud Shipping Company Inc. under the Marshall Islands flag.

(e) the 3,739 TEU container vessel of 40,085 gross registered tons and IMO No 9215672 named "DOMINGO" and registered in the name of Rongerik Shipping Company Inc. under the Marshall Islands flag.

(f) the 6,494 TEU container vessel of 71,786 gross registered tons and IMO No 9332860 named "HAMBURG" and registered in the name of Langor Shipping Company Inc. under the Marshall Islands flag.

(g) the 6,494 TEU container vessel of 71,786 gross registered tons and IMO No 9332858 named "ROTTERDAM" and registered in the name of Meck Shipping Company Inc. under the Marshall Islands flag.

(h) the 6,541 TEU container vessel of 73,934 gross registered tons and IMO No 9306172 named "PUELO" and registered in the name of Eluk Shipping Company Inc. under the Marshall Islands flag.

(i) the 6,541 TEU container vessel of 73,934 gross registered tons and IMO No 9306158 named "PUCON" and registered in the name of Oruk Shipping Company Inc. under the Marshall Islands flag.

(j) the 5,576 TEU container vessel of 66,332 gross registered tons and IMO No 9298997 named "MARCH" and registered in the name of Delap Shipping Company Inc. under the Marshall Islands flag.

(k) the 5,576 TEU container vessel of 66,332 gross registered tons and IMO No 9267156 named "GREAT" and registered in the name of Jabor Shipping Company Inc. under the Marshall Islands flag.

"**Subordinated Discount Premium Amount**" means the amount of $5,000,000 payable to the Subordinated Mortgagee pursuant to the Subordinated Loan Agreement.

"**Subordinated Finance Documents**" means:

(a) the Subordinated Loan Agreement; and

(b) any other document relating to or evidencing Subordinated Liabilities.

"**Subordinated Liabilities**" means Subordinated Loan and Subordinated Discount Premium Amount and all other indebtedness owed or expressed to be owed by the Borrower and/or any of the Guarantors to Diana Shipping whether under the Subordinated Finance Documents or otherwise.

"**Subordinated Loan**" means the loan in the amount of $82,616,666.66 made available by Diana Shipping to the Borrower pursuant to the Subordinated Loan Agreement.

"**Subordinated Loan Agreement**" means a loan agreement dated 30 June 2017 and made between (i) the Borrower, (ii) the Guarantors and (iii) Diana Shipping for a loan in the aggregate amount of $87,616,666.66 divided into a loan of $82,616,666.66 and Subordinated Discount Premium Amount.

"**Subsidiary**" means a subsidiary within the meaning of section 1159 of the Companies Act 2006.

"**Tax**" means any tax, levy, impost, duty or other charge or withholding of a similar nature (including any penalty or interest payable in connection with any failure to pay or any delay in paying any of the same).

"**Termination Date**" means the date falling eighteen (18) months after the Utilisation Date.

"**Total Commitments**" means the aggregate of the Commitments to the Loan, being $35,000,000.

"**Total Loss**" means, in relation to any Ship:

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

(b) any expropriation, confiscation, requisition or acquisition of that Ship, whether for full 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 30 days redelivered to the full control of the Guarantor which owns that Ship; and

(c) any arrest, capture, seizure or detention of that Ship (including any hijacking or theft) unless it is within 30 days redelivered to the full control of the Guarantor which owns that Ship or in the case of a piracy event such longer period as may be applicable under the relevant hull marine and/or war insurance policy before such piracy event becomes declarable as a total loss under such insurance policy.

"**Total Loss Date**" means, in relation to the Total Loss of any Ship:

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

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

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

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

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

"**Transfer Certificate**" means a certificate in the form set out in Schedule 4 (*Form of Transfer Certificate*) or any other form agreed between the Agent and the Borrower.

"**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.

"**Trust Property**" means:

(a) all Security and other rights granted to, or held or exercisable by, the Security Trustee under or by virtue of the Finance Documents, except rights intended for the sole benefit or protection of the Security Trustee;

(b) all moneys or other assets which are received or recovered by or on behalf of the Security Trustee under or by virtue of any Security or right covered by paragraph (a) above, including any moneys or other assets which are received or recovered by it as a result of the enforcement or exercise by it of such a Security or right; and

(c) all moneys or other assets which may accrue in respect of, or be derived from, any moneys or other assets covered by paragraph (b) above,

except any moneys or other assets which the Security Trustee has transferred to the Agent or (being entitled to do so) has retained in accordance with the provisions of Clause 26 (*Role of the Servicing Parties*).

"**Unpaid Sum**" means any sum due and payable but unpaid by an Obligor under the Finance Documents and referred to in Clause 8.3.

"**US Tax Obligor**" means an Obligor which is either (a) a "United States Person" within the meaning of Section 7701(a)(30) of the Code or (b) a person who pays interest under this Agreement that is treated as U.S. source income under the Code.

"**Utilisation**" means a utilisation of the Facility under this Agreement.

"**Utilisation Date**" means the date of the Utilisation, being the date on which the Loan is to be made under this Agreement.

"**Utilisation Request**" means a notice substantially in the form set out in Schedule 3 (*Requests*).

"**VAT**" means value added tax as provided for in the Value Added Tax Act 1994 and any other tax of a similar nature.

"**Warrants**" means the Borrower's Series B-1 Warrants to purchase the Borrower's Series B-1 Convertible Preferred Shares and the Borrower's Series B-2 Warrants to purchase the Borrower's Series B-2 Convertible Preferred Shares, issued by the Borrower on 24 March 2017 together with any further warrants issued by the Borrower in favour of any Finance Party and shall include any modifications, variations or replacements of any of the foregoing.

1.2 **Construction**

(a) Unless a contrary indication appears, any reference in this Agreement to:

(i) any "**Finance Party**", any "**Obligor**" or any other "**person"** shall be construed so as to include its successors in title, permitted assigns and permitted transferees;

(ii) "**assets**" includes present and future properties, revenues and rights of every description;

(iii) a "**Finance Document**", or any other agreement or instrument is a reference to that Finance Document or other agreement or instrument as amended or novated;

(iv) "**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;

(v) a "**person**" includes any person, firm, company, corporation, government, state or agency of a state or any association, trust or partnership (whether or not having separate legal personality) or two or more of the foregoing;

(vi) a "**regulation**" includes any regulation, rule, official directive, request or guideline (whether or not having the force of law) of any governmental, intergovernmental or supranational body, agency, department or regulatory, self-regulatory or other authority or organisation;

(vii) a provision of any law or regulation is a reference to that provision or regulation as amended, extended, re-enacted or replaced; and

(viii) a time of day is a reference to London time.

(b) Section, Clause and Schedule headings are for ease of reference only and are not to be used for the purposes of construction or interpretation of the Finance Documents.

(c) 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.

(d) 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 remedied or waived.

1.3 **Third Party Rights**

(a) Unless expressly provided to the contrary in a Finance Document, a person who is not a Party has no right under the Contracts (Rights of Third Parties) Act 1999 (the "**Third Parties Act**") to enforce or to enjoy the benefit of any term of this Agreement.

(b) Notwithstanding any term of any Finance Document, the consent of any person who is not a Party is not required to rescind or vary this Agreement at any time.

SECTION 2

THE FACILITY

2. THE FACILITY

2.1 **The Facility**

(a) Subject to the terms of this Agreement, the Lenders have agreed to make available to the Borrower a dollar credit facility in an aggregate amount equal to the Total Commitments.

(b) In consideration of this and recognising the substantial benefit received by the Borrower and the Guarantors from the advance of the Loan, the Borrower has agreed to pay to the Lenders US$10,000,000 by way of Discount Premium Amount which amount is to be payable in accordance with this Agreement together with interest thereon accruing and payable as if such Discount Premium Amount were advanced to the Borrowers by way of loan on the Utilisation Date.

2.2 **Finance Parties' rights and obligations**

(a) The obligations of each Finance Party under the Finance Documents are several. Failure by a Finance Party to perform its obligations under the Finance Documents does not affect the obligations of any other Party under the Finance Documents. No Finance Party is responsible for the obligations of any other Finance Party under the Finance Documents.

(b) The rights of each Finance Party under or in connection with the Finance Documents are separate and independent rights and any debt arising under the Finance Documents to a Finance Party from an Obligor shall be a separate and independent debt.

(c) A Finance Party may separately sue for any Unpaid Sum due to it.

(d) Except as provided in paragraph (c) above, no Finance Party may commence proceedings against any Obligor in connection with a Finance Document without the prior consent of the Lenders.

3. PURPOSE

3.1 **Purpose**

The Borrower shall apply all amounts borrowed by it in respect of the Loan in payment to RBS for the application by RBS in *pro tanto* satisfaction of the Borrower's obligations under the RBS 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 Availability Date

It shall be a condition to the Utilisation and the Availability Date becoming effective that the Agent has received all of the documents and other evidence listed in Schedule 2 (*Conditions precedent*) in form and substance satisfactory to the Agent. The Agent shall notify the Borrower and the Lenders promptly upon being so satisfied and at the same time shall notify the Borrower that the Commitments are available for drawing.

SECTION 3

UTILISATION

5. UTILISATION

5.1 **Delivery of a Utilisation Request**

The Borrower may utilise the Facility by delivery to the Agent of a duly completed Utilisation Request not later than such time as the Agent shall reasonably agree.

5.2 **Completion of a Utilisation Request**

(a) A Utilisation Request is irrevocable and will not be regarded as having been duly completed unless:

(i) the proposed Utilisation Date is a Business Day within the Availability Period; and

(ii) the currency and amount of the Utilisation comply with Clause 5.3 (*Currency and amount*).

(b) Only one Utilisation Request is permitted under this Agreement.

5.3 **Currency and amount**

(a) The currency specified in a Utilisation Request must be dollars.

(b) The amount of the proposed Loan must be for an amount which does not exceed the Available Facility.

5.4 **Lenders' participation**

(a) If the conditions set out in this Agreement have been met, each Lender shall make its participation in the Loan available by the Utilisation Date through its Facility Office.

(b) The amount of each Lender's participation in the Loan will be equal to the proportion borne by its Available Commitment to the Available Facility immediately before making the Loan.

(c) The Agent shall notify each Lender of the amount of the Loan and the amount of its participation in the Loan.

5.5 **Cancellation of Commitment**

At the end of the Availability Period, the Commitments which are unutilised shall be immediately cancelled.

SECTION 4

REPAYMENT, PREPAYMENT AND CANCELLATION

6. REPAYMENT

6.1 **Repayment of Loan and payment of Discount Premium Amount**

The Borrower shall repay the Loan in full and pay the Discount Premium Amount on the Termination Date.

6.2 **Termination Date**

On the Termination Date, the Borrower shall additionally pay to the Agent for the account of the Finance Parties all other sums then accrued and owing under the Finance Documents.

6.3 **Reborrowing**

No part of the Facility which is repaid or prepaid may be reborrowed.

6.4 **Early Repayment**

The Borrower shall, if so demanded by the Agent on behalf of the Lenders, repay the Loan on or at any time after the date falling twelve (12) months after the Utilisation Date as specified by the Agent in the relevant demand notice. Any such demand by the Lenders shall be made in writing not less than fourteen (14) days prior to the due date for payment.

If the Borrower repays the Loan on or before the date upon which the Loan is to be repaid pursuant to a demand in accordance with Clause 6.4, the Lenders shall thereupon (but not otherwise) be deemed to have waived permanently and cancelled their entitlement to any part of the Discount Premium Amount (other than any interest thereon paid to the Lender prior to such date). If the Loan is not so repaid, the Discount Premium Amount shall remain payable in accordance with this Agreement.

This Clause 6.4 shall not apply in circumstances where an Event of Default has occurred and is continuing.

7. PREPAYMENT AND CANCELLATION

7.1 **Illegality**

(a) If it becomes unlawful in any applicable jurisdiction for a Lender to perform any of its obligations as contemplated by this Agreement or to fund or maintain its participation in the Loan:

(i) that Lender (the "**Notifying Lender**") shall promptly notify the Agent upon becoming aware of that event;

(ii) upon the Agent notifying the Borrower, the Commitment of that Lender will be immediately cancelled; and

(iii) the Borrower shall repay that Lender's participation in the Loan on the date specified by the Lender in the notice delivered to the Agent (being no earlier than the last day of any applicable grace period permitted by law).

7.2 **Change of executive management and/or beneficial ownership**

(a) If there is a change in one or more of the Executive Managers other than a change resulting from the death, disability or removal for cause of an Executive Manager:

(i) the Borrower shall promptly notify the Agent upon becoming aware of that event; and

(ii) a Lender shall not be obliged to fund the Utilisation; and

(iii) if the Lenders so require, the Agent shall, by not less than 30 days notice to the Borrower, cancel the Facility and declare the Loan, together with accrued interest, the Discount Premium Amount and all other amounts accrued under the Finance Documents immediately due and payable, whereupon the Facility will be cancelled and all such outstanding amounts will become immediately due and payable.

(b) If a change occurs after the date of this Agreement in the ultimate beneficial ownership of any of the shares in the Borrower or any of its Subsidiaries so that persons other than:

(i) members of the Relevant Families or Diana Shipping;

(ii) beneficiaries of any employee stock ownership plan or other employee benefit plan of the Borrower or its Subsidiaries; or

(iii) one or more underwriters temporarily holding shares of the Borrower pursuant to an offering of such shares,

have acquired or shall acquire direct or indirect legal or beneficial ownership of more than 20 per cent of the issued and outstanding share capital of the Borrower or so that less than 20 per cent of the aggregate voting power of the Borrower's issued share capital is vested in the ownership of members of the Relevant Families or Diana Shipping:

(i) the Borrower shall promptly notify the Agent upon becoming aware of that event; and

(ii) a Lender shall not be obliged to fund a Utilisation; and

(iii) if the Lenders so require, the Agent shall, by not less than 30 days notice to the Borrower, cancel the Facility and declare the Loan, together with accrued interest, and all other amounts accrued under the Finance Documents and the Discount Premium Amount immediately due and payable, whereupon the Facility will be cancelled and all such outstanding amounts and the Discount Premium Amount will become immediately due and payable.

7.3 **Voluntary prepayment**

The Borrower may, if it gives the Agent not less than 14 days' (or such shorter period as the Lenders may agree) prior notice, prepay the whole or part of the Loan and/or the whole or part of the Premium Discount Amount.

7.4 **Mandatory Prepayment – Refinancing Proceeds**

Upon receipt of any Refinancing Proceeds the Borrower shall prepay the whole of the Loan and the Discount Premium Amount; it is agreed that in such event the Loan and the Discount Premium Amount shall be prepaid in priority to the Subordinated Loans.

7.5 **Mandatory prepayment – Sale or Total Loss**

(a) If a Ship is sold or becomes a Total Loss, the relevant part of the Proceeds thereof shall (subject to the Intercreditor Agreement and subject to Clause 7.7) be applied by whichever Obligor or Finance Party is in receipt of the same in accordance with Clause 29.5.

(b) Such repayment shall be made:

(i) in the case of a sale of a Ship, on or before the date on which the sale is completed by delivery of that Ship to the buyer; or

(ii) in the case of a Total Loss, on the earlier of the date falling 120 days after the Total Loss Date and the date of receipt by the Security Trustee of the proceeds of insurance relating to such Total Loss.

(c) For the purpose of paragraph (a) above, "**relevant part**" means an amount equal to the net sales proceeds of the relevant Ship or (in the case of a Total Loss) the amount for which such Ship is to be insured pursuant to this Agreement (less any irrecoverable costs of collection); provided that, in the case of a sale, the Lenders may require evidence that the sale price was not less than the fair market value of the relevant Ship.

7.6 **Mandatory Prepayment – other Proceeds**

Any and all other Proceeds shall (subject to the Intercreditor Agreement) be applied by whichever Obligor or Finance Party is in receipt of the same in accordance with Clause 29.5.

7.7 **Replacement Option**

(a) Upon the sale of the Ship (or a Total Loss of a Ship) the Borrower may, subject to no Event of Default having occurred and being continuing, elect to retain the proceeds of such sale (or Total Loss) for the purpose of re-investing such amount in another vessel approved by the Security Trustee on behalf of the Lenders being a vessel with a market value at least equal to the re-invested amount.

(b) In such case, and prior to completion of the relevant sale of a Ship (or receipt of Total Loss proceeds) the Borrower shall constitute in favour of the Security Trustee a Security over such sale (or Total Loss) proceeds in agreed form and provide the Security Trustee with such ancillary evidence, Authorisation and other documents as the Security Trustee may require.

(c) The funds so deposited will stand as security for the Loan and the Discount Premium Amount and other moneys under this Agreement but may be released from such Security upon the purchase by the Borrower of a ship approved by the Security Trustee (on behalf of the Lenders) in its absolute discretion, and on the basis that forthwith upon the completion of such purchase the new ship will be subject to a Mortgage and Insurance Assignment as security for the Loan and the Discount Premium Amount, and the Borrower will have provided to the Security Trustee such documents, Authorisation and evidence similar to the requirements set forth in

Schedule 2 as the Security Trustee may (in its absolute discretion) require. Upon completion of such purchase the Borrower and the Guarantors will enter into such supplementary documentation as the Agent may require to incorporate the new vessel into the term of this Agreement.

(d) If the Borrower does not use the relevant sale (or Total Loss) proceeds within 6 months of receipt or, if earlier, prior to the Termination Date then the relevant proceeds shall be applied in prepayment of the Loan and the Discount Premium Amount by the Lenders at any time thereafter.

SECTION 5

COSTS OF UTILISATION

8. INTEREST

8.1 **Calculation of interest**

The rate of interest on the Loan is the percentage rate per annum which is Six per cent (6%) for the period from the Utilisation Date up to and including the first anniversary of the Utilisation Date, Nine per cent (9%) for the period from the first anniversary of the Utilisation Date up to and including the date three months thereafter and Twelve per cent (12%) from the date fifteen months after the Utilisation Date. The Borrower shall also pay amounts calculated as if they were interest payable under this Clause 8.1 on the amount of the Discount Premium Amount as if it were a loan drawndown on the Utilisation Date. Such interest to be payable on the same date, at the same rate and otherwise calculated and payable as interest on the Loan.

8.2 **Payment of interest**

The Borrower shall pay accrued interest on the Loan and on the Discount Premium Amount on the last day of each three month period occurring after the Utilisation Date and on the date of final repayment of the Loan and the Discount Premium Amount

8.3 **Default interest**

(a) If an Obligor fails to pay any amount payable by it under a Finance Document on its due date, interest shall accrue on the Unpaid Sum from the due date up to the date of actual payment (both before and after judgment) at Fourteen per cent (14%) per annum. Any interest accruing under this Clause 8.3 shall be immediately payable by the Obligors on demand by the Agent.

(b) Default interest (if unpaid) arising on an Unpaid Sum will be compounded with the Unpaid Sum at the end of each month but will remain immediately due and payable.

9. INTEREST DATES

9.1 **Non-Business Days**

If any date for the payment of interest would otherwise fall on a day which is not a Business Day, that date will instead fall on the next Business Day in that calendar month (if there is one) or the preceding Business Day (if there is not).

10. ASSUMPTION AND CONFIRMATION

10.1 **Assumption**

The Borrower hereby agrees, on and with effect from the Utilisation Date, to become obligated to the Lenders in the amount of the Discount Premium Amount payable in accordance with this Agreement.

10.2 **Consideration**

The Borrower and the Guarantors hereby confirm that the obligations of the Borrower to the Lenders with respect to the Discount Premium Amount is proportionate and appropriate and reasonable in the light of this benefit to be derived by the Borrower and the Guarantors from

the Loan. The Borrower and the Guarantors agree not to challenge or purport to challenge the entitlement of the Lenders to the Discount Premium Amount.

11. AGENCY FEE

11.1 **Agency fees**

The Borrower shall pay to the Agent (for its own account) and to the Security Trustee (for its own account) any agency fee or trustee fee in the amount and at the times agreed by the Agent and the Borrower.

SECTION 6

ADDITIONAL PAYMENT OBLIGATIONS

12. TAX GROSS UP AND INDEMNITIES

12.1 **Definitions.**

In this Agreement:

"**Protected Party**" means a Finance Party which is or will be subject to any liability, or required to make any payment, for or on account of Tax in relation to a sum received or receivable (or any sum deemed for the purposes of Tax to be received or receivable) under a Finance Document;

"**Tax Deduction**" means a deduction or withholding for or on account of Tax from a payment under a Finance Document;

Unless a contrary indication appears, in this Clause 12, a reference to "**determines**" or "**determined**" means a determination made in the absolute discretion of the person making the determination.

12.2 **Tax gross-up**

(a) Each Obligor shall make all payments to be made by it without any Tax Deduction, unless a Tax Deduction is required by law.

(b) The Borrower 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 Borrower and that Obligor.

(c) If a Tax Deduction is required by law to be made by an Obligor, the amount of the payment due from that Obligor shall be increased to an amount which (after making any Tax Deduction) leaves an amount equal to the payment which would have been due if no Tax Deduction had been required.

(d) If an Obligor is required to make a Tax Deduction, that Obligor shall make that Tax Deduction and any payment required in connection with that Tax Deduction within the time allowed and in the minimum amount required by law.

12.3 **Tax indemnity**

(a) The Borrower shall (within 3 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.

(b) Paragraph (a) above shall not apply:

(i) with respect to any Tax assessed on a Finance Party:

(A) under the law of the jurisdiction in which that Finance Party is incorporated or, if different, the jurisdiction (or jurisdictions) in which that Finance Party is treated as resident for tax purposes; or

(B) under the law of the jurisdiction in which that Finance Party's Facility Office is located in respect of amounts received or receivable in that jurisdiction,

if that Tax is imposed on or calculated by reference to the net income received or receivable (but not any sum deemed to be received or receivable) by that Finance Party; or

(ii) to the extent a loss, liability or cost:

(A) is compensated for by an increased payment under Clause 12.2 (*Tax gross-up*); or

(B) would have been compensated for by an increased payment under Clause 12.2 (*Tax gross-up*) but was not so compensated solely because one of the exclusions in paragraph (d) of Clause 12.2 (*Tax gross-up*) applied or related to a FATCA Deduction required to be made by a Party.

(c) A Protected Party making, or intending to make, a claim under paragraph (a) above shall promptly notify the Agent of the event which will give, or has given, rise to the claim, following which the Agent shall notify the Borrower.

(d) A Protected Party shall, on receiving a payment from an Obligor under this Clause 12.3, notify the Agent.

12.4 **Stamp taxes**

The Borrower shall pay and, within 3 Business Days of demand, indemnify each Finance Party against any cost, loss or liability which that Finance Party incurs in relation to all stamp duty, registration and other similar Taxes payable in respect of any Finance Document.

12.5 **FATCA Information**

(a) Subject to paragraph (c) below, each Party shall, within ten Business Days of a reasonable request by another Party:

(i) confirm to that other Party whether it is:

(A) a FATCA Exempt Party; or

(ii) not a FATCA Exempt Party; and

(iii) 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

(iv) supply to that other Party such forms, documentation and other information relating to its status as that other Party reasonably requests for the purposes of that other Party's compliance with any other law, regulation, or exchange of information regime.

(b) If a Party confirms to another Party pursuant to sub-paragraph (i) of paragraph (a) above that it is a FATCA Exempt Party and it subsequently becomes aware that it is not, or has ceased to be a FATCA Exempt Party, that Party shall notify that other Party reasonably promptly.

(c) Paragraph (a) above shall not oblige any Finance Party to do anything and sub-paragraph (iv) 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 (iii) of paragraph (a) above (including, for the avoidance of doubt, where paragraph (c) above applies), then such Party shall be treated for the purposes of the Finance Documents (and payments under them) as if it is not a FATCA Exempt Party until such time as the Party in question provides the requested confirmation, forms, documentation or other information.

(e) If the Borrower is a US Tax Obligor, or the Agent reasonably believes that its obligations under FATCA or any other applicable law or regulation require it, each Lender shall, within ten Business Days of:

(i) where the Borrower is a US Tax Obligor and the relevant Lender is an Original Lender, the date of this Agreement;

(ii) where the Borrower is a US Tax Obligor on a Transfer Date and the relevant Lender is a New Lender, the relevant Transfer Date; or

(iii) where the Borrower is not a US Tax Obligor, the date of a request from the Facility Agent,

supply to the Facility Agent:

(i) a withholding certificate on Form W-8, Form W-9 or any other relevant form; or

(ii) any withholding statement or other document, authorisation or waiver as the Facility Agent may require to certify or establish the status of such Lender under FATCA or that other law or regulation.

(f) The Facility Agent shall provide any withholding certificate, withholding statement, document, authorisation or waiver it receives from a Lender pursuant to paragraph (e) above to the Borrower.

(g) If any withholding certificate, withholding statement, document, authorisation or waiver provided to the Facility Agent by a Lender pursuant to paragraph (e) above is or becomes materially inaccurate or incomplete, that Lender shall

promptly update it and provide such updated withholding certificate, withholding statement, document, authorisation or waiver to the Facility Agent unless it is unlawful for the Lender to do so (in which case the Lender shall promptly notify the Facility Agent). The Facility Agent shall provide any such updated withholding certificate, withholding statement, document, authorisation or waiver to the Borrower.

(h) The Facility Agent may rely on any withholding certificate, withholding statement, document, authorisation or waiver it receives from a Lender pursuant to paragraph (e) or (g) above without further verification. The Facility Agent shall not be liable for any action taken by it under or in connection with paragraphs (e), (f) or (g) above.

12.6 **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, including, without limitation, under Clauses 12.2 and 12.3 of this Agreement.

(b) Each Party shall promptly, upon becoming aware that it must make a FATCA Deduction (or that there is any change in the rate or the basis of such FATCA Deduction), notify the Party to whom it is making the payment and, in addition, shall notify each Obligor and the Facility Agent and the Facility Agent shall notify the other Finance Parties.

12.7 **VAT**

(a) All amounts set out or expressed in a Finance Document to be payable by any Party to a Finance Party which (in whole or in part) constitute the consideration for a supply or supplies for VAT purposes shall be deemed to be exclusive of any VAT which is chargeable on such supply, and accordingly, subject to paragraph (b) below, if VAT is or becomes chargeable on any supply made by any Finance Party to any Party under a Finance Document, that Party shall pay to the 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 such VAT (and such Finance Party shall promptly provide an appropriate VAT invoice to such Party).

(b) If VAT is or becomes chargeable on any supply made by any Finance Party (the "**Supplier**") to any other Finance Party (the "**Recipient**") under a Finance Document, and any Party other than the Recipient (the "**Subject Party**") is required by the terms of any Finance Document to pay an amount equal to the consideration for such supply to the Supplier (rather than being required to reimburse the Recipient in respect of that consideration), such Party shall also pay to the Supplier (in addition to and at the same time as paying such amount) an amount equal to the amount of such VAT. The Recipient will promptly pay to the Subject Party an amount equal to any credit or repayment obtained by the Recipient from the relevant tax authority which the Recipient reasonably determines is in respect of such VAT.

(c) Where a Finance Document requires any Party to reimburse or indemnify a Finance Party for any cost or expense, that Party shall reimburse or indemnify (as the case may be) such Finance Party for the full amount of such cost or expense, including such part 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.

(d) Any reference in this Clause 12.5 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).

13. OTHER INDEMNITIES

13.1 **Currency indemnity**

(a) If any sum due from an Obligor under the Finance Documents (a "**Sum**"), or any order, judgment or award given or made in relation to a Sum, has to be converted from the currency (the "**First Currency**") in which that Sum is payable into another currency (the "**Second Currency**") for the purpose of:

(i) making or filing a claim or proof against that Obligor; or

(ii) obtaining or enforcing an order, judgment or award in relation to any litigation or arbitration proceedings,

that Obligor shall as an independent obligation, within 3 Business Days of demand, indemnify each Finance Party to which that Sum is due against any cost, loss or liability arising out of or as a result of the conversion including any discrepancy between (A) the rate of exchange used to convert that Sum from the First Currency into the Second Currency and (B) the rate or rates of exchange available to that person at the time of its receipt of that Sum.

(b) Each Obligor waives any right it may have in any jurisdiction to pay any amount under the Finance Documents in a currency or currency unit other than that in which it is expressed to be payable.

13.2 **Other indemnities**

The Borrower shall (or shall procure that an Obligor will), within 3 Business Days of demand, indemnify each Finance Party against any cost, loss or liability incurred by that Finance 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 28 (*Sharing among the Finance Parties*);

(c) funding, or making arrangements to fund, its participation in the Loan requested by the Borrower 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 Borrower.

13.3 **Indemnity to the Agent and the Security Trustee**

The Borrower shall promptly indemnify the Agent and the Security Trustee against any cost, loss or liability incurred by the Agent or the Security Trustee (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.

13.4 **Environmental Indemnity**

The Borrower shall fully indemnify each Finance 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 Finance Party under, or in connection with this Agreement, in any country, 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.

14. COSTS AND EXPENSES

14.1 **Transaction expenses**

The Borrower shall promptly on demand pay the Agent and the Security Trustee the amount of all costs and expenses (including legal fees) reasonably incurred by any of them in connection with the negotiation, preparation, printing, execution and syndication of:

(a) this Agreement and any other documents referred to in this Agreement; and

(b) any other Finance Documents executed after the date of this Agreement.

14.2 **Amendment costs**

If an Obligor requests an amendment, waiver or consent

the Borrower shall, within 3 Business Days of demand, reimburse the Agent and the Security Trustee for the amount of all costs and expenses (including legal fees) reasonably incurred by the Agent or the Security Trustee in responding to, evaluating, negotiating or complying with that request or requirement.

14.3 **Enforcement costs**

The Borrower shall, within 3 Business Days of demand, pay to each Finance 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.

SECTION 7

GUARANTEE

15. GUARANTEE AND INDEMNITY

15.1 **Guarantee and indemnity**

Each Guarantor irrevocably and unconditionally jointly and severally:

(a) guarantees to each Finance Party punctual performance by the Borrower of all the Borrower's obligations under the Finance Documents;

(b) undertakes with each Finance Party that whenever the Borrower 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 were the principal obligor;

(c) agrees with each Finance Party that if any obligation guaranteed by it is or becomes unenforceable, invalid or illegal, it will, as an independent and primary obligation, indemnify that Finance Party immediately on demand against any cost, loss or liability it incurs as a result of a Borrower not paying any amount which would, but for such unenforceability, invalidity or illegality, have been payable by it under any Finance Document on the date when it would have been due. The amount payable by a Guarantor under this indemnity will not exceed the amount it would have had to pay under this Clause 15 if the amount claimed had been recoverable on the basis of a guarantee; and

(d) confirms in accordance with Clause 10.2 that this Clause shall apply in all respects to the Borrower's obligation with respect to the Discount Premium Amount.

15.2 **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.

15.3 **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 15, to the extent that such liability has been reduced as a result of such avoidance or restoration, will continue or be reinstated as if the discharge, release or arrangement had not occurred.

15.4 **Waiver of defences**

The obligations of each Guarantor under this Clause 15 will not be affected by an act, omission, matter or thing which, but for this Clause, would reduce, release or prejudice any of its obligations under this Clause 15 (without limitation and whether or not known to it or any Finance Party) including:

(a) any time, waiver or consent granted to, or composition with, any Obligor or other person;

(b) the release of any other Obligor or any other person under the terms of any composition or arrangement with any creditor of any member of the Group;

(c) the taking, variation, compromise, exchange, renewal or release of, or refusal or neglect to perfect, 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;

(d) any incapacity or lack of power, authority or legal personality of or dissolution or change in the members or status of an Obligor or any other person;

(e) any amendment, novation, supplement, extension, restatement (however fundamental and whether or not more onerous) or replacement of any Finance Document or any other document or security including without limitation any change in the purpose of, any extension of or any increase in any facility or the addition of any new facility under any Finance Document or other document or security;

(f) any unenforceability, illegality or invalidity of any obligation of any person under any Finance Document or any other document or security; or

(g) any insolvency or similar proceedings.

15.5 **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 15. This waiver applies irrespective of any law or any provision of a Finance Document to the contrary.

15.6 **Appropriations**

Until all amounts which may be or become payable by the Obligors under or in connection with the Finance Documents have been irrevocably paid in full, each Finance Party (or any trustee or agent on its behalf) may:

(a) refrain from applying or enforcing any other moneys, security or rights held or received by that 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

(b) hold in an interest-bearing suspense account any moneys received from any Guarantor or on account of any Guarantor's liability under this Clause 15.

15.7 **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 Obligor will exercise any rights which it may have by reason of performance by it of its obligations under the Finance Documents or by reason of any amount being payable to any other Obligor in any capacity, or arising out of any transaction, whatsoever:

(a) to be indemnified by an Obligor;

(b) to claim any contribution from any other guarantor of any Obligor's obligations under the Finance Documents;

(c) to take the benefit (in whole or in part and whether by way of subrogation or otherwise) of any rights of the 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;

(d) to bring legal or other proceedings for an order requiring any Obligor to make any payment, or perform any obligation, in respect of which any Guarantor has given a guarantee, undertaking or indemnity under Clause 15.1 (*Guarantee and Indemnity*);

(e) to exercise any right of set-off against any Obligor; and/or

(f) to claim or prove as a creditor of any Obligor in competition with any Finance Party.

If an Obligor 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 or 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 29.5.

15.8 **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

16. REPRESENTATIONS

Each Obligor makes the representations and warranties set out in this Clause 16 to each Finance Party on the date of this Agreement.

16.1 **Status**

(a) It is a corporation, duly incorporated and validly existing in good standing under the law of its jurisdiction of incorporation.

(b) It and each of its Subsidiaries has the power to own its assets and carry on its business as it is being conducted.

16.2 **Binding obligations**

The obligations expressed to be assumed by it in each Finance Document to which it is a party are, subject to any general principles of law limiting its obligations which are referred to in any legal opinion delivered pursuant to Clause 4 (*Conditions of Utilisation*) or Clause 25 (*Changes to the Obligors*), legal, valid, binding and enforceable obligations.

16.3 **Status of security**

(a) Each Finance Document to which it is a party does now or, as the case may be, will upon execution and delivery (and, where applicable, registration) confer the Security it purports to confer over any assets to which such Security, by its terms, relates subject to any general principles of law limiting its obligations which are specifically referred to in any legal opinion delivered pursuant to Clause 4 (*Conditions of Utilisation*) or Clause 25 (*Changes to the Obligors*); and

(b) no third party will have any Security (except for Permitted Security) over any asset to which such Security, by its terms, relates.

16.4 **Non-conflict with other obligations**

The entry into and performance by it of, and the transactions contemplated by, the Finance Documents do not and will not conflict with:

(a) any law or regulation applicable to it;

(b) its or any of its Subsidiaries' constitutional documents; or

(c) any agreement or instrument binding upon it or any of its Subsidiaries or any of its or any of its Subsidiaries' assets.

16.5 **Power and authority**

It has the power to enter into, perform and deliver, and has taken all necessary action to authorise its entry into, performance and delivery of, the Finance Documents to which it is a party and the transactions contemplated by those Finance Documents.

16.6 **Validity and admissibility in evidence**

All Authorisations required or desirable:

(a) to enable it lawfully to enter into, exercise its rights and comply with its obligations in the Finance Documents to which it is a party; and

(b) to make the Finance Documents to which it is a party admissible in evidence in its jurisdiction of incorporation,

have been obtained or effected and are in full force and effect.

16.7 **Governing law and enforcement**

(a) The choice of English law as the governing law of the Finance Documents (other than any Mortgage) will be recognised and enforced in its jurisdiction of incorporation.

(b) Any judgment obtained in England in relation to a Finance Document (other than a Mortgage) will be recognised and enforced in its jurisdiction of incorporation.

(c) The choice of law of the relevant Approved Flag State as the governing law of each Mortgage will be recognised and enforced in its jurisdiction of incorporation.

In each case subject to any reservations or qualifications which are referred to in any legal opinion delivered pursuant to Clause 4 (*Conditions of Utilisation*) or Clause 25 (*Changes to the Obligors*).

16.8 **Deduction of Tax**

It is not required to make any deduction for or on account of Tax from any payment it may make under any Finance Document to which it is a party.

16.9 **No filing or stamp taxes**

Under the law of its jurisdiction of incorporation it is not necessary that the Finance Documents be filed, recorded or enrolled with any court or other authority in that jurisdiction or that any stamp, registration or similar tax be paid on or in relation to the Finance Documents or the transactions contemplated by the Finance Documents subject to any reservations or qualifications which are referred to in any legal opinion delivered pursuant to Clause 4 (*Conditions of Utilisation*) or Clause 25 (*Changes to the Obligors*)..

16.10 **No default**

(a) No Event of Default is continuing or might reasonably be expected to result from the making of any Utilisation.

(b) No other event or circumstance is outstanding which constitutes a default under any other agreement or instrument which is binding on it or any of its Subsidiaries or to which its (or its Subsidiaries') assets are subject which might have a Material Adverse Effect.

16.11 **No misleading information**

(a) All financial and other information which is provided by or on behalf of any member of the Group under or in connection with any Finance Document is true and accurate in all material respects as at the date it was provided or as at the date (if any) at which it is stated.

16.12 **Financial statements**

(a) Its Original Financial Statements were prepared in accordance with GAAP consistently applied unless expressly disclosed to the Agent in writing to the contrary before the date of this Agreement.

(b) Its Original Financial Statements fairly represent its financial condition and operations (consolidated in the case of the Borrower) during the relevant financial year unless expressly disclosed to the Agent in writing to the contrary before the date of this Agreement.

(c) There has been no material adverse change in its business or financial condition (or the business or consolidated financial condition of the Group, in the case of the Borrower) since 30th March 2017.

16.13 **Pari passu ranking**

Its payment obligations under the Finance Documents 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.

16.14 **No proceedings pending or threatened**

No litigation, arbitration or administrative proceedings (including proceedings relating to any alleged or actual breach of the ISM Code or of the ISPS Code) of or before any court, arbitral body or agency which, if adversely determined, might reasonably be expected to have a Material Adverse Effect have (to the best of the Borrower's knowledge and belief) been started or threatened against the Borrower or any of its Subsidiaries.

16.15 **Sanctions**

As regards Sanctions:

(a) None of the Obligors, any other member of the Group or any Affiliate of any of them is a Prohibited Person or is owned or controlled by, or acting directly or indirectly on behalf of or for the benefit of, a Prohibited Person and none of such persons owns or controls a Prohibited Person.

(b) None of the Obligors has a Prohibited Person serving as a director, officer or employee.

(c) No proceeds of the Loan shall be made available, directly or indirectly, to or for the benefit of a Prohibited Person or otherwise shall be, directly or indirectly, applied in a manner or for a purpose prohibited by Sanctions.

(d) Each Obligor, each other member of the Group and each Affiliate of any of them is in compliance with all Sanctions.

16.16 **Disclosure of Debts**

The Borrower has fully disclosed to the Agent details of all debts and liabilities (other than usual trade debts outstanding for less than forty-five (45) days), it being understood that public filings made with the SEC are deemed to be disclosed to the Agent. The Borrower is not aware of any other material debts or liabilities claimed against the Borrower, the Guarantors or any other member of the Group.

16.17 **Repetition**

The Repeating Representations are deemed to be made by each Obligor by reference to the facts and circumstances then existing on the first of each month.

16.18 **No Registration**

Assuming the accuracy of the representations and warranties of each Lender contained in this Agreement, the issuance and sale of the Notes pursuant to this Agreement is exempt from registration requirements of the Securities Act, and neither the Borrower nor, to the knowledge of the Borrower, any authorized representative acting on its behalf, has taken or will take any action hereafter that would cause the loss of such exemption.

16.19 **No Integration**

Neither the Borrower nor any of its Affiliates have, directly or indirectly through any agent, sold, offered for sale, solicited offers to buy or otherwise negotiated in respect of, any "security" (as defined in the Securities Act) that is or will be integrated with the sale of the Notes in a manner that would require registration under the Securities Act.

16.20 **No Directed Selling Efforts**

Neither the Borrower nor any person acting on behalf of the Borrower has engaged in any "directed selling efforts" (as defined in Regulation S under the Securities Act) in the United States in respect of the Loan or the Notes, which would include any activities undertaken for the purpose of, or that could reasonably be expected to have the effect of, conditioning the market in the United States for the resale of the Loan or the Notes, including placing an advertisement in a publication with a general circulation in the United States, nor has it seen or been aware of any activity that, to its knowledge, constitutes directed selling efforts in the United States.

16.21 **Certain Fees**

There are no fees or commissions that are or will be payable by the Borrower to brokers, finders, or investment bankers with respect to the sale and purchase of the Loan or the Notes or the consummation of the transaction contemplated by this Agreement.

16.22 **Offering Materials**

Neither the Borrower nor any agents of the Borrower provided to potential lenders any offering materials in connection with the offer and sale of the Loan or the Notes.

16.23 **Foreign Private Issuer**

The Borrower is a foreign private issuer, as defined in Rule 405 promulgated under the Securities Act.

16.24 **Substantial U.S. Market Interest**

There is no "substantial U.S. market interest" (as such term is defined by Regulation S promulgated under the Securities Act) in the debt securities of the Borrower.

17. INFORMATION UNDERTAKINGS

The undertakings in this Clause 17 remain in force throughout the Security Period.

17.1 **Financial statements**

The Borrower shall supply to the Agent in sufficient copies for all the Lenders:

(a) 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; and

(b) as soon as the same become available, but in any event within 90 days after the end of each quarter of each of its financial years its unaudited consolidated financial statements for that financial quarter.

17.2 **Compliance Certificate**

(a) The Borrower shall supply to the Agent, with each set of financial statements delivered pursuant to paragraph (a) or (b) of Clause 17.1 (*Financial statements*), a Compliance Certificate setting out (in reasonable detail) computations as to compliance with each of the financial covenants in Clause 18 (*Financial covenants*) as at the date as at which those financial statements were drawn up.

(b) Each Compliance Certificate shall be signed by the chief financial officer of the Borrower.

17.3 **Requirements as to financial statements**

(a) Each set of financial statements delivered by the Borrower pursuant to Clause 17.1 (*Financial statements*) shall be certified by the chief financial officer of the Borrower as fairly representing its financial condition as at the date as at which those financial statements were drawn up.

(b) The Borrower shall procure that each set of financial statements delivered pursuant to Clause 17.1 (*Financial statements*) is prepared in accordance with all applicable laws, the requirements of the United States Securities and Exchange Commission and GAAP.

17.4 **Information: miscellaneous**

The Borrower shall supply to the Agent (in sufficient copies for all the Lenders, if the Agent so requests):

(a) at the same time as they are despatched, all documents dispatched by the Borrower to its shareholders (or any class of them) or its creditors generally and any documents filed with the United States Securities and Exchange Commission;

(b) promptly upon becoming aware of them, the details of any litigation, arbitration or administrative proceedings (including proceedings relating to any alleged or actual breach of the ISM Code or of the ISPS Code) which are current, threatened or pending against any member of the Group, and which might, if adversely determined, have a Material Adverse Effect; and

(c) as soon as practicable after receiving the request, such further information regarding any Ship, its Insurances or the financial condition, business and operations of any member of the Group as any Finance Party (through the Agent) may reasonably request.

17.5 **Notification of default**

(a) Each Obligor shall notify the Agent of any Default (and the steps, if any, being taken to remedy it) promptly upon becoming aware of its occurrence (unless that Obligor is aware that a notification has already been provided by another Obligor).

(b) Promptly upon a request by the Agent, the Borrower shall supply to the Agent a certificate signed by 2 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).

17.6 **Use of websites**

(a) The Borrower may satisfy its obligation under this Agreement to deliver any information in relation to those Lenders (the "**Website Lenders**") which accept this method of communication by posting this information onto an electronic website designated by the Borrower and the Agent (the "**Designated Website**") if:

(i) the Agent expressly agrees (after consultation with each of the Lenders) that it will accept communication of the information by this method, in which case it shall notify the Borrower in writing promptly after such consultation;

(ii) both the Borrower and the Agent are aware of the address of and any relevant password specifications for the Designated Website; and

(iii) the information is in a format previously agreed between the Borrower 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 Borrower according and the Borrower shall supply the information to the Agent (in sufficient copies for each Paper Form Lender) in paper form. In any event the Borrower shall supply the Agent with at least one copy in paper form of any information required to be provided by it.

(b) 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 Borrower and the Agent.

(c) The Borrower shall promptly upon becoming aware of its occurrence notify the Agent if:

(i) the Designated Website cannot be accessed due to technical failure;

(ii) the password specifications for the Designated Website change;

(iii) any new information which is required to be provided under this Agreement is posted onto the Designated Website;

(iv) any existing information which has been provided under this Agreement and posted onto the Designated Website is amended; or

(v) the 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 the Borrower notifies the Agent under paragraph (c)(i) or paragraph (c)(v) above, all information to be provided by the 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.

(d) 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. The Borrower shall comply with any such request within 10 Business Days.

17.7 **"Know your customer" checks**

(a) If:

(i) the introduction of or any change in (or in the interpretation, administration or application of) any law or regulation or internal guideline made after the date of this Agreement;

(ii) any change in the status of an Obligor after the date of this Agreement; or

(iii) a proposed assignment or transfer by a Lender of any of its rights and obligations under this Agreement to a party that is not a Lender prior to such assignment or transfer,

obliges the Agent or any Lender (or, in the case of paragraph (iii) above, any prospective new Lender) to comply with "know your customer" or similar identification procedures in circumstances where the necessary information is not already available to it, each Obligor shall promptly upon the request of 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 paragraph (iii) above, on behalf of any prospective new Lender) in order for the Agent, such Lender or, in the case of the event described in paragraph (iii) above, any prospective new Lender to carry out and be satisfied it has complied with all necessary "know your customer" or other similar checks under all applicable laws and regulations pursuant to the transactions contemplated in the Finance Documents.

(b) Each Lender shall promptly upon the request of 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.

18. FINANCIAL COVENANTS

18.1 **Borrowings**

No Obligor shall incur any Financial Indebtedness except under the Finance Documents to which it is a party and under the Subordinated Loan Agreement. The Borrower shall also procure that no other member of the Group incurs any Financial Indebtedness

18.2 **Expenditure**

No Obligor shall incur any expenditure, except for expenditure reasonably incurred in the ordinary course of owning, operating, maintaining and repairing a Ship.

18.3 **Subordinated Loan Payments**

No Obligor shall make or permit any payment to Diana Shipping for or on account of the principal amount of the Subordinated Loan or Subordinated Discount Premium Amount unless and until the Loan has been repaid in full. Subject to the Intercreditor Agreement, no Obligor shall make or permit any payment to Diana Shipping for or on account of Subordinated Loan (beyond the first $40 million of the principal in accordance with the Intercreditor Agreement) or Subordinated Discount Premium Amount unless and until the Discount Premium Amount has been paid in full.

18.4 **Working Capital**

The Obligors shall maintain adequate working capital for the efficient operation of this business and shall provide details thereof to the Agent on request (acting reasonably).

19. GENERAL UNDERTAKINGS

The undertakings in this Clause 19 remain in force throughout the Security Period.

19.1 **Authorisations**

Each Obligor shall promptly:

(a) obtain, comply with and do all that is necessary to maintain in full force and effect; and

(b) supply certified copies to the Agent of,

any Authorisation required under any law or regulation of its jurisdiction of incorporation or the Approved Flag State of any Ship to enable it to perform its obligations under the Finance Documents and to ensure the legality, validity, enforceability or admissibility in evidence in its jurisdiction of incorporation or in the flag-state of any Ship of any Finance Document to which it is a party.

19.2 **Compliance with laws**

(a) Each Obligor shall comply in all respects with all laws to which it may be subject, if (except as regards Sanctions, to which paragraph (b) below applies) failure so to comply would materially impair its ability to perform its obligations under the Finance Documents.

(b) Each member of the Group and shall comply, in all respect with all Sanctions.

(c) As regards the Guarantors this Clause 19.2 is not a limitation of Clause 21.8, and *vice versa*.

19.3 **Negative pledge**

No Obligor shall (and the Borrower shall ensure that no other member of the Group will) create or permit to subsist any Security over any of its assets except for Permitted Security.

19.4 **No disposal of assets**

No Obligor will without the consent of the Agent (and the Borrower shall ensure that no other member of the Group will) transfer, lease or otherwise dispose of:

(a) any Ship or any Subsidiary or 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,

19.5 **Merger**

No Obligor shall (and the Borrower shall ensure that no other member of the Group will) enter into any amalgamation, demerger, merger or corporate reconstruction.

19.6 **Change of business**

The Borrower shall procure that no substantial change is made to the general nature of the business of the Borrower or the Group from that carried on at the date of this Agreement.

19.7 **Acquisition of further tonnage**

The Obligors shall not and shall procure that none of their Subsidiaries shall acquire any further tonnage without the prior written consent of the Agent on behalf of the Lenders.

19.8 **Share capital**

The Borrower shall not purchase, cancel or redeem any of its share capital.

19.9 **Dividends and Interest on Subordinated Loan**

The Borrower shall not make or pay any dividend or other distribution (in cash or in kind) in respect of its share capital. The Borrower (and the Guarantors) may pay interest on the Subordinated Loan provided that (i) it has freely available cash to do so without diminishing the necessary working capital for the secure trading of the Ships, (ii) no Event of Default has occurred and (iii) no such payment is made out of Proceeds designated for application in payment of the Loan or the Discount Premium Amount.

19.10 **Investments**

No Obligor shall:

(a) provide any form of credit or financial assistance to any person **Provided that** this shall not prevent or restrict the Borrower from (i) on lending loans to other Obligors for the purposes permitted in accordance with the terms of this Agreement and (ii) intra-group indebtedness between the Obligors;

(b) acquire any shares or other securities.

19.11 **Hedging**

The Borrower shall not enter into any interest rate hedging arrangements.

19.12 **No Joint Venture**

No Obligor shall enter into or agree to enter into any joint venture or provide any assets or financial support to any joint venture.

19.13 **No Change to Subordinated Loan Agreement**

No Obligor shall agree to any amendment or variation or supplement to the Subordinated Loan Agreement without the prior written consent of the Agent on behalf of the Lenders.

19.14 **Further assurance**

(a) Each Obligor shall promptly, and in any event within the time period specified by the Security Trustee do all such acts (including procuring or arranging any registration, notarisation or authentication or the giving of any notice) or execute or procure execution of all such documents (including assignments, transfers, mortgages, charges, notices, instructions, acknowledgments, proxies and powers of attorney), as the Security Trustee may specify (and in such form as the Security Trustee may require in favour of the Security Trustee or its nominee(s)):

(i) to create, perfect, vest in favour of the Security Trustee or protect the priority of the Security or any right of any kind created or intended to be created under or evidenced by the Finance Documents (which may include the execution of a mortgage, charge, assignment or other Security over all or any of the assets which are or are intended to be, the subject of the Security) or for the exercise of any rights, powers and remedies of any of the Finance Parties provided by or pursuant to the Finance Documents or by law;

(ii) to confer on the Security Trustee or confer on the Finance Parties Security over any property and assets of that Obligor located in any jurisdiction equivalent or similar to the Security intended to be conferred by or pursuant to the Finance Documents;

(iii) to facilitate or expedite the realisation and/or sale of the transfer of title to or the grant of, any interest in or right relating to the assets which are, or are intended to be, the subject of the Finance Documents or to exercise any power specified in any Finance Document in respect of which the/Security has become enforceable; and/or

(iv) to enable or assist the Security Trustee to enter into any transaction to commence, defend or conduct any proceedings and/or to take any other action relating to any of the Finance Documents.

(b) Each Obligor shall take all such action as is available to it (including making all filings and registrations) as may be necessary for the purpose of the creation, perfection, protection or maintenance of any Security conferred or intended to be conferred on the Security Trustee by or pursuant to the Finance Documents.

(c) At the same time as an Obligor delivers to the Security Trustee any document executed by itself pursuant to this Clause 19.14, that Obligor shall deliver to the Security Trustee a certificate signed by two of that Obligor's directors or officers which shall:

(i) Set out the text of a resolution of that Obligor's directors specifically authorising the execution of the document specified by the Security Trustee; and

(ii) State that either the resolution was duly passed at a meeting of the directors validly convened and held, throughout which a quorum of directors entitled to vote on the resolution was present, or that the resolution has been signed by all the directors or

officers and is valid under the Obligor's articles of association or other constitutional documents.

19.15 **Listing**

The Borrower shall remain listed on the NASDAQ exchange.

20. INSURANCE

The undertakings in this Clause 20 remain in force throughout the Security Period.

20.1 **Definitions**

(a) In this Clause 20:

"**excess risks**" means, in relation to any Ship, the proportion of claims for general average, salvage and salvage charges not recoverable under the hull and machinery policies in respect of that Ship in consequence of its insured value being less than the value at which that Ship is assessed for the purpose of such claims.

"**obligatory insurances**" means, in relation to any Ship, all insurances effected, or which the Guarantor which owns that Ship is obliged to effect, under this Clause 20 or any other provision of this Agreement or of another Finance Document.

"**policy**", in relation to any insurance, includes a slip, cover note, certificate of entry or other document evidencing the contract of insurance or its terms.

"**protection and indemnity risks**" means the usual risks covered by a protection and indemnity association managed in London, including pollution risks and the proportion (if any) of any sums payable to any other person or persons in case of collision which are not recoverable under the hull and machinery policies by reason of the incorporation in them of clause 1 of the Institute Time Clauses (Hulls)(1/10/83) or clause 8 of the Institute Time Clauses (Hulls)(1/11/1995) or the Institute Amended Running Down Clause (1/10/71) or any equivalent provision.

"**war risks**" includes the risk of mines and all risks excluded by clause 23 of the Institute Time Clauses (Hulls)(1/10/83) or clause 24 of the Institute Time Clauses (Hulls) (1/11/1995).

(b) In this Clause 20, a reference to "**approved**" means approved in writing by the Agent acting on the instructions of the Lenders.

20.2 **Maintenance of obligatory insurances**

Each Guarantor shall keep the Ship owned by it insured at its expense against:

(a) fire and usual marine risks (including hull and machinery and excess risks);

(b) war risks;

(c) protection and indemnity risks (without any exclusion for any Environmental Incident); and

(d) any other risks against which the Agent acting on the instructions of the Lenders considers, having regard to practices and other circumstances prevailing at the relevant time, it would be

reasonable for that Guarantor to insure and which are specified by the Agent by notice to that Guarantor.

20.3 **Terms of obligatory insurances**

Each Guarantor shall effect such insurances:

(a) in dollars;

(b) in the case of fire and usual marine risks and war risks, in an amount on an agreed value basis at least the greater of:

(i) together with the other Ships then subject to a Mortgage, 120% of the Loan and the Discount Premium Amount; and

(ii) the market value of the Ship owned by it;

(c) in the case of oil pollution liability risks, for an aggregate amount equal to the highest level of cover from time to time available under basic protection and indemnity club entry and in the international marine insurance market;

(d) in the case of protection and indemnity risks, in respect of the full tonnage of the Ship owned by it;

(e) on approved terms; and

(f) through approved brokers and with approved insurance companies and/or underwriters or, in the case of war risks and protection and indemnity risks, in approved war risks and protection and indemnity risks associations.

20.4 **Further protections for the Finance Parties**

In addition to the terms set out in Clause 20.3 (*Terms of obligatory insurances*), each Guarantor shall procure that the obligatory insurances effected by it shall:

(a) whenever the Agent 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;

(b) name the Security Trustee as loss payee with such directions for payment as the Agent may specify;

(c) provide that all payments by or on behalf of the insurers under the obligatory insurances to the Security Trustee shall be made without set-off, counterclaim or deductions or condition whatsoever;

(d) provide that such obligatory insurances shall be primary without right of contribution from other insurances which may be carried by the Security Trustee or any other Finance Party; and

(e) provide that the Security Trustee may make proof of loss if the Guarantor concerned fails to do so.

20.5 **Renewal of obligatory insurances**

Each Guarantor shall:

(a) at least 14 days before the expiry of any obligatory insurance effected by it:

(i) notify the Agent of the brokers (or other insurers) and any protection and indemnity or war risks association through or with which that Guarantor proposes to renew that obligatory insurance and of the proposed terms of renewal; and

(ii) obtain the Agents' approval to the matters referred to in paragraph (a) (i) above;

(b) at least 7 days before the expiry of any obligatory insurance effected by it, renew that obligatory insurance in accordance with the Agent's approval pursuant to paragraph (a) above; and

(c) procure that the approved brokers and/or the approved war risks and protection and indemnity associations with which such a renewal is effected shall promptly after the renewal notify the Agent in writing of the terms and conditions of the renewal.

20.6 **Copies of policies; letters of undertaking**

Each Guarantor 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 or undertaking in a form required by the Agent and including, subject to customary practice in the market from time to time, 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 20.4 (*Further protections for the Finance Parties*);

(b) they will hold such policies, and the benefit of such insurances, to the order of the Security Trustee in accordance with such loss payable clause;

(c) they will advise the Agent immediately of any material change to the terms of the obligatory insurances;

(d) they will notify the Agent, not less than 7 days before the expiry of the obligatory insurances, in the event of their not having received notice of renewal instructions from that Guarantor or its agents and, in the event of their receiving instructions to renew, they will promptly notify the Agent 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 Guarantor 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 Agent.

20.7 **Copies of certificates of entry**

Each Guarantor 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;

(b) a letter or letters of undertaking in such form as may be required by the Agent acting on the instructions of Lenders; and

(c) a certified copy of each certificate of financial responsibility for pollution by oil or other Environmentally Sensitive Material issued by the relevant certifying authority in relation to that Ship.

20.8 **Deposit of original policies**

Each Guarantor shall ensure that all policies relating to obligatory insurances effected by it are deposited with the approved brokers through which the insurances are effected or renewed.

20.9 **Payment of premiums**

Each Guarantor shall punctually pay all premiums or other sums payable in respect of the obligatory insurances effected by it and produce all relevant receipts when so required by the Agent or the Security Trustee.

20.10 **Guarantees**

Each Guarantor shall ensure that any guarantees required by a protection and indemnity or war risks association are promptly issued and remain in full force and effect.

20.11 **Compliance with terms of insurances**

No Guarantor 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 Guarantor shall take all necessary action and comply with all requirements which may from time to time be applicable to the obligatory insurances, and (without limiting the obligation contained in paragraph (c) of Clause 20.6 (*Copies of policies; letters of undertaking*)) ensure that the obligatory insurances are not made subject to any exclusions or qualifications to which the Agent has not given its prior approval;

(b) no Guarantor 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) if applicable, each Guarantor shall make (and promptly supply copies to the Agent of) all quarterly or other voyage declarations which may be required by the protection and indemnity risks association in which the Ship 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 Guarantor 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.

20.12 **Alteration to terms of insurances**

No Guarantor shall either make or agree to any alteration to the terms of any obligatory insurance nor waive any right relating to any obligatory insurance which would cause that Guarantor to be in breach of this Clause 20.

20.13 **Settlement of claims**

No Guarantor 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.

20.14 **Provision of information**

Each Guarantor shall promptly provide the Agent (or any persons which it may designate) with any information which the Agent (or any such designated person) requests for the purpose of:

(a) obtaining or preparing any report from an independent marine insurance broker as to the adequacy of the obligatory insurances effected or proposed to be effected; and/or

(b) effecting, maintaining or renewing any such insurances as are referred to in Clause 20.15 (*Mortgagee's interest and additional perils insurances*) or dealing with or considering any matters relating to any such insurances,

and the Borrower shall, forthwith upon demand, indemnify the Security Trustee in respect of all fees and other expenses incurred by or for the account of the Security Trustee in connection with any such report as is referred to in paragraph (a) above.

20.15 **Mortgagee's interest and additional perils insurances**

The Security Trustee shall be entitled from time to time to effect, maintain and renew a mortgagee's interest marine insurance in an amount equal to 120% of the Available Facility Limit and on such terms, through such insurers and generally in such manner as the Security Trustee acting on the instructions of the Lenders may from time to time consider appropriate and the Borrower shall upon demand fully indemnify the Security Trustee in respect of all premiums and other expenses which are incurred in connection with or with a view to effecting, maintaining or renewing any such insurance or dealing with, or considering, any matter arising out of any such insurance.

21. SHIP COVENANTS

The undertakings in this Clause 21 remain in force throughout the Security Period.

21.1 **Ships' names and registration**

Each Guarantor shall:

(a) keep the Ship owned by it registered in its name under an Approved Flag;

(b) not do or allow to be done anything as a result of which such registration might be cancelled or imperilled; and

(c) not change the name of the Ship owned by it without the Agent's prior written consent, such consent not to be unreasonably withheld.

21.2 **Repair and classification**

Each Guarantor 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 classification available to ships of the same type, specification and age as that Ship with a classification society which is a member of the International Association of Classification Societies free of overdue recommendations and conditions affecting that Ship's class; and

(c) so as to comply with all laws and regulations applicable to vessels registered on the relevant Approved Flag 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.

21.3 **Modification**

No Guarantor shall make any modification or repairs to, or replacement of, the Ship owned by it 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.

21.4 **Removal of parts**

No Guarantor shall remove any material part of the Ship owned by it, or any item of equipment installed on, that Ship unless the part or item so removed is forthwith replaced by a suitable part or item which is in the same condition as or better condition than the part or item removed, is free from any Security in favour of any person other than the Security Trustee and becomes on installation on that Ship the property of the Guarantor concerned and subject to the security constituted by the Mortgage **Provided that** a Guarantor 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.

21.5 **Surveys**

Each Guarantor shall submit the Ship owned by it regularly to all periodic or other surveys which may be required for classification purposes and, if so required by the Agent acting on the instructions of the Lenders provide the Agent, with copies of all survey reports.

21.6 **Inspection**

Each Guarantor shall permit the Security Trustee (acting through surveyors or other persons appointed by it for that purpose) to board the Ship owned by it at all reasonable times to inspect its condition or to satisfy themselves about proposed or executed repairs and shall afford all proper facilities for such inspections.

21.7 **Prevention of and release from arrest**

Each Guarantor shall promptly discharge:

(a) all liabilities which give or may give rise to maritime or possessory liens on or claims enforceable against the Ship owned by it or its Insurances;

(b) all taxes, dues and other amounts charged in respect of the Ship owned by it or its Insurances; and

(c) all other outgoings whatsoever in respect of the Ship owned by it or its 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 Guarantor shall procure its release by providing bail or otherwise as the circumstances may require.

21.8 **Compliance with laws etc.**

Each Guarantor shall:

(a) comply, or procure compliance with all laws or regulations relating to the ownership, employment, operation and management of the Ship owned by it, including but not limited to the ISM Code, the ISPS Code, all Environmental Laws and all Sanctions;

(b) without prejudice to the generality of paragraph (a) of this Clause 21.8, not employ the Ship owned by it nor allow its employment in any manner contrary to any laws or regulations including but not limited to the ISM Code, the ISPS Code, all Environmental Laws and all Sanctions; 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 that Ship's war risks insurers unless the prior written consent of the Security Trustee acting on the instructions of the Lenders has been given and that Guarantor has (at its expense) effected any special, additional or modified insurance cover which the Security Trustee acting on the instructions of the Lenders may require.

21.9 **Provision of information**

Each Guarantor shall promptly provide the Agent with any information which it requests regarding:

(a) the Ship owned by it, its employment, position and engagements;

(b) the Earnings of the Ship owned by it and payments and amounts due to its master and crew;

(c) any expenditure incurred, or likely to be incurred, in connection with the operation, maintenance or repair of the Ship owned by it and any payments made by it in respect of that Ship;

(d) any towages and salvages; and

(e) its compliance, the Approved Manager's compliance and the compliance of the Ship owned by it with the ISM Code and the ISPS Code,

and, upon the Agent's request, provide copies of any current charter relating to the Ship owned by it, of any current guarantee of any such charter and of that Ship's Safety Management Certificate and any relevant Document of Compliance.

21.10 **Notification of certain events**

Each Guarantor shall immediately notify the Agent by fax, confirmed forthwith by letter, of:

(a) any casualty to the Ship owned by it 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 in relation to the Ship owned by it 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 Guarantor 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 that Guarantor, 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 Guarantor shall keep the Agent advised in writing on a regular basis and in such detail as the Agent shall require of that Guarantor's, the Approved Manager's or any other person's response to any of those events or matters.

21.11 **Restrictions on chartering, appointment of managers etc.**

Except as the Agent may otherwise permit, no Guarantor shall, in relation to the Ship owned by it:

(a) let that Ship on demise charter for any period;

(b) 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, 13 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 other than any Permitted Security.

21.12 **Notice of Mortgage**

Each Guarantor shall keep the Mortgage registered against the Ship owned by it as a valid first priority mortgage, carry on board that Ship a certified copy of the Mortgage and place and maintain in a conspicuous place in the navigation room and the master's cabin of that Ship a framed printed notice stating that that Ship is mortgaged by that Guarantor to the Security Trustee.

21.13 **Sharing of Earnings**

No Guarantor shall enter into any agreement or arrangement for the sharing of any Earnings of the Ship owned by it.

21.14 **Sanctions and Ship Trading**

Without limiting Clause 21.8 (*Compliance with laws etc.*), the Obligors shall procure:

(a) that no Ship shall be used by or for the benefit of a Prohibited Person;

(b) that no Ship shall be used in trading in any manner contrary to Sanctions (or which could be contrary to Sanctions if Sanctions were binding on each Obligor);

(c) that no Ship shall be traded in any manner which would trigger the operation of any sanctions limitation or exclusion clause (or similar) in the Insurances; and

(d) that each charterparty in respect of a Ship shall contain, for the benefit of the relevant Obligor, language which gives effect to the provisions of paragraph (c) of Clause 21.8 (*Compliance with laws etc.*) as regards Sanctions and of this Clause 21.14 (*Sanctions and Ship trading*) and which permits refusal of employment or voyage orders if compliance would result in a breach of Sanctions (or which would result in a breach of Sanctions if Sanctions were binding on each Obligor).

22. APPLICATION OF EARNINGS

22.1 **Payment of Earnings**

Each Guarantor shall ensure that all the Earnings of the Ship owned by it are promptly collected and lawfully applied in accordance with this Agreement.

23. EVENTS OF DEFAULT

Each of the events or circumstances set out in this Clause 23 is an Event of Default.

23.1 **Non-payment**

An Obligor does not pay on the due date any amount payable pursuant to a Finance Document at the place at and in the currency in which it is expressed to be payable unless:

(a) its failure to pay is caused by administrative or technical error; and

(b) payment is made within 2 Business Days of its due date.

23.2 **Certain obligations**

Any requirement of Clause 18 (*Financial covenants*), Clause 19.2 (*Compliance with laws*), Clause 19.5 (*Listing*), Clause 22 (*Insurance)*, Clause 21.8 (*Compliance with laws etc.*), Clause 21.14 (*Sanctions and Ship Trading*) is not satisfied.

23.3 **Other obligations**

(a) An Obligor does not comply with any provision of the Finance Documents (other than those referred to in Clause 23.1 (*Non-payment*) and Clause 23.2 (*Certain obligations*)).

(b) No Event of Default under paragraph (a) above will occur if the failure to comply is capable of remedy and is remedied within 10 days of the earlier of (A) the Agent giving notice to the Borrower and (B) the Borrower becoming aware of the failure to comply.

23.4 **Misrepresentation**

Any representation or statement made or deemed to be made by an Obligor in the Finance Documents or any other document delivered by or on behalf of any Obligor under or in connection with any Finance Document is or proves to have been incorrect or misleading in any material respect when made or deemed to be made.

23.5 **Cross default**

(a) Any Financial Indebtedness of any member of the Group is not paid when due nor within any originally applicable grace period.

(b) Any Financial Indebtedness of any member of the Group is declared to be or otherwise becomes due and payable prior to its specified maturity as a result of an event of default (however described).

(c) Any commitment for any Financial Indebtedness of any member of the Group is cancelled or suspended by a creditor of any member of the Group as a result of an event of default (however described).

(d) Any creditor of any member of the Group becomes entitled to declare any Financial Indebtedness of any member of the Group due and payable prior to its specified maturity as a result of an event of default (however described).

No Event of Default will occur under this Clause 23.5 if the aggregate amount of Financial Indebtedness or commitment for Financial Indebtedness falling within paragraphs (a) to (d) above is less than $100,000 (or its equivalent in any other currency).

23.6 **Insolvency**

(a) A member of the Group is unable or admits inability to pay its debts as they fall due, suspends making payments on any of its debts or, 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 any 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 any member of the Group.

23.7 **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 or reorganisation (by way of voluntary arrangement, scheme of arrangement or otherwise) of any member of the Group other than a solvent liquidation or reorganisation of any member of the Group which is not an Obligor;

(b) a composition, compromise, assignment or arrangement with any creditor of any member of the Group;

(c) the appointment of a liquidator (other than in respect of a solvent liquidation of a member of the Group which is not an Obligor), receiver, administrator, administrative receiver, compulsory manager or other similar officer in respect of any member of the Group or any of its assets; or

(d) enforcement of any Security over any assets of any member of the Group,

or any analogous procedure or step is taken in any jurisdiction.

This Clause 23.7 shall not apply to any winding-up petition which is frivolous or vexatious and is discharged, stayed or dismissed within 30 days of commencement.

23.8 **Creditors' process**

Any expropriation, attachment, sequestration, distress or execution affects any asset or assets of a member of the Group and is not discharged within 30 days.

23.9 **Ownership of the Obligors**

An Obligor (other than the Borrower) is not or ceases to be a wholly owned Subsidiary of the Borrower.

23.10 **Unlawfulness**

It is or becomes unlawful for an Obligor to perform any of its obligations under the Finance Documents to which it is a party.

23.11 **Ranking of security**

Any Security created by a Finance Document proves to have been or becomes invalid or unenforceable or such Security proves to have ranked after, or loses its priority to, other Security.

23.12 **Repudiation**

An Obligor repudiates a Finance Document or evidences an intention to repudiate a Finance Document.

23.13 **Material adverse change**

Any event or circumstance occurs which the Lenders reasonably believe has or is reasonably likely to have a Material Adverse Effect.

23.14 **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 Lenders, by notice to the Borrower:

(a) cancel the Total Commitments whereupon they shall immediately be cancelled;

(b) declare that all or part of the Loan, together with accrued interest, and all other amounts accrued or outstanding under the Finance Documents and the Discount Premium Amount be immediately or in accordance with the terms of such notice due and payable, whereupon they shall become immediately due and payable; and/or

(c) declare that all or part of the Loan and the Discount Premium Amount be payable on demand, whereupon they shall immediately become payable on demand by the Agent acting on the instructions of the Lenders.

23.15 **Enforcement of security**

On and at any time after the occurrence of an Event of Default which is continuing the Security Trustee may, and shall if so directed by the Lenders, take any action which, as a result of the Event of Default or any notice served under Clause 23.14 (*Acceleration*) the Security Trustee is entitled to take under any Finance Document or any applicable law or regulation.

SECTION 9

CHANGES TO PARTIES

24. CHANGES TO THE LENDERS

24.1 **Assignments and transfers by the Lenders**

Subject to this Clause 24, a Lender (the "**Existing Lender**") may:

(a) assign any of its rights; or

(b) 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 (or a special purpose vehicle owned by such an institution (the "**New Lender**").

24.2 **Conditions of assignment or transfer**

(a) An assignment will only be effective on:

(i) 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 as it would have been under if it was a Lender; and

(ii) 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.

(b) A transfer will only be effective if the procedure set out in Clause 24.5 (*Procedure for transfer*) is complied with.

(c) If:

(i) a Lender assigns or transfers any of its rights or obligations under the Finance Documents or changes its Facility Office; and

(ii) as a result of circumstances existing at the date the assignment, transfer or change occurs, an Obligor would be obliged to make a payment to the New Lender or Lender acting through its new Facility Office under Clause 12 (*Tax gross-up and indemnities*,

then the New Lender or Lender acting through its new Facility Office is only entitled to receive payment under that Clause to the same extent as the Existing Lender or Lender acting through its previous Facility Office would have been if the assignment, transfer or change had not occurred. This paragraph (c) shall not apply in respect of an assignment or transfer made in the ordinary course of the primary syndication of the Facility.

(d) 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.

24.3 **Assignment or transfer fee**

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 $5,000.

24.4 **Limitation of responsibility of Existing Lenders**

(a) Unless expressly agreed to the contrary, an Existing Lender makes no representation or warranty and assumes no responsibility to a New Lender for:

(i) the legality, validity, effectiveness, adequacy or enforceability of the Finance Documents or any other documents;

(ii) the financial condition of any Obligor;

(iii) the performance and observance by any Obligor of its obligations under the Finance Documents or any other documents; or

(iv) the accuracy of any statements (whether written or oral) made in or in connection with any Finance Document or any other document,

and any representations or warranties implied by law are excluded.

(b) Each New Lender confirms to the Existing Lender and the other Finance Parties that it:

(i) has made (and shall continue to make) its own independent investigation and assessment of the financial condition and affairs of each Obligor and its related entities in connection with its participation in this Agreement and has not relied exclusively on any information provided to it by the Existing Lender in connection with any Finance Document; and

(ii) will continue to make its own independent appraisal of the creditworthiness of each Obligor and its related entities whilst any amount is or may be outstanding under the Finance Documents or any Commitment is in force.

(c) Nothing in any Finance Document obliges an Existing Lender to:

(i) accept a re-transfer or re-assignment from a New Lender of any of the rights and obligations assigned or transferred under this Clause 24; or

(ii) support any losses directly or indirectly incurred by the New Lender by reason of the non-performance by any Obligor of its obligations under the Finance Documents or otherwise.

24.5 **Procedure for transfer**

(a) Subject to the conditions set out in Clause 24.2 (*Conditions of assignment or transfer*), a transfer is effected in accordance with paragraph (b) below when the Agent executes an otherwise duly completed Transfer Certificate delivered to it by the Existing Lender and the

New Lender. The Agent shall, as soon as reasonably practicable after receipt by it of a duly completed Transfer Certificate appearing on its face to comply with this Agreement and delivered in accordance with this Agreement, execute that Transfer Certificate.

(b) The Agent shall only be obliged to execute a Transfer Certificate delivered to it by the Existing Lender and the New Lender once it is satisfied it has complied with all necessary "know your customer" or other similar checks under all applicable laws and regulations in relation to the transfer to such New Lender.

(c) Subject to Clause 24.9 (*Pro rata interest* settlement), on the Transfer Date:

(i) to the extent that in the Transfer Certificate the Existing Lender seeks to transfer by novation its rights and obligations under the Finance Documents, each of the Obligors and the Existing Lender shall be released from further obligations towards one another under the Finance Documents and their respective rights against one another under the Finance Documents shall be cancelled (being the "**Discharged Rights and Obligations**");

(ii) each of the Obligors and the New Lender shall assume obligations towards one another and/or acquire rights against one another which differ from the Discharged Rights and Obligations only insofar as that Obligor and the New Lender have assumed and/or acquired the same in place of that Obligor and the Existing Lender;

(iii) the Agent, the Security Trustee, 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 Trustee and the Existing Lender shall each be released from further obligations to each other under the Finance Documents; and

(iv) the New Lender shall become a Party as a "Lender".

24.6 **Procedure for assignment.**

(a) Subject to the conditions set out in Clause 24.2 (*Conditions of assignment or transfer*) an assignment may be effected in accordance with paragraph (c) below 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 paragraph (b) below, as soon as reasonably practicable after receipt by it of a duly completed Assignment Agreement appearing on its face to comply with the terms of this Agreement and delivered in accordance with the terms of this Agreement, execute that Assignment Agreement.

(b) The Agent shall only be obliged to execute an Assignment Agreement delivered to it by the Existing Lender and the New Lender once it is satisfied it has complied with all necessary "know your customer" or other similar checks under all applicable laws and regulations in relation to the assignment to such New Lender.

(c) Subject to Clause 24.9 (*Pro rata interest settlement),* on the Transfer Date:

(i) the Existing Lender will assign absolutely to the New Lender the rights under the Finance Documents expressed to be the subject of the assignment in the Assignment Agreement;

(ii) the Existing Lender will be released by each Obligor and the other Finance Parties from the obligations owed by it (the "**Relevant Obligations**") and expressed to be the subject of the release in the Assignment Agreement; and

(iii) the New Lender shall become a Party as a "Lender" and will be bound by obligations equivalent to the Relevant Obligations.

(d) Lenders may utilise procedures other than those set out in this Clause 24.6 to assign their rights under the Finance Documents (but not, without the consent of the relevant Obligor or unless in accordance with Clause 24.5 (*Procedure for transfer*), to obtain a release by that Obligor from the obligations owed to that Obligor by the Lenders nor the assumption of equivalent obligations by a New Lender) **provided that** they comply with the conditions set out in Clause 24.2 (*Conditions of assignment or transfer*).

24.7 **Copy of Transfer Certificate or Assignment Agreement to Borrower**

The Agent shall, as soon as reasonably practicable after it has executed a Transfer Certificate or an Assignment Agreement, send to the Borrower a copy of that Transfer Certificate or Assignment Agreement.

24.8 **Security over Lenders' rights**. In addition to the other rights provided to Lenders under this Clause 24, each Lender may without consulting with or obtaining consent from any Obligor, at any time charge, assign or otherwise create Security in or over (whether by way of collateral or otherwise) all or any of its rights under any Finance Document to secure obligations of that Lender including, without limitation:

(a) any charge, assignment or other Security to secure obligations to a federal reserve or central bank; and

(b) in the case of any Lender which is a fund, any charge, assignment or other Security granted to any holders (or trustee or representatives of holders) of obligations owed, or securities issued, by that Lender as security for those obligations or securities;

except that no such charge, assignment or Security shall:

(i) release a Lender from any of its obligations under the Finance Documents or substitute the beneficiary of the relevant charge, assignment or Security for the Lender as a party to any of the Finance Documents; or

(ii) require any payments to be made by any Obligor 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.

24.9 **Pro rata interest settlement**

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 Lender then (in respect of any transfer pursuant to Clause 24.5 (*Procedure for transfer*) or any assignment pursuant to Clause 24.6 (*Procedure for assignment*) the Transfer Date of which, in each case, is after the date of such notification:

(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 next due date for payment of interest in accordance with Clause 8.2; 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, the Accrued Amounts will be payable to the Existing Lender; and

(ii) the amount payable to the New Lender on that date will be the amount which would, but for the application of this Clause 24.9, have been payable to it on that date, but after deduction of the Accrued Amounts.

25. CHANGES TO THE OBLIGORS

25.1 Assignments and transfer by Obligors

No Obligor may assign any of its rights or transfer any of its rights or obligations under the Finance Documents.

SECTION 10

THE FINANCE PARTIES

26. ROLE OF THE SERVICING PARTIES

26.1 **Appointment of the Agent**

(a) Each other Finance Party appoints the Agent to act as its agent under and in connection with the Finance Documents.

(b) Each other Finance Party authorises the Agent to exercise the rights, powers, authorities and discretions specifically given to the Agent under, or in connection with, the Finance Documents together with any other incidental rights, powers, authorities and discretions.

26.2 **Duties of the Agent**

(a) Subject to paragraph (b) below, 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.

(b) Without prejudice to Clause 24.7 (*Copy of Transfer Certificate or Assignment Agreement to Borrower*), paragraph (a) above shall not apply to any Transfer Certificate or to any Assignment Agreement.

(c) 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.

(d) 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 Lenders.

(e) 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) under this Agreement it shall promptly notify the other Finance Parties.

(f) The Agent's duties under the Finance Documents are solely mechanical and administrative in nature.

26.3 **No fiduciary duties**

(a) Neither the Agent nor the Security Trustee shall have any duties or obligations to any person under this Agreement or the other Finance Documents except to the extent that they are expressly set out in those documents; and neither Servicing Party shall have any liability to any person in respect of its obligations and duties under this Agreement or the other Finance Documents except as expressly set out in Clauses 26.5 and 26.6, and as excluded or limited by Clauses 26.12, 26.13, 26.14 and 26.15.

(b) The provisions of Clause 26.4(a) shall apply even if, notwithstanding and contrary to Clause 26.4(a), any provision of this Agreement or any other Finance Document by operation of law has the effect of constituting the Agent as a fiduciary.

26.4 **Duties of the Security Trustee**

The Security Trustee shall:

(a) hold the Trust Property on trust for the Finance Parties in accordance with their respective entitlements under the Finance Documents; and

(b) deal with the Trust Property,

in accordance with this Clause 26 and the other provisions of the Finance Documents.

26.5 **Application of receipts**

Except as expressly stated to the contrary in any Finance Document, any moneys which the Security Trustee receives or recovers and which are Trust Property shall (without prejudice to the rights of the Security Trustee under any Finance Document to credit any moneys received or recovered by it to any suspense account) be transferred to the Agent for application in accordance with Clause 29.2 (*Distributions by the Agent*) and Clause 29.5 (*Partial payments*).

26.6 **Deductions from receipts**

Before transferring any moneys to the Agent under Clause 26.5 (*Application of receipts*), the Security Trustee may deduct any sum then due and payable under this Agreement or any other Finance Document to the Security Trustee or any receiver, agent or other person appointed by it and retain that sum for itself or, as the case may require, pay it to the other person to whom it is then due and payable; for this purpose if the Security Trustee has become entitled to require a sum to be paid to it on demand, that sum shall be treated as due and payable, even if no demand has yet been served.

26.7 **Agent and Security Trustee the same person**

Where the same person is the Security Trustee and the Agent, it shall be sufficient compliance with Clause 26.5 (*Application of receipts*) for the moneys concerned to be credited to the account to which the Agent remits or credits the amounts which it receives from the Borrower under this Agreement for distribution to the Lenders.

26.8 **Additional statutory rights**

In addition to its rights under or by virtue of this Agreement and the other Finance Documents, the Security Trustee shall have all the rights conferred on a trustee by the Trustee Act 1925, the Trustee Delegation Act 1999 and by the Trustee Act 2000.

26.9 **Perpetuity period**

The trusts constituted by this Agreement are governed by English law, and the applicable perpetuity period is 75 years commencing on the date of this Agreement.

26.10 **Business with the Group**

The Agent and the Security Trustee may accept deposits from, lend money to, and generally engage in any kind of banking or other business with, any member of the Group.

26.11 Rights and discretions of the Servicing Parties

(a) Each Servicing Party may rely on:

(i) any representation, notice or document believed by it to be genuine, correct and appropriately authorised; and

(ii) any statement made by a director, authorised signatory or employee of any person regarding any matters which may reasonably be assumed to be within his knowledge or within his power to verify.

(b) Each Servicing Party may assume (unless it has received notice to the contrary in its capacity as agent or, as the case may be, trustee for the Lenders) that:

(i) no Default has occurred (unless it has actual knowledge of a Default arising under Clause 23.1 (*Non-payment*));

(ii) any right, power, authority or discretion vested in any Party or the Lenders has not been exercised; and

(iii) any notice or request made by the Borrower (other than a Utilisation Request) is made on behalf of and with the consent and knowledge of all the Obligors.

(c) Each Servicing Party may engage, pay for and rely on the advice or services of any lawyers, accountants, surveyors or other experts.

(d) Each Servicing Party may act in relation to the Finance Documents through its personnel and agents.

(e) Each Servicing Party may disclose to any other Party any information it reasonably believes it has received as agent or security trustee under this Agreement.

(f) Notwithstanding any other provision of any Finance Document to the contrary, no Servicing Party 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 duty of confidentiality.

26.12 **Lenders' instructions**

(a) Unless a contrary indication appears in a Finance Document, each Servicing Party shall:

(i) exercise any right, power, authority or discretion vested in it as Servicing Agent in accordance with any instructions given to it by the Lenders (or, if so instructed by the Lenders, refrain from exercising any right, power, authority or discretion vested in it as Agent or the Security Trustee); and

(ii) not be liable for any act (or omission) if it acts (or refrains from taking any action) in accordance with an instruction of the Lenders.

(b) Unless a contrary indication appears in a Finance Document, any instructions given by the Lenders will be binding on all the Finance Parties.

(c) Each Servicing Party may refrain from acting in accordance with the instructions of the Lenders (or, if appropriate, the Lenders) until it has received such security as it may require for any

cost, loss or liability (together with any associated VAT) which it may incur in complying with the instructions.

(d) In the absence of instructions from the Lenders (or, if appropriate, the Lenders), each Servicing Party may act (or refrain from taking action) as it considers to be in the best interest of the Lenders.

(e) 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.

26.13 **Responsibility for documentation**

None of the Agent and the Security Trustee:

(a) is responsible for the adequacy, accuracy and/or completeness of any information (whether oral or written) supplied by the Agent, the Security Trustee, an Obligor or any other person given in, or in connection with, any Finance Document or the Information Memorandum; or

(b) is responsible for the legality, validity, effectiveness, adequacy or enforceability of any Finance Document or any other agreement, arrangement or document entered into or made or executed in anticipation of, or in connection with, any Finance Document; or

(c) is responsible for 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.

26.14 **Exclusion of liability**

(a) Without limiting paragraph (b) below, neither Servicing Party will be liable (including, without limitation, for negligence or any other category of liability whatsoever) for any action taken by it under or in connection with any Finance Document, unless directly caused by its gross negligence or wilful misconduct.

(b) No Party may take any proceedings against any officer, employee or agent of a Servicing Party in respect of any claim it might have against the Servicing Party concerned or in respect of any act or omission of any kind by that officer, employee or agent in relation to any Finance Document and each officer, employee or agent of a Servicing Party may rely on this Clause subject to Clause 1.4 (*Third party rights*) and the provisions of the Third Parties Act.

(c) A Servicing Party 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 it if it 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 it for that purpose.

(d) Nothing in this Agreement shall oblige either Servicing Party to carry out any "know your customer" or other checks in relation to any person on behalf of any Lender and each Lender confirms to each Servicing Party 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, the Security Trustee.

26.15 **Lenders' indemnity to the Servicing Parties**

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 each Servicing Party, within 3 Business Days of demand, against any cost, loss or liability (including, without limitation, for negligence or any other category of liability whatsoever) incurred by the Servicing Party concerned (otherwise than by reason of its gross negligence or wilful misconduct) 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 or Security Trustee under the Finance Documents (unless the Agent or Security Trustee has been reimbursed by an Obligor pursuant to a Finance Document).

26.16 **Resignation of a Servicing Party**

(a) A Servicing Party may resign and appoint one of its Affiliates as successor by giving notice to the other Finance Parties and the Borrower.

(b) Alternatively, a Servicing Party may resign by giving 30 days' notice to the other Finance Parties and the Borrower, in which case the Lenders may appoint a successor Agent or Security Trustee.

(c) If the Lenders have not appointed a successor Agent or Security Trustee in accordance with paragraph (b) above within 20 days after notice of resignation was given, the retiring Agent or Security Trustee may appoint a successor Agent or Security Trustee.

(d) The retiring Agent or Security Trustee shall, at its own cost, make available to the successor Agent or Security Trustee such documents and records and provide such assistance as the successor Agent or Security Trustee may reasonably request for the purposes of performing its functions as Agent or Security Trustee under the Finance Documents.

(e) A Servicing Party's resignation notice shall only take effect upon the appointment of a successor.

(f) Upon the appointment of a successor, the retiring Servicing Party shall be discharged from any further obligation in respect of the Finance Documents but shall remain entitled to the benefit of this Clause 26. Any successor and each of the other Parties shall have the same rights and obligations amongst themselves as they would have had if such successor had been an original Party.

(g) The Lenders may, by notice to a Servicing Party, require it to resign in accordance with paragraph (b) above. In this event, the Servicing Party shall resign in accordance with paragraph (b) above.

26.17 **Confidentiality**

(a) In acting as agent or, as the case may be, trustee for the Finance Parties, a Servicing Party shall be regarded as acting through its agency division which shall be treated as a separate entity from any other of its divisions or departments.

(b) If information is received by a division or department of a Servicing Party other than that division or department responsible for complying with the obligations assumed by that Servicing Party under the Finance Documents, that information may be treated as confidential

to that division or department, and the Servicing Party concerned shall not be deemed to have notice of it nor shall it be obliged to disclose such information to any Party.

26.18 **Relationship with the Lenders**

(a) Subject to Clause 24.9 (*Pro rata Interest Settlement*), the Agent may treat the person shown in its records as Lender at the opening of business (in the place of the Agent's principal office as notified to the Finance Parties from time to time) as the Lender acting through its Facility Office:

(i) entitled to or liable for any payment due under any Finance Document on that day; and

(ii) entitled to receive and act upon any notice, request, document or communication or make any decision or determination under any Finance Document made or delivered on that day;

unless it has received not less than 5 Business Days' prior notice from that Lender to the contrary in accordance with the terms of this Agreement.

(b) 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 despatched to that Lender under the Finance Documents. Such notice shall contain the address, fax number and (where communication by electronic mail or other electronic means is permitted under Clause 31.5 (*Electronic communication*)) electronic mail address and/or any other information required to enable the sending and receipt of information by that means (and, in each case, the department or officer, if any, for whose attention communication is to be made) and be treated as notification of a substitute address, fax number, electronic mail address, department and officer by that Lender for the purposes of Clause 31.2 (*Addresses*) and paragraph (a)(iii) of Clause 31.5 (*Electronic communication*) and the Agent shall be entitled to treat such person as the person entitled to receive all such notices, communications, information and documents as though that person were that Lender.

26.19 **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 Finance Document, each Lender confirms to the Agent and the Security Trustee 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 Finance Document including but not limited to:

(a) the financial condition, status and nature of each member of the Group;

(b) the legality, validity, effectiveness, adequacy or enforceability of any Finance Document and any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Finance Document;

(c) 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 Finance Document, the transactions contemplated by the Finance Documents or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Finance Document; and

(d) the adequacy, accuracy and/or completeness of the Information Memorandum and any other information provided by the Agent, the Security Trustee, any Party or by any other person

under, or in connection with, any Finance Document, the transactions contemplated by the Finance Documents or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Finance Document.

26.20 **Deduction from amounts payable by the Agent**

If any Party owes an amount to the Agent under the Finance Documents, the Agent may, after giving notice to that Party, deduct an amount not exceeding that amount from any payment to that Party which the Agent would otherwise be obliged to make under the Finance Documents and apply the amount deducted in or towards satisfaction of the amount owed. For the purposes of the Finance Documents that Party shall be regarded as having received any amount so deducted.

26.21 **Full freedom to enter into transactions**

Notwithstanding any rule of law or equity to the contrary, each Servicing Party shall be absolutely entitled:

(a) to enter into and arrange banking, derivative, investment and/or other transactions of every kind with or affecting the Borrower or any person who is party to, or referred to in, a Finance Document (including, but not limited to, any interest or currency swap or other transaction, whether related to this Agreement or not, and acting as syndicate agent and/or security trustee for, and/or participating in, other facilities to the Borrower or any person who is party to, or referred to in, a Finance Document);

(b) to deal in and enter into and arrange transactions relating to:

(i) any securities issued or to be issued by the Borrower or any such other person; or

(ii) any options or other derivatives in connection with such securities; and

(c) to provide advice or other services to the Borrower or any person who is a party to, or referred to in, a Finance Document,

and, in particular, each Servicing Party shall be absolutely entitled, in proposing, evaluating, negotiating, entering into and arranging all such transactions and in connection with all other matters covered by paragraphs (a), (b) and (c) above, to use (subject only to insider dealing legislation) any information or opportunity, howsoever acquired by it, to pursue its own interests exclusively, to refrain from disclosing such dealings, transactions or other matters or any information acquired in connection with them and to retain for its sole benefit all profits and benefits derived from the dealings transactions or other matters.

26.22 **Representations of Lenders**

Each Lender, severally and not jointly, hereby represents and warrants to the Borrower that:

(a) **Certain Fees**

No fees or commissions are or will be payable by such Lender to brokers, finders, or investment bankers with respect to the purchase of the Loan or the issuance of the Notes or the consummation of the transaction contemplated by this Agreement or the other agreements contemplated hereby. Such Lender agrees that it will indemnify and hold harmless the Borrower from and against any and all claims, demands, or liabilities for broker's, finder's, placement, or other similar fees or commissions incurred by such Lender in connection with

the purchase of the Loan or the issuance of the Notes or the consummation of the transactions contemplated by this Agreement.

(b) **Legend**

Such Lender understands that the Notes will bear a legend in substantially the following form:

> THIS PROMISSORY NOTE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR APPLICABLE STATE SECURITIES LAWS. THIS PROMISSORY NOTE MAY NOT BE OFFERED FOR SALE, SOLD, TRANSFERRED OR ASSIGNED IN THE ABSENCE OF (A) AN EFFECTIVE REGISTRATION STATEMENT FOR THE SECURITIES UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR (B) AN OPINION OF COUNSEL TO THE HOLDER (IF REQUESTED BY THE COMPANY), IN A FORM REASONABLY ACCEPTABLE TO THE COMPANY, THAT REGISTRATION IS NOT REQUIRED UNDER SAID ACT OR IS EXEMPT THEREFROM.

(c) **Transfer or Resale**

Such Lender understands that: (i) the Loan and the Notes have not been and are not being registered under the Securities Act or any state securities laws, and may not be offered for sale, sold, assigned or transferred unless (A) subsequently registered thereunder, (B) pursuant to an exemption from such registration; (ii) any sale of the Notes made in reliance on Rule 144 may be made only in accordance with the terms of Rule 144, and further, if Rule 144 is not applicable, any resale of the Notes under circumstances in which the seller (or the person through whom the sale is made) may be deemed to be an underwriter (as that term is defined in the Securities Act) may require compliance with some other exemption under the Securities Act or the rules and regulations of the Securities and Exchange Commission promulgated thereunder; and (iii) neither the Borrower nor any other person is under any obligation to register the Notes under the Securities Act or any state securities laws or to comply with the terms and conditions of any exemption thereunder. If such Lender should in the future decide to dispose of any portion of the Notes, such Lender understands and agrees that stop-transfer instructions to that effect will be in effect with respect to such Notes to ensure compliance with this Clause. Such Lender further understands and agrees that there is no public trading market for the Notes, that none is expected to develop, and that the Notes must be held indefinitely unless and until it is repaid in full or the sale is registered under the Securities Act or an exemption from registration is available.

(d) **Offering Materials**

Such Lender did not receive from the Borrower or its agent any offering materials in connection with offers and sales of the Loan.

(e) **Non-U.S. Lender Representations and Warranties**

If the Lender is not located in the United States (as defined in Regulation S promulgated under the Securities Act) when it was offered the opportunity to purchase the Loan and when it signed this Agreement, and is not a U.S. person (as defined in Regulation S promulgated under the Securities Act):

(i) Offshore Transaction.

At the time such Lender received the offer to purchase the Loan and the Notes, it was not in the United States. Such Lender is not a U.S. person (as defined in Regulation S promulgated under the Securities Act) and is not acquiring the Notes for the account or benefit of any U.S. person. Such Lender's receipt and execution of each of this Agreement and the documents contemplated hereby, and any other agreement relating hereto or thereto, has occurred or will occur outside the United States. Such Lender understands and acknowledges that the offering and sale of the Notes is not being, and will not be, made, directly or indirectly, in or into, or by the use of the mails or any means or instrumentality (including telephonically or electronically) of interstate or foreign commerce of, or any facilities of a national securities exchange of, the United States.

(ii) No Directed Selling Efforts

Such Lender is not aware of any form of "directed selling efforts" (as defined in Regulation S promulgated under the Securities Act) in the United States in respect of the Loan or the Notes, which would include any activities undertaken for the purpose of, or that could reasonably be expected to have the effect of, conditioning the market in the United States for the resale of the Loans or the Notes, including placing an advertisement in a publication with a general circulation in the United States.

27. CONDUCT OF BUSINESS BY THE FINANCE PARTIES

No provision of this Agreement will:

(a) interfere with the right of any Finance Party to arrange its affairs (tax or otherwise) in whatever manner it thinks fit;

(b) oblige any Finance Party to investigate or claim any credit, relief, remission or repayment available to it or the extent, order and manner of any claim; or

(c) oblige any Finance Party to disclose any information relating to its affairs (tax or otherwise) or any computations in respect of Tax.

28. SHARING AMONG THE FINANCE PARTIES

28.1 **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 29 (*Payment mechanics*) (a "**Recovered Amount**") and applies that amount to a payment due under the Finance Documents then:

(a) the Recovering Finance Party shall, within 3 Business Days, notify details of the receipt or recovery, to the Agent;

(b) 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 29 (*Payment mechanics*), without taking account of any Tax which would be imposed on the Agent in relation to the receipt, recovery or distribution; and

(c) the Recovering Finance Party shall, within 3 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 29.5 (*Partial payments*).

28.2 **Redistribution of payments**

The Agent shall treat the Sharing Payment as if it had been paid by the relevant Obligor and distribute it among the Finance Parties (other than the Recovering Finance Party) (the "**Sharing Finance Parties**") in accordance with Clause 29.5 (*Partial payments*) towards the obligations of that Obligor to the Sharing Finance Parties.

28.3 **Recovering Finance Party 's rights**

On a distribution by the Agent under Clause 28.2 (*Redistribution of payments*) of a payment received by a Recovering Finance Party from an Obligor, as between the relevant Obligor and the Recovering Finance Party, an amount of the Recovered Amount equal to the Sharing Payment will be treated as not having been paid by that Obligor.

28.4 **Reversal of redistribution**

If any part of the Sharing Payment received or recovered by a Recovering Finance Party becomes repayable and is repaid by that Recovering Finance Party, then:

(a) each Sharing Finance Party shall, upon request of the 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

(b) as between the relevant Obligor and each relevant Sharing Finance Party, an amount equal to the relevant Redistributed Amount will be treated as not having been paid by that Obligor.

28.5 **Exceptions**

(a) This Clause 28 shall not apply to the extent that the Recovering Finance Party would not, after making any payment pursuant to this Clause, have a valid and enforceable claim against the relevant Obligor.

(b) A Recovering Finance Party is not obliged to share with any other Finance Party any amount which the Recovering Finance Party has received or recovered as a result of taking legal or arbitration proceedings, if:

(i) it notified that other Finance Party of the legal or arbitration proceedings; and

(ii) the 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

29. PAYMENT MECHANICS

29.1 **Payments to the Agent**

(a) On each date on which an Obligor or a Lender is required to make a payment under a Finance Document, that Obligor or Lender shall make 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.

(b) 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.

29.2 **Distributions by the Agent**

Each payment received by the Agent under the Finance Documents for another Party shall, subject to Clause 29.3 (*Distributions to an Obligor*) and Clause 29.4 (*Clawback*) 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 5 Business Days' notice with a bank in the principal financial centre of the country of that currency.

29.3 **Distributions to an Obligor**

The Agent may (with the consent of the Obligor or in accordance with Clause 30 (*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.

29.4 **Clawback**

(a) 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.

(b) 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.

29.5 **Partial payments**

(a) If the Agent receives a payment that is insufficient to discharge all the amounts then due and payable by an Obligor under the Finance Documents, the Agent shall apply that payment towards the obligations of that Obligor under the Finance Documents unless otherwise provided in this Agreement or in the Intercreditor Agreement in the following order:

(i) **first**, in or towards payment pro rata of any unpaid costs and expenses (including legal fees) of the Agent and the Security Trustee under the Finance Documents;

(ii) **secondly**, in or towards payment pro rata of any accrued interest or fees due but unpaid under this Agreement;

(iii) **thirdly**, in or towards payment pro rata of any principal due in respect of the Loan but unpaid under this Agreement;

(iv) **fourthly**, in or towards payment of any amount unpaid in respect of the Discount Premium Amount;

(v) **fifthly**, in release to the Borrower.

(b) Paragraph (a) above will override any appropriation made by an Obligor.

29.6 **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.

29.7 **Business Days**

(a) Any payment which is due to be made on a day that is not a Business Day shall be made on the next Business Day in the same calendar month (if there is one) or the preceding Business Day (if there is not).

(b) During any extension of the due date for payment of any principal or an Unpaid Sum under this Agreement interest is payable on the principal at the rate payable on the original due date.

29.8 **Currency of account**

(a) Subject to paragraphs (b) to (c) below, dollars is the currency of account and payment for any sum due from an Obligor under any Finance Document.

(b) Each payment in respect of costs, expenses or Taxes shall be made in the currency in which the costs, expenses or Taxes are incurred.

(c) Any amount expressed to be payable in a currency other than dollars shall be paid in that other currency.

29.9 **Change of currency**

(a) Unless otherwise prohibited by law, if more than one currency or currency unit are at the same time recognised by the central bank of any country as the lawful currency of that country, then:

(i) any reference in the Finance Documents to, and any obligations arising under the Finance Documents in, the currency of that country shall be translated into, or paid in, the currency or currency unit of that country designated by the Agent (after consultation with the Borrower); and

(ii) any translation from one currency or currency unit to another shall be at the official rate of exchange recognised by the central bank for the conversion of that currency or currency unit into the other, rounded up or down by the Agent (acting reasonably).

(b) 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 Borrower) specifies to be necessary, be amended to comply with any generally accepted conventions and market practice in the Relevant Interbank Market and otherwise to reflect the change in currency.

30. 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.

31. NOTICES

31.1 **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.

31.2 **Addresses**

The address and fax number (and the department or officer, if any, for whose attention the communication is to be made) of each Party for any communication or document to be made or delivered under or in connection with the Finance Documents are:

(a) in the case of the Borrower, that identified with its name below;

(b) in the case of each Lender or any other Obligor, that notified in writing to the Agent on or before the date on which it becomes a Party;

(c) in the case of the Agent, that identified with its name below; and

(d) in the case of the Security Trustee, that identified with its name below,

or any substitute address or 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 5 Business Days' notice.

31.3 **Delivery**

(a) Any communication or document made or delivered by one person to another under or in connection with the Finance Documents will only be effective:

(i) if by way of fax, when received in legible form; or

(ii) if by way of letter, when it has been left at the relevant address or 5 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 31.2 (*Addresses*), if addressed to that department or officer.

(b) Any communication or document to be made or delivered to the Agent or the Security Trustee will be effective only when actually received by the Agent or the Security Trustee and then only if it is expressly marked for the attention of the department or officer identified with the Agent's or the Security Trustee's signature below (or any substitute department or officer as the Agent or the Security Trustee shall specify for this purpose).

(c) All notices from or to an Obligor shall be sent through the Agent.

(d) Any communication or document made or delivered to the Borrower in accordance with this Clause will be deemed to have been made or delivered to each of the Obligors.

31.4 **Notification of address and fax number**

Promptly upon receipt of notification of an address and fax number or change of address or fax number pursuant to Clause 31.2 (*Addresses*) or changing its own address or fax number, the Agent shall notify the other Parties.

31.5 **Electronic communication**

(a) Any communication to be made between the Agent and a Lender under or in connection with the Finance Documents may be made by electronic mail or other electronic means, if the Agent and the relevant Lender:

(i) agree that, unless and until notified to the contrary, this is to be an accepted form of communication;

(ii) 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

(iii) notify each other of any change to their address or any other such information supplied by them.

(b) Any electronic communication made between the Agent and a Lender will be effective only when actually received in readable form and in the case of any electronic communication made by a Lender to the Agent only if it is addressed in such a manner as the Agent shall specify for this purpose.

31.6 **English language**

(a) Any notice given under or in connection with any Finance Document must be in English.

(b) All other documents provided under or in connection with any Finance Document must be:

(i) in English; or

(ii) if not in English, and if so required by the 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.

32. CALCULATIONS AND CERTIFICATES

32.1 **Accounts**

In any litigation or arbitration proceedings arising out of or in connection with a Finance Document, the entries made in the accounts maintained by a Finance Party are *prima facie* evidence of the matters to which they relate.

32.2 **Certificates and determinations**

Any certification or determination by a Finance Party of a rate or amount under any Finance Document is, in the absence of manifest error, conclusive evidence of the matters to which it relates.

32.3 **Day count convention**

Any interest, commission or fee accruing under a Finance Document will accrue from day to day and is calculated on the basis of the actual number of days elapsed and a year of 360 days or, in any case where the practice in the Relevant Interbank Market differs, in accordance with that market practice.

33. PARTIAL INVALIDITY

If, at any time, any provision of the Finance Documents is or becomes illegal, invalid or unenforceable in any respect under any law of any jurisdiction, neither the legality, validity or enforceability of the remaining provisions nor the legality, validity or enforceability of such provision under the law of any other jurisdiction will in any way be affected or impaired.

34. REMEDIES AND WAIVERS

No failure to exercise, nor any delay in exercising, on the part of any Finance Party, any right or remedy under the Finance Documents shall operate as a waiver, nor shall any single or partial exercise of any right or remedy prevent any further or other exercise or the exercise of any other right or remedy. The rights and remedies provided in this Agreement are cumulative and not exclusive of any rights or remedies provided by law.

35. AMENDMENTS AND WAIVERS

35.1 **Required consents**

(a) Subject to Clause 35.2 (*Exceptions*) any term of the Finance Documents may be amended or waived only with the consent of the Lenders and the Obligors and any such amendment or waiver will be binding on all Parties.

(b) The Agent may effect, on behalf of any Finance Party, any amendment or waiver permitted by this Clause.

35.2 **Exceptions**

(a) An amendment or waiver that has the effect of changing or which relates to:

(i) a postponement to the date of payment of any amount under the Finance Documents;

(ii) a reduction in the amount of any payment of principal, interest, fees or commission payable;

(iii) an increase in any Commitment;

(iv) a change to the Borrower or Guarantors other than in accordance with Clause 25 (*Changes to the Obligors*);

(v) any provision which expressly requires the consent of all the Lenders;

(vi) Clause 2.2 (Finance Parties' rights and obligations), Clause 24 (Changes to the Lenders) or this Clause 35 (Amendment and waivers); or

(vii) the nature or scope of the guarantee and indemnity granted under Clause 15 (*Guarantee and Indemnity*),

shall not be made without the prior consent of all the Lenders.

(b) An amendment or waiver which relates to the rights or obligations of the Agent or the Security Trustee (each in their capacity as such) may not be effected without the consent of the Agent, the Security Trustee.

36. CONFIDENTIALITY

36.1 **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 36.2 (*Disclosure of Confidential Information*) and Clause 36.3 (*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.

36.2 **Disclosure of Confidential Information.** Any Finance Party may disclose:

(a) to any of its Affiliates and Related Funds and any of its or their officers, directors, employees, professional advisers, auditors, partners and Representatives such Confidential Information as that Finance Party shall consider appropriate if any person to whom the Confidential Information is to be given pursuant to this paragraph (a) is informed in writing of its confidential nature and that some or all of such Confidential Information may be price-sensitive information except that there shall be no such requirement to so inform if the recipient is subject to professional obligations to maintain the confidentiality of the information or is otherwise bound by requirements of confidentiality in relation to the Confidential Information;

(b) to any person:

(i) to (or through) whom it assigns or transfers (or may potentially assign or transfer) all or any of its rights and/or obligations under one or more Finance Documents and to any of that person's Affiliates, Related Funds, Representatives and professional advisers;

(ii) with (or through) whom it enters into (or may potentially enter into), whether directly or indirectly, any sub-participation in relation to, or any other transaction under which payments are to be made or may be made by reference to, one or more Finance Documents and/or one or more Obligors and to any of that person's Affiliates, Related Funds, Representatives and professional advisers;

(iii) appointed by any Finance Party or by a person to whom paragraph (b)(i) or (ii) above applies to receive communications, notices, information or documents delivered pursuant to the Finance Documents on its behalf (including, without limitation, any person appointed under paragraph (c) of Clause 26.18 (*Relationship with the Lenders*));

(iv) who invests in or otherwise finances (or may potentially invest in or otherwise finance), directly or indirectly, any transaction referred to in paragraph (b)(i) or (b)(ii) above;

(v) to whom information is required or requested to be disclosed by any court of competent jurisdiction or any governmental, banking, taxation or other regulatory authority or similar body, the rules of any relevant stock exchange or pursuant to any applicable law, rule or regulation including without limitation the rules or regulations of the United States Securities and Exchange Commission;

(vi) to whom or for whose benefit that Finance Party chargers, assigns or otherwise creates Security (or may do so) pursuant to Clause 24.8 (*Security over Lenders' rights*);

(vii) to whom information is required to be disclosed in connection with, and for the purposes of, any litigation, arbitrations, administrative or other investigations, proceedings or disputes;

(viii) who is a Party; or

(ix) with the consent of the Borrower;

in each case, such Confidential Information as that Finance Party shall consider appropriate if:

(A) in relation to paragraphs (b)(i), (b)(ii) and b(iii) above, the person to whom the Confidential Information is to be given has entered into a Confidentiality Undertaking except that there shall be no requirement for a Confidentiality Undertaking if the recipient is a professional adviser and is subject to professional obligations to maintain the confidentiality of the Confidential Information;

(B) in relation to paragraph (b)(iv) above, the person to whom the Confidential Information is to be given has entered into a Confidentiality Undertaking or is otherwise bound by requirements of confidentiality in relation to the Confidential Information they receive and is informed that some or all of such Confidential Information may be price-sensitive information;

(C) in relation to paragraphs (b)(v), (b)(vi) and (b)(vii) above, the person to whom the Confidential Information is to be given is informed of its confidential nature and that some or all of such Confidential Information may be price-sensitive information except that there shall be no requirement to so inform if, in the opinion of that Finance Party, it is not practicable so to do in the circumstances;

(c) to any person appointed by that Finance Party or by a person to whom paragraph (b)(i) or (b)(ii) above applies to provide administration or settlement services in respect of one or more of the Finance Documents including without limitation, in relation to the trading of participations in respect of the Finance Documents, such Confidential Information as may be required to be disclosed to enable such service provider to provide any of the services referred to in this paragraph (c) if the service provider to whom the Confidential Information is to be given has entered in to a confidentiality agreement substantially in the form of the LMA Master Confidentiality Undertaking for Use With Administration/Settlement Service Providers or

such other form of confidentiality undertaking agreed between the and the relevant Finance Party;

(d) to any rating agency (including its professional advisers) such Confidential Information as may be required to be disclosed to enable such rating agency to carry out its normal rating activities in relation to the Finance Documents and/or the Obligors if the rating agency to whom the Confidential Information is to be given is informed of its confidential nature and that some or all of such Confidential Information may be price-sensitive information.

(e) to any investor or potential investor in a securitisation (or similar transaction of broadly equivalent economic effect of that Finance Party's rights and obligations under the Finance Documents) the size and term of the Facility and the name of each of the Obligors.

36.3 **Disclosure to numbering service providers.**

(a) Any Finance Party may disclose to any national or international numbering service provider appointed by that Finance Party to provide identification numbering services in respect of this Agreement, the Facility and/or one or more Obligors the following information:

(i) names of Obligors;

(ii) country of domicile of Obligors;

(iii) place of incorporation of Obligors;

(iv) date of this Agreement;

(v) the name of the Agent;

(vi) date of each amendment and restatement of this Agreement;

(vii) amount of Total Commitments;

(viii) currency of the Facility;

(ix) type of Facility;

(x) ranking of Facility;

(xi) Termination Date for Facility;

(xii) changes to any of the information previously supplied pursuant to paragraphs (i) to (xi) above; and

(xiii) such other information agreed between such Finance Party and the 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 Facility and/or one or more Obligors by a numbering service provider and the information associated with each such number may be disclosed to users of its services in accordance with the standard terms and conditions of that numbering service provider.

(c) Each Obligor represents that none of the information set out in paragraphs (i) to (xiii) of paragraph (a) above is, nor will at any time be, unpublished price-sensitive information.

(d) The Agent shall notify the Borrower and the other Finance Parties of:

(i) the name of any numbering service provider appointed by the Agent in respect of this Agreement, the Facility and/or one or more Obligors; and

(ii) the number or, as the case may be, numbers assigned to this Agreement, the Facility and/or one or more Obligors by such numbering service provider.

36.4 **Entire agreement.** This Clause 36 (*Confidentiality*) 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.

36.5 **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.

36.6 **Notification of disclosure.** Each of the Finance Parties agrees (to the extent permitted by law and regulation) to inform the Borrower:

(a) of the circumstances of any disclosure of Confidential Information made pursuant to paragraph (b)(v) of Clause 36.2 (*Disclosure of Confidential Information*) except where such disclosure is made to any of the persons referred to in that paragraph during the ordinary course of its supervisory or regulatory function; and

(b) upon becoming aware that Confidential Information has been disclosed in breach of this Clause 36 (*Confidentiality*).

36.7 **Continuing obligations.** The obligations in this Clause 36 (*Confidentiality*) are continuing and , in particular, shall survive and remain binding on each Finance Party for a period of 12 months from the earlier of:

(a) the date on which all amounts payable by the Obligors under or in connection with this Agreement have been paid in full and all Commitments have been cancelled or otherwise cease to be available; and

(b) the date on which such Finance Party otherwise ceased to be a Finance Party.

37. COUNTERPARTS

Each Finance Document may be executed in any number of counterparts, and this has the same effect as if the signatures on the counterparts were on a single copy of the Finance Document.

SECTION 12

GOVERNING LAW AND ENFORCEMENT

38. GOVERNING LAW

This Agreement and any non-contractual obligations arising out of or in connection with it are governed by English law.

39. ENFORCEMENT

39.1 **Jurisdiction**

(a) The courts of England have exclusive jurisdiction to settle any dispute arising out of or in connection with this Agreement (including a dispute regarding the existence, validity or termination of this Agreement or any non-contractual obligation arising out of or in connection with this Agreement) (a "**Dispute**").

(b) The Parties agree that the courts of England are the most appropriate and convenient courts to settle Disputes and accordingly no Party will argue to the contrary.

(c) This Clause 39.1 is for the benefit of the Finance Parties only. As a result, 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, the Finance Parties may take concurrent proceedings in any number of jurisdictions.

39.2 **Service of process**

Without prejudice to any other mode of service allowed under any relevant law, each Obligor (other than an Obligor incorporated in England and Wales):

(a) irrevocably appoints Nicolaou & Co at its registered office for the time being (presently at 25 Heath Drive, Potters Bar, Herts, EN6 1EN, 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 the relevant Obligor of the process will not invalidate the proceedings concerned.

SECTION 13

INTERCREDITOR AGREEMENT

40. INTERCREDITOR AGREEMENT; CONFLICTS

Notwithstanding anything to the contrary in this Agreement, the Security granted to the Security Trustee pursuant to this Agreement and the other Finance Documents and the exercise of any right or remedy by the Security Trustee under this Agreement and the other Finance Documents are subject to the provisions of the Intercreditor Agreement. In the event of any conflict between the terms of the Intercreditor Agreement and this Agreement, the terms of the Intercreditor Agreement shall prevail.

This Agreement has been entered into on the date stated at the beginning of this Agreement.

SCHEDULE 1

THE PARTIES

PART I

THE OBLIGORS

Name of Borrower	**Place of Incorporation/ Registered office**
Diana Containerships Inc.	Marshall Islands Trust Company Complex Ajeltake Island PO Box 1405 Majuro Marshall Islands MH96960
Name of Guarantor	**Place of Incorporation/ Registered office**
Likiep Shipping Company Inc.	Marshall Islands Trust Company Complex Ajeltake Island PO Box 1405 Majuro Marshall Islands MH96960
Orangina Inc.	Marshall Islands Trust Company Complex Ajeltake Island PO Box 1405 Majuro Marshall Islands MH96960
Mago Shipping Company Inc.	Marshall Islands Trust Company Complex Ajeltake Island PO Box 1405 Majuro Marshall Islands MH96960

Dud Shipping Company Inc.	Marshall Islands Trust Company Complex Ajeltake Island PO Box 1405 Majuro Marshall Islands MH96960
Rongerik Shipping Company Inc.	Marshall Islands Trust Company Complex Ajeltake Island PO Box 1405 Majuro Marshall Islands MH96960
Langor Shipping Company Inc.	Marshall Islands Trust Company Complex Ajeltake Island PO Box 1405 Majuro Marshall Islands MH96960
Meck Shipping Company Inc.	Marshall Islands Trust Company Complex Ajeltake Island PO Box 1405 Majuro Marshall Islands MH96960
Eluk Shipping Company Inc.	Marshall Islands Trust Company Complex Ajeltake Island PO Box 1405 Majuro Marshall Islands MH96960
Oruk Shipping Company Inc.	Marshall Islands Trust Company Complex Ajeltake Island PO Box 1405 Majuro Marshall Islands MH96960

Delap Shipping Company Inc.	Marshall Islands Trust Company Complex Ajeltake Island PO Box 1405 Majuro Marshall Islands MH96960
Jabor Shipping Company Inc.	Marshall Islands Trust Company Complex Ajeltake Island PO Box 1405 Majuro Marshall Islands MH96960

SCHEDULE 1

THE PARTIES

PART II

LENDERS

Name of Lender	**Lending Office**	**Loan Commitment**
Addiewell Ltd	(t/b/a)	$35,000,000

SCHEDULE 2

CONDITIONS PRECEDENT TO UTILISATION

1. Obligors

(a) A copy of the constitutional documents of each Obligor.

(b) A copy of a resolution of the executive committee of the Borrower and the board of directors of each Guarantor:

(i) approving the terms of, and the transactions contemplated by, the Finance Documents to which it is a party and resolving that it execute the Finance Documents to which it is a party;

(ii) authorising a specified person or persons to execute the Finance Documents to which it is a party on its behalf; and

(iii) authorising a specified person or persons, on its behalf, to sign and/or despatch all documents and notices (including, if relevant, a Utilisation Request) to be signed and/or despatched by it under, or in connection with, the Finance Documents to which it is a party.

(c) A specimen of the signature of each person authorised by the resolution referred to in paragraph (b) above.

(d) A copy of a resolution signed by all the holders of the issued shares in each Guarantor, approving the terms of, and the transactions contemplated by, the Finance Documents to which the Guarantor is a party.

(e) A certificate of an authorised signatory of the relevant Obligor certifying that each copy document relating to it specified in this Schedule 2 is correct, complete and in full force and effect as at a date no earlier than the date of this Agreement.

2. Notes

(a) A duly executed original of the Notes.

3. Ships and other security

(a) A duly executed original of the Mortgage and of the Insurance Assignment relating to each Ship together with documentary evidence that the Mortgage relating to each Ship has been duly registered as a valid first preferred or priority ship mortgage in accordance with the laws of the relevant Approved Flag State.

(b) Documentary evidence that each Ship:

(i) is definitively and permanently registered in the name of a Guarantor under an Approved Flag;

(ii) is in the absolute and unencumbered ownership of a Guarantor save as contemplated by the Finance Documents;

(iii) maintains the highest classification available to ships of the same type, specification and age of such Ship with a classification society which is a member of the International Association of Classification Societies free of all overdue recommendations and conditions of such classification society affecting class; and

(iv) is insured in accordance with this Agreement and all requirements therein in respect of insurances have been complied with.

(c) Documents establishing that each Ship will, as from the first Utilisation Date, be managed by the Approved Manager on terms acceptable to the Lenders, together with:

(i) a letter of undertaking (which shall constitute a Finance Document) executed by the Approved Manager in favour of the Security Trustee in terms required by the Agent subordinating the rights of the Approved Manager against the Obligors to the rights of the Finance Parties under the Finance Documents; and

(ii) copies of the Approved Manager's Document of Compliance and of each Ship's Safety Management Certificate (together with any other details of the applicable safety management system which the Agent requires) and ISSC.

(d) A duly executed original of the Proceeds Assignment together with such documents and evidence as shall be required pursuant thereto.

(e) A duly executed original of the Intercreditor Agreement and copies of each Subordinated Finance Document.

(f) A duly executed original of a Share Security in respect of each Guarantor (and of each document to be delivered under each such Share Security).

4. Legal opinions

If an Obligor is incorporated in a jurisdiction other than England and Wales, a legal opinion of the legal advisers to the Finance Parties in the relevant jurisdiction, substantially in the form distributed to the Lenders before signing this Agreement.

5. Other documents and evidence

(a) Evidence that any process agent referred to in Clause 39.2 (*Service of process*) has accepted its appointment.

(b) 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 any Finance Document or for the validity and enforceability of any Finance Document.

(c) The financial states of the Borrower for the fiscal year ending 31 December 2016 and the fiscal quarter ending 31 March 2017 (provided that public filings made with the SEC containing such financial statements are deemed to have been delivered to the Agent).

(d) Evidence that the fees, costs and expenses then due from the Borrower pursuant to Clause 11 (*Fees*) and Clause 14 (*Costs and expenses*) have been paid or will be paid by the Utilisation Date.

(e) 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) in order for the 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, regulations and internal guidelines pursuant to the transactions contemplated in the Finance Documents.

(f) Certified copies of each of the Warrants and the terms and conditions attaching to the Warrants.

6. REFINANCING MECHANICS

Such evidence as the Lender may require that save for the payment of the Loan amount to RBS the Borrower and the Guarantors have no continuing obligation or liability to RBS whatsoever.

SCHEDULE 3

UTILISATION REQUEST

From: Diana Containerships Inc.

To: Addiewell Ltd

Dated: [●]

Dear Sirs

Diana Containerships Inc. – Facility Agreement
dated [●] 2017 (the "Agreement")

1. We refer to the Agreement. This is a Utilisation Request. Terms defined in the agreement have the same meaning in this utilisation request unless given a different meaning in this Utilisation Request.

2. We wish to borrow the Loan on the following terms:

Proposed Utilisation Date:	[●] (or, if that is not a Business Day, the next Business Day)
Amount:	[●]

3. We confirm that each condition specified in Clause [●] (*conditions precedent*) of the agreement is satisfied on the date of this utilisation request.

4. The proceeds of this Loan should be credited to [*account*].

5. This Utilisation Request is irrevocable.

Yours faithfully

authorised signatory for

Diana Containerships Inc.

SCHEDULE 4

FORM OF TRANSFER CERTIFICATE

To: Addiewell Ltd as Agent

From: [*The Existing Lender*] (the "**Existing Lender**") and [*The New Lender*] (the "**New Lender**")

Dated: [●]

Diana Containerships Inc. – Facility Agreement
dated [●] 2017 (the "Agreement")

1. We refer to the Agreement. This is a Transfer Certificate. Terms defined in the agreement have the same meaning in this Transfer Certificate unless given a different meaning in this Transfer Certificate.

2. We refer to Clause 24.5 (*Procedure for Transfer*) of the agreement:

(a) The Existing Lender and the New Lender agree to the Existing Lender transferring to the New Lender by novation all or part of the Existing Lender's Commitment, rights and obligations referred to in the Schedule in accordance with Clause 24.5 (*Procedure for transfer*) of the Agreement.

(b) The proposed Transfer Date is [●].

(c) The Facility Office and address, fax number and attention details for notices of the New Lender for the purposes of Clause 31.2 (*Addresses*) of the Agreement are set out in the Schedule.

3. The New Lender expressly acknowledges the limitations on the Existing Lender's obligations set out in paragraph (c) of Clause 24.4 (*Limitation of responsibility of Existing Lenders*) of the Agreement.

4. This Transfer Certificate may be executed in any number of counterparts and this has the same effect as if the signatures on the counterparts were on a single copy of this Transfer Certificate.

5. This Transfer Certificate is governed by English law.

6. This Transfer Certificate has been entered into on the date stated at the beginning of this Transfer Certificate.

THE SCHEDULE

Commitment/rights and obligations to be transferred

[*insert relevant details*]
[*Facility Office address, fax number and attention details for notices and account details for payments.*]

[*Existing Lender*]	[*New Lender*]
By:[ ]	By:[ ]

This Transfer Certificate is accepted by the Agent and the Transfer Date is confirmed as [ ].

Addiewell Ltd

By:[ ]

SCHEDULE 5

FORM OF ASSIGNMENT AGREEMENT

To: Addiewell Ltd as Agent and Diana Containerships Inc. as Borrower, for and on behalf of each Obligor

From: [the *Existing Lender*] (the "**Existing Lender**") and [the *New Lender*] (the "**New Lender**")

Dated:

Diana Containerships Inc. - Facility Agreement
dated [ ] 2017 (the "Agreement")

1. We refer to the Agreement. This is an Assignment Agreement. Terms defined in the Agreement have the same meaning in this assignment Agreement unless given a different meaning in this Assignment Agreement.

2. We refer to Clause 27.6 (*Procedure for Assignment*):

(a) The Existing Lender assigns absolutely to the New Lender all the rights of the Existing Lender under the Agreement and the other Finance Documents which relate to that portion of the Existing Lender's Commitments and participations in the Loan under the Agreement as specified in the Schedule.

(b) The Existing Lender is released from all the obligations of the Existing Lender which correspond to that portion of the Existing Lender's Commitments and participations in the Loan under the Agreement specified in the Schedule.

(c) The New Lender becomes a Party as a Lender and is bound by obligations equivalent to those from which the Existing Lender is released under paragraph (b) above.

3. The proposed Transfer Date is [ ].

4. On the Transfer Date the New Lender becomes Party to the Finance Documents as a Lender.

5. The Facility Office and address, fax, number and attention details for notices of the New Lender for the purposes of Clause 31.2 (*Addresses*) are set out in the schedule.

6. The New Lender expressly acknowledges the limitations on the Existing Lender's obligations set out in paragraph (c) of Clause 24.4 (*Limitation of responsibility of Existing Lenders*).

7. This Assignment Agreement acts as notice to the Agent (on behalf of each Finance Party) and, upon delivery in accordance with Clause 24.7 (*Copy of Transfer Certificate or Assignment Agreement to Borrower*), to the Borrower (on behalf of each Obligor) of the assignment referred to in this Assignment Agreement.

8. This Assignment Agreement may be executed in any number of counterparts and this has the same effect as if the signatures on the counterparts were on a single copy of this Assignment Agreement.

9. This Assignment and any non-contractual obligations arising out of or in connection with it are governed by English law.

10. This Assignment Agreement has been entered into on the date stated at the beginning of this Assignment Agreement.

THE SCHEDULE

Rights to be assigned and obligations to be released and undertaken

[*insert relevant details*]

[*Facility office address, fax number and attention details for notices and account details for payments*]

[Existing Lender] [New Lender]

By: By:

This Assignment Agreement is accepted by the Agent and the Transfer Date is confirmed as [l].

Signature of this Assignment Agreement by the Agent constitutes confirmation by the Agent of receipt of notice of the assignment referred to herein, which notice the Agent receives on behalf of each Finance Party.

Addiewell Ltd

By:

SIGNATORIES

Borrower

SIGNED by Nicholas Kaasik	)	/s/ Nicholas Kaasik
for and on behalf of	)	
DIANA CONTAINERSHIPS INC.	)	
in the presence of: Sophia Agathis	)	/s/ Sophia Agathis

Address for notices:

Pendelis 16
175 64 Palaio Faliro
Athens
Greece

Fax Number: +30210 942 4975
Attention: Mr S. P. Palios

Guarantors

SIGNED by Nicholas Kaasik	)	/s/ Nicholas Kaasik
for and on behalf of	)	
LIKIEP SHIPPING COMPANY INC.	)	
in the presence of: Sophia Agathis	)	/s/ Sophia Agathis

Address for notices:

Pendelis 16
175 64 Palaio Faliro
Athens
Greece

Fax Number: +30210 942 4975
Attention: Mr S. P. Palios

SIGNED by Nicholas Kaasik	)	/s/ Nicholas Kaasik
for and on behalf of	)	
ORANGINA INC.	)	
in the presence of: Sophia Agathis	)	/s/ Sophia Agathis

Address for notices:

Pendelis 16
175 64 Palaio Faliro
Athens
Greece

Fax Number: +30210 942 4975
Attention: Mr S. P. Palios

SIGNED by Nicholas Kaasik	)	/s/ Nicholas Kaasik
for and on behalf of	)	
MAGO SHIPPING COMPANY INC.	)	
in the presence of: Sophia Agathis	)	/s/ Sophia Agathis

Address for notices:

Pendelis 16
175 64 Palaio Faliro
Athens
Greece

Fax Number: +30210 942 4975
Attention: Mr S. P. Palios

SIGNED by Nicholas Kaasik	)	/s/ Nicholas Kaasik
for and on behalf of	)	
DUD SHIPPING COMPANY INC.	)	
in the presence of: Sophia Agathis	)	/s/ Sophia Agathis

Address for notices:

Pendelis 16
175 64 Palaio Faliro
Athens
Greece

Fax Number: +30210 942 4975
Attention: Mr S. P. Palios

SIGNED by Nicholas Kaasik	)	/s/ Nicholas Kaasik
for and on behalf of	)	
RONGERIK SHIPPING COMPANY INC.	)	
in the presence of: Sophia Agathis	)	/s/ Sophia Agathis

Address for notices:

Pendelis 16
175 64 Palaio Faliro
Athens
Greece

Fax Number: +30210 942 4975
Attention: Mr S. P. Palios

SIGNED by Nicholas Kaasik	)	/s/ Nicholas Kaasik
for and on behalf of	)	
LANGOR SHIPPING COMPANY INC.	)	
in the presence of: Sophia Agathis	)	/s/ Sophia Agathis

Address for notices:

Pendelis 16
175 64 Palaio Faliro
Athens
Greece

Fax Number: +30210 942 4975
Attention: Mr S. P. Palios

SIGNED by Nicholas Kaasik	)	/s/ Nicholas Kaasik
for and on behalf of	)	
MECK SHIPPING COMPANY INC.	)	
in the presence of: Sophia Agathis	)	/s/ Sophia Agathis

Address for notices:

Pendelis 16
175 64 Palaio Faliro
Athens
Greece

Fax Number: +30210 942 4975
Attention: Mr S. P. Palios

SIGNED by Nicholas Kaasik	)	/s/ Nicholas Kaasik
for and on behalf of	)	
ELUK SHIPPING COMPANY INC.	)	
in the presence of: Sophia Agathis	)	/s/ Sophia Agathis

Address for notices:

Pendelis 16
175 64 Palaio Faliro
Athens
Greece

Fax Number: +30210 942 4975
Attention: Mr S. P. Palios

SIGNED by Nicholas Kaasik	)	/s/ Nicholas Kaasik
for and on behalf of	)	
ORUK SHIPPING COMPANY INC.	)	
in the presence of: Sophia Agathis	)	/s/ Sophia Agathis

Address for notices:

Pendelis 16
175 64 Palaio Faliro
Athens
Greece

Fax Number: +30210 942 4975
Attention: Mr S. P. Palios

SIGNED by Nicholas Kaasik	)	/s/ Nicholas Kaasik
for and on behalf of	)	
DELAP SHIPPING COMPANY INC.	)	
in the presence of: Sophia Agathis	)	/s/ Sophia Agathis

Address for notices:

Pendelis 16
175 64 Palaio Faliro
Athens
Greece

Fax Number: +30210 942 4975
Attention: Mr S. P. Palios

SIGNED by Nicholas Kaasik	)	/s/ Nicholas Kaasik
for and on behalf of	)	
JABOR SHIPPING COMPANY INC.	)	
in the presence of: Sophia Agathis	)	/s/ Sophia Agathis

Address for notices:

Pendelis 16
175 64 Palaio Faliro
Athens
Greece

Fax Number: +30210 942 4975
Attention: Mr S. P. Palios

Lenders

SIGNED by	)	/s/ Cokhava Marciano
for and on behalf of	)	
ADDIEWELL LTD	)	
in the presence of:	)	Cokhava Marciano
	)	28 Cranbourne Gardens
	)	NW11 OHP

Address for notices:

Fax Number:
Attention:

Agent

SIGNED by	)	/s/ Cokhava Marciano
for and on behalf of	)	
ADDIEWELL LTD	)	
in the presence of:	)	Cokhava Marciano
	)	28 Cranbourne Gardens
		NW11 OHP

Address for notices:

Fax Number:
Attention;

Security Trustee

SIGNED by	)	/s/ Cokhava Marciano
for and on behalf of	)	
ADDIEWELL LTD	)	
in the presence of:	)	Cokhava Marciano
	)	28 Cranbourne Gardens
	)	NW11 OHP

Address for notices:

Fax Number:
Attention;

Exhibit 4.26

Dated 30 June 2017
Borrower
DIANA CONTAINERSHIPS INC.

Owners
As specified in SCHEDULE 4

Senior Mortgagee
ADDIEWELL LTD

Subordinated Mortgagee
DIANA SHIPPING INC.

INTERCREDITOR AGREEMENT
relating to security for a Term Loan Facility of $35,000,000 and a Discount Premium Amount of $10,000,000 secured, inter alia, on the Ships as specified in Schedule 4.

Contents

THIS INTERCREDITOR AGREEMENT is dated 30 June 2017 and made between:

(1) **DIANA CONTAINERSHIPS INC.** (the "**Borrower**");

(2) the entities listed in Schedule 4 (together the "**Owners**");

(3) **ADDIEWELL LTD** (the "**Senior Mortgagee**") acting in its capacity as agent and as trustee for the Senior Finance Parties; and

(4) **DIANA SHIPPING INC.** (the "**Subordinated Mortgagee**") acting in its capacity as lender and as agent and as trustee for the Subordinated Finance Parties,

(each as described in more detail in Schedule 1). The Borrower and the Owners are collectively referred to as the Obligors.

NOW IT IS HEREBY AGREED as follows:

1 Purpose and definitions

1.1 Purpose

This Agreement sets out the terms and conditions upon and subject to which the Senior Mortgagee consents to each Obligor granting the Subordinated Security in favour of the Subordinated Mortgagee and to the borrowing by the Borrower of the Subordinated Loan and the incurrence of the Subordinated Discount Premium Amount.

1.2 Definitions

In this Agreement, unless the context otherwise requires:

Business Day means a day (other than a Saturday or Sunday) (i) which is not a public holiday in Athens and (ii) on which banks are open for general business in London, Athens and New York.

Charged Property means all of the assets of the Obligors which from time to time are, or are expressed or intended to be, the subject of the Senior Security Documents.

Discount Premium Amount means the amount of $10,000,000 payable to the Senior Mortgagee pursuant to the Senior Facility Agreement.

Distribution means any payment by or distribution of assets of any Obligor whether in cash, properties, securities or otherwise.

Initial Permitted Payments Period means the period prior to the occurrence of (i) an Insolvency Event in relation to any Obligor, (ii) a demand by the Senior Mortgagee on the Borrower for the repayment in full of the Senior Loan or the Premium Discount Amount or (iii) the Termination Date as defined in the Senior Facility Agreement.

Insolvency Event means, in relation to any Obligor:

(a) any resolution is passed or order made for the winding up, dissolution, administration or reorganisation of that Obligor, a moratorium is declared in relation to any indebtedness of that Obligor or an administrator is appointed to that Obligor;

(b) any composition, compromise, assignment or arrangement is made with any of its creditors;

(c) the appointment of any liquidator, receiver, administrative receiver, administrator, compulsory manager or other similar officer in respect of that Obligor or any of its assets; or

(d) any filing by an Obligor with any Court or public body seeking, or the effect of which is, protection of such Obligor from the claims of its creditors;

(e) any analogous procedure or step is taken in any jurisdiction.

Joint Security Period means the period terminating upon the earlier of the end of the Senior Security Period and the end of the Subordinated Security Period.

Mortgagee means the Senior Mortgagee or the Subordinated Mortgagee.

Permitted Payments means the payments to the Subordinated Mortgagee permitted to be made in accordance with clause 3.1 and clause 3.2(a).

Prior Claims means, in relation to any Security Proceeds, any claims, liabilities or debts owed or incurred to any persons which take priority in respect of such Security Proceeds over the security created by the Security Documents.

Proceeds means the proceeds (net of usual commissions and direct collection expenses) of (i) the disposal of any Ship, (ii) the disposal of any other asset of the Borrower and/or the Obligors, (iii) the sale of, realisation or proceeds of warrants of the Borrower, (v) the sale of shares in the Borrower (vi) the disposal of any of the shares of the Owners and (vii) the proceeds of Total Loss of any Ship.

Relevant Jurisdiction means, in relation to a party to this Agreement:

(a) its jurisdiction of incorporation;

(b) any jurisdiction where any Charged Property owned by it is situated;

(c) (except in the case of a Mortgagee) any jurisdiction where it conducts its business; and

(d) any jurisdiction whose laws govern the perfection of any security created by it under the Security Documents.

Refinancing Proceeds means the proceeds of any refinancing of the Borrower and/or the Guarantors by a third party financial institution or investor for the purpose of repaying the Senior Loan and the Discount Premium Amount.

Security Documents means any or all of the Senior Security Documents and any or all of the Subordinated Security Documents.

Security Proceeds means any moneys received by a Mortgagee pursuant to the exercise of any of its rights under the Security Documents in its favour.

Senior Facility Agreement means the facility agreement described as such in Schedule 1.

Senior Facility Limit means the maximum amount available for drawing under the Senior Facility Agreement on the date of this Agreement.

Senior Finance Documents means the Senior Facility Agreement and/or the Senior Security Documents.

Senior Finance Parties means the Finance Parties (as defined in the Senior Facility Agreement) and **Senior Finance Party** means any of them.

Senior Indebtedness means the indebtedness secured by the Senior Security Documents including, without limitation, the Senior Loan and the Discount Premium Amount.

Senior Loan means the loan of $35,000,000 payable pursuant to the Senior Loan Agreement.

Senior Security Documents means the documents specified in Schedule 2.

Senior Security Period means the period terminating upon the full payment and discharge of the Senior Indebtedness.

Ship means each vessel defined in Schedule 4.

Subordinated Discount Premium Amount means the amount of $5,000,000 payable to the Subordinated Mortgagee pursuant to the Subordinated Facility Agreement.

Subordinated Facility Agreement means the facility agreement described as such in Schedule 1.

Subordinated Finance Documents means the Subordinated Facility Agreement and the Subordinated Security Documents.

Subordinated Finance Parties means the Finance Parties (as defined in the Subordinated Facility Agreement) and Subordinated Finance Party means any of them.

Subordinated Indebtedness means the indebtedness owing to the Subordinated Mortgagee under any Subordinated Finance Documents and/or secured by the Subordinated Security Documents.

Subordinated Loan means the Loan of $82,616,666.66 pursuant to the Subordinated Facility Agreement.

Subordinated Security Documents means the documents specified in Schedule 3.

Subordinated Security Period means the period terminating upon the full payment and discharge of the Subordinated Indebtedness.

1.3 Construction

(a) Unless a contrary indication appears, any reference in this Agreement to:

(i) clauses and the Schedules are to be construed as references to the clauses of, and the Schedules to, this Agreement and references to this Agreement include its Schedules;

(ii) any agreement or instrument is a reference to that agreement or instrument as it may from time to time be amended, restated, novated or replaced, however fundamentally;

(iii) words importing the plural shall include the singular and vice versa;

(iv) any person includes its successors in title, permitted assignees or transferees;

(v) **agreed form** of a document means the form of a document separately approved in writing by the Senior Mortgagee;

(vi) **assets** includes present and future properties, revenues and rights of every description;

(vii) an **authorisation** means any authorisation, consent, concession, approval, resolution, licence, exemption, filing, notarisation or registration;

(viii) **dollar**/**$** means the lawful currency of the United States of America;

(ix) **indebtedness** includes any obligation (whether incurred as principal or as surety) for the payment or repayment of money, whether present or future, actual or contingent;

(x) an **obligation** means any duty, obligation or liability of any kind;

(xi) a **person** includes any individual, firm, company, corporation, government, state or agency of a state or any association, trust, joint venture, consortium or partnership (whether or not having separate legal personality);

(xii) **right** means any right, privilege, power or remedy, any proprietary interest in any asset and any other interest or remedy of any kind, whether actual or contingent, present or future, arising under contract or law, or in equity or in admiralty;

(xiii) **security** means a mortgage, charge, pledge, lien, assignment, trust, hypothecation or other security interest of any kind securing any obligation of any person or any other agreement or arrangement having a similar effect; and

(xiv) a provision of law is a reference to that provision as amended or re-enacted.

(b) Where in this Agreement a provision includes a monetary reference level in one currency, unless a contrary indication appears, such reference level is intended to apply equally to its equivalent in other currencies as of the relevant time for the purposes of applying such reference level to any other currencies.

(c) Clause and Schedule headings are for ease of reference only.

1.4 Third party rights

A person who is not a party to this Agreement has no right under the Contracts (Rights of Third Parties) Act 1999 (the **Third Parties Act**) to enforce or to enjoy the benefit of any term of this Agreement.

2 Agreement to Subordinated Security Documents

The Senior Mortgagee, at the request of the Obligors and the Subordinated Mortgagee, consents and agrees (subject to the Senior Security Documents having first been executed and (in relation to each ship mortgage specified in Schedule 2, registered with any applicable ship registry in accordance with the Senior Facility Agreement)) to:

(a) the advance by the Subordinated Mortgagee of the Subordinated Loans and the incurrence of the Subordinated Discount Premium Amount;

(b) the execution of the Subordinated Security Documents in favour of the Subordinated Mortgagee; and

(c) the registration of any Subordinated Security Document with the applicable ship registry.

3 Subordinated Mortgagee's undertakings

The Subordinated Mortgagee agrees to the terms of this clause 3 and undertakes to comply with those terms throughout the Joint Security Period.

3.1 Payments Permitted to Subordinated Mortgagee

(a) The Borrower, the Owner and the Subordinated Mortgagee agree with the Senior Mortgagee that during the Initial Permitted Payments Period, the Subordinated Mortgagee may receive and accept payment of interest on the Subordinated Loans and the Subordinated Discount Premium Amount payable at the times and in the amounts provided in the Subordinated Finance Documents provided that (i) the Borrower has freely available cash to do so without diminishing the necessary working capital for the secure trading of the Ships, and (ii) no such payment is made out of Proceeds or Refinancing Proceeds.

(b) In addition during the Initial Permitted Payment Period and at any time after the repayment in full of the Senior Loan, the Subordinated Mortgagee may receive and accept payment of principal of Subordinated Loan up to the first $40 million out of the Proceeds or derived from any other source permitted under the Senior Facility Agreement.

(c) In the case of Refinancing Proceeds, such amounts may be applied in payment of Subordinated Liabilities only after payment in full of the Senior Loan and the Discount Premium Amount.

(d) No part of Subordinated Loan (beyond the first $40 million of the principal pursuant to clause (b) above or Subordinated Discount Premium Amount may be repaid or prepaid at any time prior to the payment in full to the Senior Mortgagee of the Discount Premium Amount.

(e) If during the Initial Permitted Payment Period the Senior Loan has been paid in full and the Discount Premium Amount has been paid in full there shall be no further restrictions on payments to the Subordinated Mortgagee.

3.2 Subordination of the Subordinated Security Documents

(a) Following repayment of the Senior Loan in full (together with all accrued interest and costs) and after the expiry or termination of the Initial Permitted Payment Period, the Senior Mortgagee agrees that any monies thereafter available to the Senior Mortgagee or the Subordinated Mortgagee for application against the Senior Indebtedness and/or the Subordinated Indebtedness (other than Refinancing Proceeds which shall be the subject to clause 3.1(c) before and after the expiry of the Initial Permitted Payments Period) shall be shared equally (50/50 basis) between the Discount Premium Amount and the Subordinated Loan until such time as the Discount Premium Amount (together with all accrued interest and costs) has been repaid in full.

(b) Save as provided in clause 3.1 and clause 3.2(a), the security created by the Subordinated Security Documents in relation to the Charged Property shall be in all respects subordinate to, and rank in priority subsequent to, the security created by the Senior Security Documents.

3.3 Limitations on enforcement; deferral undertakings

Without prejudice to the Permitted Payments, the Subordinated Mortgagee will not, without the prior written consent of the Senior Mortgagee:

(a) Subject to clause 3.1 (*Payments Permitted to Subordinated Mortgagee*), clause 3.2(a) and clause 3.4 *(Permitted protective enforcement)*, take any action to enforce any claim or seek to exercise any rights which the Subordinated Mortgagee has against any Obligor and/or the Charged Property or any part of it under the Subordinated Security Documents (unless and to the extent that the Senior Mortgagee has taken action to enforce its rights under the Senior Security Documents against that Obligor and/or the Charged Property or relevant part of it and continues to do so); or

(b) directly or indirectly:

(i) take, accept or receive from any Obligor or permit to exist any Security Interest created by any Obligor (other than as constituted by the Subordinated Security Documents or otherwise described in the Subordinated Facility Agreement on the date of this Agreement) to secure the payment and/or repayment of any of the Subordinated Indebtedness;

(ii) take, accept or receive any Distribution from the Owner or any other Obligor or any other person liable for any of the Senior Indebtedness;

(iii) (save only to the extent it may be required to do so under any applicable law) set-off any Subordinated Indebtedness against any obligations or liabilities of any kind, future or present, owing or payable by the Subordinated Mortgagee to any Obligor; or

(iv) subject to clause 3.4 *(Permitted protective enforcement)*, commence any proceedings against the Owner or any other Obligor or take any action, for or in respect of the recovery of any of the Subordinated Indebtedness or any part thereof (including, without limitation, any action or step in connection with liquidation, administration, winding-up proceedings or any voluntary arrangement or assignment for the benefit of the Subordinated Mortgagee or any similar proceedings involving the Owner, any other Obligor or the Charged Property or any part thereof).

3.4 Permitted protective enforcement

(a) Notwithstanding clause 3.3 *(Limitations on enforcement; deferral undertakings)*, the Subordinated Mortgagee may join or intervene in or otherwise support any proceedings brought by any other person arising from or relating to the arrest or detention of a Ship (whether at the instance of the Senior Mortgagee or any other person other than the Subordinated Mortgagee) with a view to substantiating, preserving or protecting its interest in such Ship.

(b) If the Subordinated Mortgagee takes such action, it will:

(i) promptly notify the Senior Mortgagee of the action taken; and

(ii) when required by the Senior Mortgagee to do so, withdraw from such proceedings or take whatever other action may be necessary on its part to release such Ship from such arrest or detention where the Senior Mortgagee and any other interested party also withdraw from such proceedings or take the necessary action on their part to release such Ship.

3.5 Prejudicial arrangements

The Subordinated Mortgagee has not entered into, and will not enter into, any arrangement or any transaction which prejudices or may prejudice the Senior Mortgagee and/or the other Senior Finance Parties and/or the security created by the Senior Security Documents.

3.6 Notices of assignment

The Subordinated Mortgagee will not give any notice of any assignment contained in any of the Subordinated Security Documents to any person unless the form of the notice has been approved by the Senior Mortgagee and the notice states that such assignment is subject and subordinate to the prior assignments given in the Senior Security Documents.

3.7 Loss payable clauses and letters of undertaking

The Subordinated Mortgagee will ensure that the terms of any loss payable clause endorsed on any insurance or reinsurance policy or entry pursuant to the Subordinated Finance Documents and any letter of undertaking issued by any broker, insurer, reinsurer or mutual insurance association issued in accordance with their provisions reflect and acknowledge the senior priority of the Senior Security Documents and are not inconsistent with the terms of this Agreement and the Senior Security Documents concerning payments of insurance and/or reinsurance claims to the Senior Mortgagee. Any loss payable clause which has already been disclosed in writing to, and approved in writing by, the Senior Mortgagee on or prior to the date of this Agreement shall be deemed to be consistent with the requirements of this clause.

3.8 Filings

The Subordinated Mortgagee will promptly take such other action as the Senior Mortgagee may request with a view to reflecting the priority of the security created by the Security Documents in any official register or with any filing or registration authority.

3.9 Notice of enforceability

The Subordinated Mortgagee will promptly advise the Senior Mortgagee of any event or circumstance which would (with the giving of notice, the expiry of a grace period, the making of any determination under the Subordinated Finance Documents or any combination of them) entitle the Subordinated Mortgagee (but for the provisions of this Agreement) to enforce any of the security created by the Subordinated Security Documents and/or to require immediate repayment and/or cancellation of the facility provided under the Subordinated Facility Agreement.

3.10 Deemed consents

Where:

(a) something requires the consent or approval of the Subordinated Mortgagee under the Subordinated Finance Documents; and

(b) the same thing requires the consent or approval of the Senior Mortgagee and/or any other Senior Finance Party under the Senior Finance Documents,

then, if the relevant consent or approval is given under the Senior Finance Documents, it shall be deemed also to have been given under the Subordinated Finance Documents. The Subordinated Mortgagee will, promptly upon the Senior Mortgagee's request, issue such waivers as the Senior Mortgagee may reasonably require to give effect to this clause as against any relevant Obligor who is not a party to this Agreement.

The Subordinated Mortgagee has not and will not require any Obligor to seek its consent to any matter for which the consent of the Senior Mortgagee is not also required under the Senior Loan Documents.

3.11 Release of security on sale

If the Senior Mortgagee wishes to sell a Ship, in exercise of its rights pursuant to the Senior Security Documents, whether in its capacity as mortgagee of the Ship or as attorney-in-fact of the Owner, then (whether or not the Security Proceeds resulting from such sale are or will be (after meeting any Prior Claims) sufficient to discharge the Subordinated Indebtedness after discharging the Senior Indebtedness in accordance with clause 7.1) the Subordinated Mortgagee will:

(a) take all such steps as may be necessary to consent to, ratify and confirm, such sale;

(b) co-operate with the Senior Mortgagee for the purpose of carrying out such sale; and

(c) as soon as practicable but not later than two (2) Business Days upon being requested by the Senior Mortgagee to do so, execute any discharges and/or reassignments and/or notices of discharge and/or notices of reassignment as may be necessary to allow the sale to take place free of any security created by the Subordinated Security Documents.

3.12 Assignments by Subordinated Mortgagee

The Subordinated Mortgagee will not assign or otherwise transfer, or grant security over, its rights under the Subordinated Security Documents to another person unless the relevant person has first undertaken (in a form satisfactory to the Senior Mortgagee) that, on any such assignment, transfer or grant taking place, it will comply with, and be bound by and perform, all the obligations of the Subordinated Mortgagee under this Agreement. Any purported assignment by the Subordinated Mortgagee in breach of this provision shall be invalid and ineffective.

3.13 Variations to Subordinated Security Documents

The Subordinated Mortgagee will not, without the prior written consent of the Senior Mortgagee, amend, vary, modify or excuse performance of the terms of the repayment of principal of, or the payment of interest on, the loan made available pursuant to the Subordinated Facility Agreement. For the avoidance of doubt, and notwithstanding anything to the contrary in this Agreement, the Subordinated Mortgagee shall not in any way be restricted from excusing, or extending time for, performance by the Obligors of, any obligation under the Subordinated Finance Documents

3.14 Freedom to enforce Senior Security Documents

The Senior Mortgagee may at any time, without prior consultation with the Subordinated Mortgagee, take any action to enforce any claim or seek to exercise any rights or security it has pursuant to the Senior Security Documents or refrain from doing so.

3.15 Freedom to vary Senior Finance Documents

Subject to clause 6 *(Senior Mortgagee's undertakings)*, the Subordinated Mortgagee agrees that:

(a) the Senior Mortgagee and/or any other Senior Finance Party may, whenever it wishes and without prior consultation with the Subordinated Mortgagee, agree with any Obligor to vary any of the Senior Finance Documents;

(b) documents implementing or recording such a variation will for the purposes of this Agreement be considered to be an integral part of the Senior Security Documents and to rank in priority to the relevant Subordinated Security Documents; and

(c) the Subordinated Mortgagee will promptly enter into such documents as the Senior Mortgagee may require to maintain or confer such priority.

3.16 Subordination

The Subordinated Mortgagee agrees and undertakes with the Senior Mortgagee that save for the Permitted Payments:

(a) the claims of the Subordinated Mortgagee against such Obligor in respect of the Subordinated Indebtedness shall be postponed in all respects to the Senior Indebtedness;

(b) the Subordinated Mortgagee shall not, unless otherwise directed by the Senior Mortgagee, prove for the Subordinated Indebtedness against such Obligor until the Senior Indebtedness

has first been paid or discharged in full (and for all purposes any Distribution received by the Senior Mortgagee or the other Senior Finance Parties shall only be taken to discharge the Senior Indebtedness to the extent of the actual amount received); and

(c) if the Subordinated Mortgagee is directed by the Senior Mortgagee to prove for the Subordinated Indebtedness then it shall act in accordance with such directions and shall procure that any resultant payments shall be made by the liquidator of such Obligor, or any other person making any Distribution, to the Senior Mortgagee and the other Senior Finance Parties to the extent necessary to repay all the Senior Indebtedness in full.

4 Owner's undertaking

Each Obligor:

(a) acknowledges that it has requested the Senior Mortgagee to enter into this Agreement;

(b) accordingly consents to this Agreement and its implementation;

(c) undertakes to the Senior Mortgagee to do anything and execute any documents which the Senior Mortgagee may at any time reasonably require to implement the terms of this Agreement; and

(d) agrees not to make or permit to be made any payment to the Subordinated Mortgagee or the granting of any security interest in breach of the terms of this Agreement.

5 Attorney

5.1 Grant of power

The Subordinated Mortgagee irrevocably appoints the Senior Mortgagee to be its attorney (with full powers of substitution) in its name and on its behalf to do all things which the Senior Mortgagee may consider necessary or desirable to ensure the Subordinated Mortgagee's compliance with its obligations under this Agreement until the end of the Senior Security Period whereupon this appointment shall cease.

5.2 Exercise of power

The exercise by the Senior Mortgagee of any power under the power of attorney in clause 5.1 (*Grant of power*) shall be conclusive evidence of the Senior Mortgagee's right to exercise it and no person dealing with the Senior Mortgagee shall need to enquire whether it is, or shall be affected by notice that it is not, exercisable. The Subordinated Mortgagee ratifies and confirms whatever the Senior Mortgagee does or purports to do under clause 5.1 *(Grant of power)*.

6 Senior Mortgagee's undertakings

The Senior Mortgagee agrees to the terms of this clause 6 and undertakes on behalf of itself and the other Senior Finance Parties to comply with those terms throughout the Subordinated Security Period.

6.1 Limitation on principal

The Senior Mortgagee represents and agrees that the amount secured by the Senior Security Documents is limited to:

(a) an amount not exceeding the Senior Facility Limit in respect of the principal amount from time to time secured by the Senior Security Documents; and

(b) other moneys (including the Discount Premium Amount interest, capitalised interest, costs, fees and expenses from time to time) expressed to be secured by the Senior Security Documents.

6.2 No further advances

The Senior Mortgagee and the other Senior Finance Parties will not make any advances against the security of the Senior Security Documents which would result in the principal amount secured exceeding the Senior Facility Limit or which advances were not provided for in the Senior Facility Agreement as at the date of this Agreement. However, the Senior Mortgagee and the other Senior Finance Parties may agree to vary, or excuse performance of, the terms of the Senior Finance Documents for the repayment of any amounts payable under such documents.

6.3 Calculation of principal

For the purposes of this clause 6 and for determining whether the principal amount secured by the Senior Security Documents exceeds the Senior Facility Limit, the following amounts shall not be regarded as principal:

(a) any sums (other than fresh advances made under the Senior Facility Agreement) becoming due as a result of any variations to the Senior Finance Documents;

(b) amounts owing under indemnities in the Senior Finance Documents in respect of taxation, currency and other matters; and

(c) losses, costs and expenses incurred by the Senior Mortgagee in perfecting and/or protecting the value of and/or maintaining and/or enforcing or realising its security under the Senior Finance Documents.

Such amounts shall be secured by the Senior Security Documents in priority to the Subordinated Security Documents.

6.4 Assignment by Senior Mortgagee

The Senior Mortgagee will not assign or otherwise transfer, or grant security over, its rights under the Senior Security Documents to another person unless the relevant person has first undertaken (in a form satisfactory to the Senior Mortgagee) that, on any such assignment, transfer or grant taking place, it will comply with, and be bound by and perform, all the obligations of the Senior Mortgagee under this Agreement or it will enter into a replacement co-ordination agreement, or equivalent, on substantially the same terms as this Agreement.

6.5 Assignments to Obligors and affiliates

The Senior Mortgagee will not and neither will any other Senior Finance Party without the prior written consent of the Subordinated Mortgagee assign or otherwise transfer, or grant any security over, its rights under the Senior Security Documents to an Obligor.

6.6 Discharge of Senior Security Documents

The Senior Mortgagee will discharge the Senior Security Documents at the end of the Senior Security Period.

7 Adjustment of priorities

7.1 Application

Any Security Proceeds received by a Mortgagee after the expiry or termination of the Initial Permitted Payment Period shall be applied as follows:

(a) first, in or towards payment of costs and expenses incurred in or about or incidental to the realisation, or attempted realisation, by the Senior Mortgagee of such Security Proceeds (to the extent that such expenses take priority over any Prior Claims);

(b) secondly, in or towards satisfaction of any Prior Claims in respect of such Security Proceeds;

(c) thirdly, in or towards payment of, or retention for the Senior Loan and other monies comprised in the Senior Indebtedness (other than the Discount Premium Account);

(d) fourthly, in or towards payment in accordance with clause 3.2(a) of the Discount Premium Amount and the Subordinated Loan;

(e) fifthly, in or towards payment of, or retention for, the balance of the Subordinated Indebtedness in the manner and order specified in the Subordinated Finance Documents to the extent that the Subordinated Mortgagee is entitled to receive such Security Proceeds under the Subordinated Security Documents; and

(f) sixthly, the balance (if any) shall be paid to whoever is entitled to that balance.

7.2 Post-insolvency interest

For the purposes of this clause *7*, the sums secured by any of the Security Documents shall include (without limitation) all principal and interest secured by the relevant Security Documents, including any interest accruing under those Security Documents after the institution of any bankruptcy, reorganisation, winding-up or insolvency proceedings or other Insolvency Event by or against any Obligor or any Ship whether or not such interest is allowed as a claim in such proceeding.

7.3 Application of security recoveries

The Subordinated Mortgagee will procure that any Security Proceeds received by the Subordinated Mortgagee and/or any receiver appointed by it under any of the Subordinated Security Documents (other than moneys received from the Senior Mortgagee as a result of the application of such moneys in accordance with clause 7.1 (*Application*)) during the Joint Security Period by way of:

(a) any Distribution being made to, or a right of set-off of any obligations or liabilities of the Subordinated Mortgagee to any Obligor against the Subordinated Indebtedness being exercised by, the Subordinated Mortgagee or the Obligors contrary to the provisions of this Agreement; and/or

(b) any Distribution being made by any liquidator or other person to the Subordinated Mortgagee rather than to the Senior Mortgagee or the other Senior Finance Parties as required by clause 3.16; and/or

(c) the Subordinated Mortgagee or the Obligors or any of them being required to exercise rights of set-off of the obligations or liabilities of the Subordinated Mortgagee to any Obligors, against the Senior Indebtedness under applicable law as contemplated in clause 3.3(b)(iii):

are:

(i) held in trust for the Senior Mortgagee; and

(ii) immediately paid to the Senior Mortgagee for application in accordance with clause 7.1 (*Application*).

7.4 Deductions from Security Proceeds

If:

(a) the Subordinated Mortgagee receives from, or at the direction of, any court or any government, state or agency of a state (or an official or representative of a court or any government, state or agency of a state) any amount which represents only part of the proceeds realised from any property subject to the security created by the Security Documents which remain after satisfying any Prior Claims in respect of such proceeds); or

(b) the Senior Mortgagee receives all or part of the balance of such remaining proceeds,

then (notwithstanding clause 7.1 *(Application)*) the Subordinated Mortgagee shall only be required to hold such amount on trust and pay it to the Senior Mortgagee in accordance with clause 7.3 *(Application of security recoveries)* if and to the extent that the remaining proceeds paid to the Senior Mortgagee are insufficient to pay and discharge the Senior Indebtedness in full.

8 Effect of this Agreement

8.1 Preservation of security

Nothing contained in this Agreement shall as between the Obligors and:

(a) the Senior Mortgagee and the other Senior Finance Parties; or

(b) the Subordinated Mortgagee,

affect or prejudice any rights or remedies of the Senior Mortgagee or any other Senior Finance Party or the Subordinated Mortgagee under the Security Documents. The Security Documents shall remain in full force and effect in accordance with their terms as effective securities subject only to the ranking of the Security Documents provided for in this Agreement.

8.2 No enquiry

No purchaser dealing with either Mortgagee or any receiver appointed by either Mortgagee shall be concerned in any way with the provisions of this Agreement but may assume that such Mortgagee or any such receiver is acting in accordance with this Agreement.

8.3 Waivers

Either Mortgagee shall be entitled, without reference to the other, and without prejudicing its rights under this Agreement, to:

(a) grant time or indulgence;

(b) release, compound or otherwise deal with any person liable; or

(c) deal with, exchange, release, modify or abstain from perfecting or enforcing any of the rights which it has against any Obligor and/or the Charged Property.

9 Representations

Each party to this Agreement makes the representations and warranties set out in this clause 9 to the other parties.

9.1 Status

It is duly incorporated and validly existing under the laws of the jurisdiction of its incorporation as a limited liability company or corporation.

9.2 Binding obligations

The obligations expressed to be assumed by it in this Agreement are legal, valid, binding and enforceable obligations.

9.3 Power and authority

It has power to enter into, perform and deliver and comply with its obligations under, and has taken all necessary action to authorise its entry into, this Agreement.

9.4 Validity and admissibility in evidence

All authorisations required or desirable:

(a) to enable it lawfully to enter into, exercise its rights and comply with its obligations under this Agreement; and

(b) to make this Agreement admissible in evidence in each party's Relevant Jurisdictions,

have been obtained or effected and are in full force and effect.

9.5 Governing law and enforcement

The choice of English law or any other applicable law as the governing law of this Agreement will be recognised and enforced in its Relevant Jurisdictions and any judgment obtained in England in relation to a party with respect to this Agreement will be recognised and enforced in its Relevant Jurisdictions.

9.6 Senior Mortgagee as Agent and Bailee for Perfection

Senior Mortgagee agrees to hold following repayment in full of the Loan and the Discount Premium Amount any pledged collateral that is part of the Charged Property (including without limitation any original share certificate) in its possession or control (or in the possession or control of its agents or bailees) as gratuitous bailee and/or gratuitous agent for the benefit of the Subordinated Finance Parties but on the basis that such bailment does not create any legal liability to the Subordinated Finance Parties.

10 Costs and expenses

The Obligors shall promptly on demand pay the Senior Mortgagee the amount of all costs and expenses (including fees, costs and expenses of legal advisers and insurance and other consultants and advisers) incurred by it in connection with the negotiation, preparation, printing, execution, registration and perfection or the enforcement of, or preservation of any rights under this Agreement.

11 Notices

11.1 Communications in writing

Any communication to be made under or in connection with this Agreement shall be made in writing and, unless otherwise stated, may be made by fax or letter.

11.2 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 to this Agreement for any communication or document to be made or delivered under or in connection with this Agreement is that identified with its name in Schedule 1 or, in each case, any substitute address, fax number, or department or officer as that party may notify to the others by not less than five Business Days' notice.

11.3 Delivery

(a) Any communication or document made or delivered by one person to another under or in connection with this Agreement will only be effective:

(i) if by way of fax, when received in legible form; or

(ii) if by way of letter, when it has been left at the relevant address or five Business Days after being deposited in the post postage prepaid in an envelope addressed to it at that address;

and, if a particular department or officer is specified as part of its address details provided under clause 11.2 (*Addresses*), if addressed to that department or officer.

(b) Any communication or document to be made or delivered to a Mortgagee will be effective only when actually received by that Mortgagee and then only if it is expressly marked for the attention of the department or officer identified in Schedule 1 (or any substitute department or officer as that party shall specify for this purpose).

11.4 Electronic communication

(a) Any communication to be made between one Mortgagee and the other Mortgagee under or in connection with this Agreement may be made by electronic mail or other electronic means, and the Mortgagees agree:

(i) that unless and until notified to the contrary, this is an accepted form of communication between them;

(ii) to 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

(iii) to notify each other of any change to their address or any other such information supplied by them.

(b) Any electronic communication made between the Mortgagees will be effective only when actually received in readable form and in the case of any electronic communication made by a Mortgagee to the other Mortgagee only if it is addressed in such a manner as that other Mortgagee shall specify for this purpose.

(c) Any electronic communication which becomes effective, in accordance with paragraph (b) above, after 5:00 p. m. in the place in which the party to whom the relevant communication is

sent or made available has its address for the purpose of this Agreement shall be deemed only to become effective on the following day.

(d) Any reference in this Agreement to a communication being sent or received shall be construed to include that communication being made available in accordance with this clause 11.4.

11.5 English language

Any notice given under or in connection with this Agreement must be in English.

12 Counterparts

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.

13 Partial invalidity

If, at any time, any provision of this Agreement 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.

14 Remedies and waivers

No failure to exercise, nor any delay in exercising, any right or remedy under this Agreement shall operate as a waiver, nor shall any single or partial exercise of any right or remedy prevent any further or other exercise or the exercise of any other right or remedy. The rights and remedies provided in this Agreement are cumulative and not exclusive of any rights or remedies provided by law.

15 Effect as deed

It is intended that this document takes effect as a deed even though each Obligor and the Senior Mortgagee may only execute it under hand.

16 Governing law

This Agreement and any non-contractual obligations connected with this Agreement are governed by English law.

17 Enforcement

17.1 Jurisdiction of English courts

(a) The courts of England have exclusive jurisdiction to settle any dispute arising out of or in connection with this Agreement (including a dispute regarding the existence, validity or termination of this Agreement) (a **Dispute**).

(b) The parties agree that the courts of England are the most appropriate and convenient courts to settle Disputes and, accordingly, that they shall not argue to the contrary.

(c) This clause 17.1 is for the benefit of the Senior Mortgagee only. As a result, the Senior Mortgagee shall not be prevented from taking proceedings relating to a Dispute in any other courts with jurisdiction. To the extent allowed by law, the Senior Mortgagee may take concurrent proceedings in any number of jurisdictions.

17.2 Service of process

Without prejudice to any other mode of service allowed under any relevant law, each Obligor and the Subordinated Mortgagee:

(a) irrevocably appoints the person named in Schedule 1 as its agent for service of process in relation to any proceedings before the English courts in connection with this Agreement;

(b) agrees that failure by an agent for service of process to notify it of the process shall not invalidate the proceedings concerned; and

(c) if any person appointed as its process agent is unable for any reason to act as agent for service of process, it must immediately (and in any event within ten days of such event taking place) appoint another agent on terms acceptable to the Senior Mortgagee. Failing this, the Senior Mortgagee may appoint another agent for this purpose.

This Agreement has been executed as a deed, and it has been delivered on the date stated at the beginning of this Agreement.

Schedule 1
Parties and Facility Agreement

Borrowers

Name	DIANA CONTAINERSHIPS INC.
Country of incorporation:	Marshall Islands
Registered office:	
Process agent:	Nicolaou & Co
Office of process agent:	25 Heath Drive EN6 1EN
Address for service of notices:	Pendelis 16 Paleo Faliro, Athens, Greece
Fax:	+30 210 942 4975
Attention:	Simon Palios
Senior Mortgagee	ADDIEWELL LTD
Country of incorporation:	British Virgin Islands
Registered office:	Addiewell Ltd. Palm Grove House P.O. Box 438 Road Town, Tortola British Virgin Islands
Address for service of notices	As above
Fax:	
Attention:	Attention: Eliyahu Hassett
Senior Facility Agreement	
Description:	A facility agreement dated June 2017.
Original amount of term loan facility:	Up to $35,000 by way of loan and $10,000,000 by way of Discount Premium Amount
Parties (inter alios):	
(a) Borrowers:	Diana Containerships Inc.
(b) Guarantor:	As per list of Owners.

(b)	Lenders:	Addiewell Ltd.
(c)	Agent:	Addiewell Ltd as agent of the Senior Finance Parties from time to time
(c)	Security Trustee:	Addiewell Ltd as security trustee of the Senior Finance Parties from time to time

Subordinated Mortgagee	Diana Shipping Inc.
Country of incorporation:	Marshall Islands

Subordinated Facility Agreement		
Description:		Loan Facility dated June 2017
Amount of facility:		Up to $87,616,666.66
Parties (inter alios):		
(a)	Debtor:	Diana Containerships Inc.
(b)	Creditor:	Diana Shipping Inc.

Schedule 2
Senior Security Documents

1 A first mortgage over each Ship.

2 A first priority deed of assignment of the Insurances and Requisition Compensation in respect of each Ship dated made between the Owner and the Senior Mortgagee.

3 Promissory Notes.

4 Proceeds Assignment.

5 Pledge of Shares in respect of each Owner.

Schedule 3
Subordinated Security Documents

1. A second mortgage over each Ship and executed by the Owner originally in favour of the Subordinated Mortgagee.

2. Each of the deeds of assignment of the Insurances and Requisition Compensation in respect of the Ship made between the Owner and the Subordinated Mortgagee.

3. Promissory Note made in favour of the Subordinated Mortgagee.

4. Proceeds Assignment made in favour of the Subordinated Mortgagee.

5. Pledge of Shares in respect of each Owner made in favour of the Subordinated Mortgagee.

Schedule 4
Owners and Ships

(a) the 3,426 TEU container vessel of 36,087 gross registered tons and IMO No 9401166 named "SAGITTA" and registered in the name of Likiep Shipping Company under Marshall Islands flag; and

(b) the 3,426 TEU container vessel of 36,087 gross registered tons and IMO No 9401178 named "CENTAURUS" and registered in the name of Orangina Inc under Marshall Islands flag.

(c) the 4,923 TEU container vessel of 54,828 gross registered tons and IMO No 9387097 named "NEW JERSEY" and registered in the name of Mango Shipping Company Inc. under Marshall Islands flag.

(d) the 5,042 TEU container vessel of 54,809 gross registered tons and IMO No 9326872 named "PAMINA" and registered in the name of Dud Shipping Company Inc. under Marshall Islands flag.

(e) the 3,739 TEU container vessel of 40,085 gross registered tons and IMO No 9215672 named "DOMINGO" and registered in the name of Rongerik Shipping Company Inc. under Marshall Islands flag.

(f) the 6,494 TEU container vessel of 71,786 gross registered tons and IMO No 9332860 named "HAMBURG" and registered in the name of Langor Shipping Company Inc. under Marshall Islands flag.

(g) the 6,494 TEU container vessel of 71,786 gross registered tons and IMO No 9332858 named "ROTTERDAM" and registered in the name of Meck Shipping Company Inc. under Marshall Islands flag.

(h) the 6,541 TEU container vessel of 73,934 gross registered tons and IMO No 9306172 named "PUELO" and registered in the name of Eluk Shipping Company Inc. under Marshall Islands flag.

(i) the 6,541 TEU container vessel of 73,934 gross registered tons and IMO No 9306158 named "PUCON" and registered in the name of Oruk Shipping Company Inc. under Marshall Islands flag.

(j) the 5,576 TEU container vessel of 66,332 gross registered tons and IMO No 9298997 named "MARCH" and registered in the name of Delap Shipping Company Inc. under Marshall Islands flag.

(k) the 5,576 TEU container vessel of 66,332 gross registered tons and IMO No 9267156 named "GREAT" and registered in the name of Jabor Shipping Company Inc. under Marshall Islands flag.

SIGNATORIES

The Borrower

Signed by Ioannis Zafirakis)
DIANA CONTAINERSHIPS, INC)
as borrower in the presence of:) /s/ Ioannis Zafirakis
Attorney-in-fact

The Owners

Signed by Ioannis Zafirakis)
MAGO SHIPPING COMPANY INC.)
as owner in the presence of:) /s/ Ioannis Zafirakis
Attorney-in-fact

Signed by Ioannis Zafirakis
DUD SHIPPING COMPANY INC.)
as owner in the presence of:) /s/ Ioannis Zafirakis
Attorney-in-fact

Signed by Ioannis Zafirakis
RONGERIK SHIPPING COMPANY INC.)
as owner in the presence of:) /s/ Ioannis Zafirakis
Attorney-in-fact

Signed by Ioannis Zafirakis
LANGOR SHIPPING COMPANY INC.)
as owner in the presence of:) /s/ Ioannis Zafirakis
Attorney-in-fact

Signed by Ioannis Zafirakis
MECK SHIPPING COMPANY INC.)
as owner in the presence of:) /s/ Ioannis Zafirakis
Attorney-in-fact

Signed by Ioannis Zafirakis
ELUK SHIPPING COMPANY INC.)
as owner in the presence of:) /s/ Ioannis Zafirakis
Attorney-in-fact

Signed by Ioannis Zafirakis
ORUK SHIPPING COMPANY INC.) /s/ Ioannis Zafirakis
as owner in the presence of:) Attorney-in-fact

Signed by Ioannis Zafirakis
DELAP SHIPPING COMPANY INC.)
as owner in the presence of:) /s/ Ioannis Zafirakis
Attorney-in-fact

Signed by Ioannis Zafirakis
JABOR SHIPPING COMPANY INC.) /s/ Ioannis Zafirakis
as owner in the presence of:) Attorney-in-fact

Senior Mortgagee

Signed by) /s/ Cokhava Marciano
ADDIEWELL LTD) Attorney-in-fact

Cokhava Marciano
28 Cranbourne Gardens
NW11 OHP

as Mortgagee in the presence of:

The Subordinated Mortgagee

EXECUTED as a **DEED**
by: Ioannis Zafirakis)
for and on behalf of)
DIANA SHIPPING INC.)
as Subordinated Mortgagee) /s/ Ioannis Zafirakis
in the presence of:) Attorney-in-fact

/s/ Margarita Veniou
Witness
Name: Margarita Veniou
Address: Penderis 16, 17654, Athens Greece
Occupation:

Exhibit 4.27

Settlement Deed

Dated 30 June 2017

(1) **Likiep Shipping Company Inc.**
Orangina Inc.
Oruk Shipping Company Inc.
Delap Shipping Company Inc.
Jabor Shipping Company Inc.
Eluk Shipping Company Inc.
Mago Shipping Company Inc.
Meck Shipping Company Inc.
Langor Shipping Company Inc.
(as Borrowers)

(2) **Diana Containerships Inc.**
(as Guarantor)

(3) **The Royal Bank of Scotland plc**
(as Agent)

(4) **The Royal Bank of Scotland plc**
(as Security Agent)

(5) **The Royal Bank of Scotland plc**
(as Swap Provider)

Stephenson Harwood LLP
1 Finsbury Circus, London EC2M 7SH
T: +44 20 7329 4422 | F: +44 20 7329 7100
DX: 64 Chancery Lane | www.shlegal.com

STEPHENSON HARWOOD

Contents

Settlement Deed

Dated 30 June 2017

Between:

(1) **Likiep Shipping Company Inc. ("Borrower A"), Orangina Inc. ("Borrower B"), Oruk Shipping Company Inc. ("Borrower C"), Delap Shipping Company Inc. ("Borrower D"), Jabor Shipping Company Inc. ("Borrower E"), Mago Shipping Company Inc. ("Borrower G"), Meck Shipping Company Inc. ("Borrower H"), Langor Shipping Company Inc. ("Borrower I")** and **Eluk Shipping Company Inc. ("Borrower J")**, 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, MH96960, Marshall Islands jointly and severally (together the "**Borrowers**" and each a "**Borrower**");

(2) **Diana Containerships 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, MH9690, Marshall Islands (the "**Guarantor**");

(3) **The Royal Bank of Scotland plc**, acting as agent through its office at 250 Bishopsgate, London EC2M 4AA (the "**Agent**");

(4) **The Royal Bank of Scotland plc**, acting as security agent through its office at 250 Bishopsgate, London EC2M 4AA (the "**Security Agent**"); and

(5) **The Royal Bank of Scotland plc**, acting as swap provider through its office at 250 Bishopsgate, London EC2M 4AA (in that capacity, the "**Swap Provider**").

Whereas:

(A) Pursuant to a loan agreement dated 10 September 2015 as amended by an amendment agreement dated 12 September 2016 (the "**Loan Agreement**") made between (1) the Borrowers as borrowers (2) the Guarantor as guarantor, (3) the financial institutions listed in part I of schedule 1 to the Loan Agreement (the "**Lenders**"), (4) The Royal Bank of Scotland plc as arranger, (5) the Agent, (6) the Security Agent and (7) the Swap Provider, the Lenders made available to the Borrowers on a joint and several baisis a loan not exceeding $148,000,000.

(B) As security for the obligations of the Borrowers under the Loan Agreement, the Borrowers and the Guarantor have executed in favour of the Security Agent the documents described in Schedule 1 to this Deed.

(C) In settlement of all liabilities of the Borrowers under the Finance Documents (other than the Master Agreement), each party to this Deed (each a "**Party**") has agreed to enter into this Deed.

(D) There are no Transactions under the Master Agreement (as defined in the Loan Agreement) outstanding as at the date of this Deed.

This Deed witnesses as follows:

1 Definitions

1.1 In this Deed:

"**Borrower Parties**" means the Borrowers and all other Security Parties;

"**Borrower Party Third Party**" means any and each of the Borrower Parties' holding companies and subsidiaries and each subsidiary of each of the Borrower Parties' holding companies (as each such term is defined in the Companies Act 2006) (being, together with the Borrower Parties the "**Borrower Parties' Group**") and each of the current and former officers, directors, employees and agents of any member of the Borrower Parties' Group, together with any of the predecessors, successors and assigns of any of the foregoing.

"**Claims**" means all and any complaints, actions, claims, rights, demands and set-offs of any kind whatsoever, whether in law or equity, known or unknown, present or future, actual or potential and in whatever capacity or jurisdiction arising out of or in any way connected with:

(a) the Loan Agreement; and/or

(b) the Master Agreement; and/or

(c) the other Finance Documents (other than the Master Agreement); and/or

(d) the Vessels,

other than any claims arising from fraud.

"**Final Settlement Time**" means the time at which the Agent confirms to the Borrowers and the Guarantor that:

(a) the Settlement Sum has been credited to the account of the Guarantor held with the Agent;

(b) the Agent has received irrevocable instructions from the Guarantor authorising the Agent to release the Settlement Sum to the Agent; and

(c) all other conditions set out in this Deed have been fulfilled to its satisfaction,

in each case, on or before 3.00pm BST on 30 June 2017.

"**Finance Party Third Party**" means any and each of the Finance Parties' holding companies and subsidiaries and each subsidiary of each of the Finance Parties' holding companies (as each such term is defined in the Companies Act 2006) (being, together with the Finance Parties, the "**Finance Parties' Group**") and each of the current and former officers, directors, employees and agents of any member of the Finance Parties' Group, together with any of the predecessors, successors and assigns of any of the foregoing.

"**Proceedings**" means all and any legal proceedings, litigation or other legal process of any nature whatsoever in any jurisdiction whatsoever (including, but not limited to, court proceedings, arbitration and alternative dispute resolution).

"**Vessels**" means the following vessels, and everything now or in the future belonging to them on board and ashore, currently registered under the respective flags set out below in the ownership of the respective Borrowers set out below and "**Vessel**" means any one of them:

Name of Vessel	Flag	Type	Year built	Owner	Vessel
m.v. "Sagitta"	Marshall Islands	Container ship	2010	Borrower A	("**Vessel A**")
m.v. "Centaurus"	Marshall Islands	Container ship	2010	Borrower B	("**Vessel B**")
m.v. "Pucon"	Marshall Islands	Container ship	2006	Borrower C	("**Vessel C**")
m.v. "March"	Marshall Islands	Container ship	2004	Borrower D	("**Vessel D**")
m.v. "Great"	Marshall Islands	Container ship	2004	Borrower E	("**Vessel E**")
m.v. "New Jersey"	Marshall Islands	Container ship	2006	Borrower G	("**Vessel G**")
m.v. "Rotterdam"	Marshall Islands	Container ship	2008	Borrower H	("**Vessel H**")
m.v. "Hamburg"	Marshall Islands	Container ship	2009	Borrower I	("**Vessel I**")
m.v. "Puelo"	Marshall Islands	Container ship	2006	Borrower J	("**Vessel J**")

1.2 Unless otherwise specified in this Deed, or unless the context otherwise requires, all words and expressions defined in the Loan Agreement shall have the same meaning when used in this Deed.

2 Agreement

2.1 In consideration of the Agent, the Security Agent and the Swap Provider entering into the Deed of Release and Reassignment and the Mortgage Discharges (each as defined in Clause 3 and Clause 6 below respectively):

2.1.1 the Guarantor agrees to pay:

(a) to the Agent eighty five million dollars ($85,000,000) together with accrued interest and any Break Costs (the "**Settlement Sum**");

(b) the fees of the relevant ships registrar in connection with the Mortgage Discharges; and

(c) to Stephenson Harwood LLP, Seward & Kissel LLP, Drinker Biddle & Reath LLP and Cheeswrights Notaries Public their costs, fees and expenses in connection with the matters outlined in Clause 6,

in each case free of all bank charges and on or before 3.00pm BST on 30 June 2017;

2.1.2 each Borrower and the Guarantor shall deliver or cause to be delivered to or to the order of the Agent the following documents and evidence:

(a) a copy of a solvency certificate from a duly authorised officer of each of Addiewell Ltd. and Diana Shipping Inc. confirming, amongst other things, that (i) it is not unable to pay its debts and would not become unable to do so as a consequence of making the payment described in sub-clause (e) below, (ii) its assets exceed its liabilities and (iii) no corporate action, legal proceeding or other step has been taken or is pending or has been threatened in relation to the commencement of any liquidation, winding-up or other insolvency or bankruptcy proceeding in respect of that entity;

(b) a copy of a resolution of the board of directors or, as the case may be, the duly appointed and empowered executive committee of each Borrower and the Guarantor:

(i) approving the terms of, and the transactions contemplated by, this Deed and resolving that it execute this Deed;

(ii) authorising a specified person or persons to execute this Deed (and all documents and notices to be signed and/or dispatched under those documents) on its behalf;

(c) a copy of the power of attorney of each Borrower and the Guarantor under which this Deed is to be executed; and

(d) evidence that any process agent referred to in Clause 9.5 has accepted its appointment,

in each case on or before the date of this Deed; and

(e) evidence satisfactory to the Agent that the Guarantor has received (i) forty million dollars ($40,000,000) from Diana Shipping Inc. and (ii) thirty five million dollars ($35,000,000) from Addiewell Ltd.; and

(f) an irrevocable payment release letter from a duly authorised officer of the Guarantor authorising the Agent to release the Settlement Sum to the Agent,

in each case on or before 3.00pm BST on 30 June 2017.

2.2 Following the Final Settlement Time, each Party agrees that all Earnings Accounts and the Liquidity Account held by the Security Parties with the Account Holder shall be closed by 29 September 2017. Without prejudice to this obligation, the

Borrowers and the Guarantor will each execute and deliver to the Security Agent on the date of this Deed a bank operations letter (materially in the form set out in Schedule 2 or such other form as the Security Agent may require) undertaking to close all Earnings Accounts and the Liquidity Account on or before 29 September 2017 and providing authority to the Security Agent to close all Earnings Accounts and the Liquidity Account in the event that such accounts are not closed by 29 September 2017.

2.3 The satisfaction of the conditions detailed in Clause 2.1 of this Deed shall, with effect from the Final Settlement Time, be the full and final settlement of any and all obligations and liabilities of the Security Parties under the Finance Documents, with the exception of all indemnities contained in the Finance Documents, including without limitation the indemnities contained in clause 12, clause 14, clause 15 and clause 16 of the Loan Agreement, which are intended to survive.

3 Release and Reassignment of Finance Documents

3.1 At the Final Settlement Time, the Agent, the Security Agent and the Swap Provider shall enter into a deed of release and reassignment (**the "Deed of Release and Reassignment"**) pursuant to which they shall:

3.1.1 irrevocably and unconditionally release and discharge the Borrowers and the Guarantor from all their respective obligations and liabilities under, or arising out of, or in any way connected with, the Finance Documents with the exception of all indemnities contained in the Finance Documents, including without limitation the indemnities contained in clause 12, clause 14, clause 15 and clause 16 of the Loan Agreement, which are intended to survive;

3.1.2 irrevocably waive and release any and all Claims existing prior to the date of this Deed against the Security Parties with the exception of any present or future Claims arising from or in connection with any of the indemnities contained in the Finance Documents, including without limitation the indemnities contained in clause 12, clause 14, clause 15 and clause 16 of the Loan Agreement; and

3.1.3 irrevocably and unconditionally reassign and release to the Borrowers all their right, title and interest in and to all the property assigned to the Security Agent or charged in favour of the Security Agent under the Finance Documents,

provided that if payment of the Settlement Sum or any other amount set out in Clause 2.1.1 of this Deed is avoided or must be restored in the insolvency, bankruptcy or otherwise of any person, the liability of the Borrowers and the Guarantor under the Finance Documents and the security interests under the Security Documents will continue or be reinstated as if the Deed of Release and Reassignment had not been executed and the relevant amount(s) had not been paid.

4 Release of Claims

4.1 The Borrower Parties:

4.1.1 agree, with effect on and from the Final Settlement Time, not to assert, bring or continue any Proceedings against a Finance Party or any Finance Party Third Party which arise out of or are in any way connected with any Claim; and

4.1.2 with effect on and from the Final Settlement Time, irrevocably waive and release any and all Claims against a Finance Party and/or any Finance Party Third Party.

4.2 Each Borrower and the Guarantor shall jointly and severally indemnify, and shall keep indemnified, the Finance Parties against all costs and damages (including legal costs and expenses) incurred in all future Proceedings in respect of any of the Claims which it or a Borrower Party Third Party or any of them may bring against the Finance Parties or any Finance Party Third Party or any of them.

5 Representation and Warranties

5.1 Each Borrower and the Guarantor make the representations and warranties set out in this Clause to the Finance Parties in respect of itself on the date of this Deed and at the Final Settlement Time.

5.1.1 **Claims** It has not transferred, assigned or otherwise disposed of any of its rights under the Claims.

5.1.2 **Existence; Compliance with Law** It:

(a) is duly organised, validly existing and in good standing under the laws of the jurisdiction of its organisation;

(b) has the power to own its assets and carry on its business as it is being conducted and is in good standing under the laws of each jurisdiction where such qualification is necessary;

(c) is in compliance with its constitutional documents; and

(d) is in compliance with all applicable requirements of law.

5.1.3 **Power and Authority** The execution, delivery and performance by it of this Deed:

(a) is within its corporate or similar powers and, at the time of execution thereof, have been duly authorised by all necessary corporate and similar action (including, if applicable, consent of holders of its securities);

(b) does not (i) contravene its constitutional documents, (ii) violate any applicable requirement of law in or (iii) conflict with, contravene, constitute a default or breach under, or result in or permit the termination or acceleration of, any of its contractual obligations; and

(c) does not require any permit of, or filing with, any governmental authority in any applicable jurisdiction or any consent of, or notice to, any person.

5.1.4 **Validity and admissibility in evidence** All Authorisations required:

(a) to enable it lawfully to enter into, exercise its rights and comply with its obligations in this Deed or to enable the Finance Parties to enforce and exercise all of their rights under this Deed; and

(b) to make this Deed admissible in evidence in its jurisdiction of its incorporation,

have been obtained or effected and are in full force and effect.

5.1.5 **Governing law and enforcement**

(a) The choice of governing law of this Deed will be recognised and enforced in the jurisdiction of its incorporation.

(b) Any judgment obtained in relation to this Deed in the jurisdiction of the governing law of a Finance Document other than the Master Agreement will be recognised and enforced in the jurisdiction of its incorporation.

5.1.6 **Solvency**

(a) It is able to pay its debts and will not become unable to pay its debts as a result of the transactions contemplated by this Deed.

(b) No corporate action, legal proceedings or other procedure or step described in clause 19.1.7 of the Loan Agreement has been taken in relation to it.

6 Costs

The Borrowers shall bear all costs, fees and expenses of the Agent, the Security Agent and the Swap Provider in relation to the negotiation, preparation, printing and execution of this Deed, the Deed of Release and Reassignment and discharges in respect of the Mortgages (the "**Mortgage Discharges**").

7 Time of the Essence

7.1 Time is of the essence for the times and dates specified in this Deed.

7.2 In the event that any of the conditions listed in Clause 2.1 of this Deed have not been satisfied on or before 3.00pm BST on 30 June 2017, the Final Settlement Time shall not be capable of occurring.

8 Miscellaneous

8.1 This Deed supersedes the terms and conditions contained in any correspondence relating to the subject matter of this Deed exchanged between the Agent, the Security Agent, a Borrower, the Guarantor or their representatives before the date of this Deed.

8.2 No variation or amendment of this Deed shall be valid unless in writing and signed on behalf of each Party.

8.3 The "**Agent**", the "**Security Agent**", any "**Borrower**", the "**Guarantor**", or any "**Party**" shall be construed so as to include its successors in title, permitted assignees and permitted transferees.

8.4 This Deed 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 Deed.

8.5 If, at any time, any provision of this Deed 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.

8.6 A person who is not a Party (other than a Finance 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 Deed.

8.7 No Party may assign any of its rights or transfer any of its rights or obligations under this Deed.

8.8 All obligations of the Borrowers under and in connection with this Deed are joint and several.

8.9 The provisions of clause 36 (*Confidentiality*) of the Loan Agreement shall apply to this Deed as if they were set out in full.

9 Governing Law and Jurisdiction

9.1 This Deed and any non-contractual obligations arising from or in connection with it shall in all respects be governed by and interpreted in accordance with English law.

9.2 For the exclusive benefit of the Finance Parties, each Borrower and the Guarantor irrevocably agree that the courts of England are to have exclusive jurisdiction to settle any dispute (a) arising from or in connection with this Deed or (b) relating to any non-contractual obligations arising from or in connection with this Deed and that any proceedings may be brought in those courts.

9.3 Nothing contained in this Clause shall limit the right of the Finance Parties to commence any proceedings against a Borrower or the Guarantor in any other court of competent jurisdiction nor shall the commencement of any proceedings against a Borrower or the Guarantor in one or more jurisdictions preclude the commencement of any proceedings in any other jurisdiction, whether concurrently or not.

9.4 Each Borrower and the Guarantor irrevocably waives any objection which it may now or in the future have to the laying of the venue of any proceedings in any court referred to in this Clause and any claim that those proceedings have been brought in an inconvenient or inappropriate forum, and irrevocably agrees that a judgment in any proceedings commenced in any such court shall be conclusive and binding on it and may be enforced in the courts of any other jurisdiction.

9.5 Without prejudice to any other mode of service allowed under any relevant law, each Borrower and the Guarantor:

9.5.1 irrevocably appoint Nicolaou & Co of 25 Heath Drive, Potters Bar, Hertfordshire, EN6 1EN, England as its agent for service of process in relation to any proceedings before the English courts; and

9.5.2 agrees that failure by a process agent to notify a Borrower or the Guarantor of the process will not invalidate the proceedings concerned.

In witness of which this Deed has been duly executed and delivered as a deed the day and year first before written.

The Agent

Signed and **delivered** as a **Deed** by **The Royal Bank of Scotland plc** acting by Jeremy Simon John Storrs its duly authorised attorney in the presence of:) /s/ Jeremy Simon John Storrs

/s/ Adrian Meadows

Witness signature:
Name: Adrian Meadows
Address: 250 Bishopsgate, London, EC2M 4AA

The Security Agent

Signed and **delivered** as a **Deed** by **The Royal Bank of Scotland plc** acting by Jeremy Simon John Storrs its duly authorised attorney in the presence of:) /s/ Jeremy Simon John Storrs

/s/ Adrian Meadows

Witness signature:
Name: Adrian Meadows
Address: 250 Bishopsgate, London, EC2M 4AA

The Swap Provider

Signed and **delivered** as a **Deed** by **The Royal Bank of Scotland plc** acting by Jeremy Simon John Storrs its duly authorised attorney in the presence of:) /s/ Jeremy Simon John Storrs

/s/ Adrian Meadows

Witness signature:
Name: Adrian Meadows
Address: 250 Bishopsgate, London, EC2M 4AA

The Borrowers

Signed and **delivered** as a **Deed**)
Likiep Shipping Company Inc.)
acting by Andreas Nikolaos Michalopoloulos) /s/ Andreas Nikolaos Michalopoloulos
its duly authorised attorney in fact)
in the presence of:)

/s/ Margarita Veniou
Witness signature:
Name: Margarita Veniou
Address: Pendelis 18, 17564
Palatio Filiro
Athens, Greece

Signed and **delivered** as a **Deed**)
Orangina Inc.)
acting by Andreas Nikolaos Michalopoloulos) /s/ Andreas Nikolaos Michalopoloulos
its duly authorised attorney in fact)
in the presence of:)

/s/ Margarita Veniou
Witness signature:
Name: Margarita Veniou
Address: Pendelis 18, 17564
Palatio Filiro
Athens, Greece

Signed and **delivered** as a **Deed**)
Oruk Shipping Company Inc.)
acting by Andreas Nikolaos Michalopoloulos) /s/ Andreas Nikolaos Michalopoloulos
its duly authorised attorney in fact)
in the presence of:)

/s/ Margarita Veniou
Witness signature:
Name: Margarita Veniou
Address: Pendelis 18, 17564
Palatio Filiro
Athens, Greece

Signed and **delivered**)
as a **Deed**)
Delap Shipping Company Inc.)
acting by Ioannis Zafirakis) /s/ Ioannis Zafirakis
)
its duly authorised attorney in fact)
)
in the presence of:)

/s/ Margarita Veniou
Witness signature:
Name: Margarita Veniou
Address: Pendelis 18, 17564
Athens, Greece

Signed and **delivered**)
as a **Deed**)
Jabor Shipping Company Inc.)
acting by Ioannis Zafirakis)
) /s/ Ioannis Zafirakis
its duly authorised attorney in fact)
)
in the presence of:)

/s/ Margarita Veniou
Witness signature:
Name: Margarita Veniou
Address: Pendelis 18, 17564
Athens, Greece

Signed and **delivered**)
as a **Deed**)
Eluk Shipping Company Inc.)
acting by Ioannis Zafirakis)
) /s/ Ioannis Zafirakis
its duly authorised attorney in fact)
)
in the presence of:)

/s/ Margarita Veniou
Witness signature:
Name: Margarita Veniou
Address: Pendelis 18, 17564
Athens, Greece

Signed and **delivered**)
as a **Deed**)
Mago Shipping Company Inc.)
acting by Margarita Veniou)
) /s/ Margarita Veniou
its duly authorised attorney in fact)
)
in the presence of:)

/s/ Maria Kamperi
Witness signature:
Name: Maria Kamperi
Address: Pendelis 18, 17564
P. Faliro, Athens, Greece

Signed and **delivered**)
as a **Deed**)
Meck Shipping Company Inc.)
acting by Margarita Veniou) /s/ Margarita Veniou
)
its duly authorised attorney in fact)
)
in the presence of:)

/s/ Maria Kamperi
Witness signature:
Name: Maria Kamperi
Address: Pendelis 18, 17564
P. Faliro, Athens, Greece

Signed and **delivered**)
as a **Deed**)
Langor Shipping Company Inc.)
acting by Margarita Veniou) /s/ Margarita Veniou
)
its duly authorised attorney in fact)
)
in the presence of:)

/s/ Maria Kamperi
Witness signature:
Name: Maria Kamperi
Address: Pendelis 18, 17564
P. Faliro, Athens, Greece

The Guarantor
Signed and **delivered**
as a **Deed**)
by **Diana Containerships Inc.**)
acting by Ioannis Zafirakis) /s/ Ioannis Zafirakis
its duly authorised attorney in fact)
in the presence of:)

/s/ Margarita Veniou
Witness signature:
Name: Margarita Veniou
Address: Pendelis 18, 17564
Athens, Greece

Schedule 1
The Security Documents

1 The guarantee and indemnity of the Guarantor contained in clause 18 of the Loan agreement;

2 the first preferred Marshall Islands mortgage over Vessel A dated 15 September 2015 (as amended by a first addendum dated 12 September 2016) granted by Borrower A in favour of the Security Agent ("**Mortgage 1**");

3 the first preferred Marshall Islands mortgage over Vessel B dated 15 September 2015 (as amended by a first addendum dated 12 September 2016) granted by Borrower B in favour of the Security Agent ("**Mortgage 2**");

4 the first preferred Marshall Islands mortgage over Vessel C dated 15 September 2015 (as amended by a first addendum dated 12 September 2016) granted by Borrower C in favour of the Security Agent ("**Mortgage 3**");

5 the first preferred Marshall Islands mortgage over Vessel D dated 15 September 2015 (as amended by a first addendum dated 12 September 2016) granted by Borrower D in favour of the Security Agent ("**Mortgage 4**");

6 the first preferred Marshall Islands mortgage over Vessel E dated 15 September 2015 (as amended by a first addendum dated 12 September 2016) granted by Borrower E in favour of the Security Agent ("**Mortgage 5**");

7 the first preferred Marshall Islands mortgage over Vessel G dated 15 September 2015 (as amended by a first addendum dated 12 September 2016) granted by Borrower G in favour of the Security Agent ("**Mortgage 7**");

8 the first preferred Marshall Islands mortgage over Vessel H dated 15 September 2015 (as amended by a first addendum dated 12 September 2016) granted by Borrower H in favour of the Security Agent ("**Mortgage 8**");

9 the first preferred Marshall Islands mortgage over Vessel I dated 19 November 2015 (as amended by a first addendum dated 12 September 2016) granted by Borrower I in favour of the Security Agent ("**Mortgage 9**"); and

10 the first preferred Marshall Islands mortgage over Vessel J dated 12 September 2016 granted by Borrower J in favour of the Security Agent ("**Mortgage 10**" and together with Mortgage 1, Mortgage 2, Mortgage 3, Mortgage 4, Mortgage 5, Mortgage 7, Mortgage 8 and Mortgage 9, the "**Mortgages**");

11 the account charge in respect of the Earnings Account in the name of Borrower A dated 15 September 2015 between Borrower A and the Security Agent;

12 the account charge in respect of the Earnings Account in the name of Borrower B dated 15 September 2015 between Borrower B and the Security Agent;

13 the account charge in respect of the Earnings Account in the name of Borrower C dated 15 September 2015 between Borrower C and the Security Agent;

14 the account charge in respect of the Earnings Account in the name of Borrower D dated 15 September 2015 between Borrower D and the Security Agent;

15 the account charge in respect of the Earnings Account in the name of Borrower E dated 15 September 2015 between Borrower E and the Security Agent;

16 the account charge in respect of the Earnings Account in the name of Borrower G dated 15 September 2015 between Borrower G and the Security Agent;

17 the account charge in respect of the Earnings Account in the name of Borrower H dated 15 September 2015 between Borrower H and the Security Agent;

18 the account charge in respect of the Earnings Account in the name of Borrower I dated 19 November 2015 between Borrower I and the Security Agent;

19 the account charge in respect of the Earnings Account in the name of Borrower J dated 12 September 2016 between Borrower J and the Security Agent;

20 the account charge in respect of the Liquidity Account in the name of the Guarantor dated 15 September 2015 between the Guarantor and the Security Agent;

21 the deed of assignment of the Insurances, Earnings, Charter Rights and Requisition Compensation in respect of Vessel A dated 15 September 2015 between Borrower A and the Security Agent;

22 the deed of assignment of the Insurances, Earnings, Charter Rights and Requisition Compensation in respect of Vessel B dated 15 September 2015 between Borrower B and the Security Agent;

23 the deed of assignment of the Insurances, Earnings, Charter Rights and Requisition Compensation in respect of Vessel C dated 15 September 2015 between Borrower C and the Security Agent;

24 the deed of assignment of the Insurances, Earnings, Charter Rights and Requisition Compensation in respect of Vessel D dated 15 September 2015 between Borrower D and the Security Agent;

25 the deed of assignment of the Insurances, Earnings, Charter Rights and Requisition Compensation in respect of Vessel E dated 15 September 2015 between Borrower E and the Security Agent;

26 the deed of assignment of the Insurances, Earnings, Charter Rights and Requisition Compensation in respect of Vessel G dated 15 September 2015 between Borrower G and the Security Agent;

27 the deed of assignment of the Insurances, Earnings, Charter Rights and Requisition Compensation in respect of Vessel H dated 15 September 2015 between Borrower H and the Security Agent;

28 the deed of assignment of the Insurances, Earnings, Charter Rights and Requisition Compensation in respect of Vessel I dated 19 November 2015 between Borrower I and the Security Agent;

29 the deed of assignment of the Insurances, Earnings, Charter Rights and Requisition Compensation in respect of Vessel J dated 12 September 2016 between Borrower J and the Security Agent;

30 the share pledge over the issued share capital in Borrower A dated 15 September 2015 between the Guarantor and the Security Agent;

31 the share pledge over the issued share capital in Borrower B dated 15 September 2015 between the Guarantor and the Security Agent;

32 the share pledge over the issued share capital in Borrower C dated 15 September 2015 between the Guarantor and the Security Agent;

33 the share pledge over the issued share capital in Borrower D dated 15 September 2015 between the Guarantor and the Security Agent;

34 the share pledge over the issued share capital in Borrower E dated 15 September 2015 between the Guarantor and the Security Agent;

35 the share pledge over the issued share capital in Borrower G dated 15 September 2015 between the Guarantor and the Security Agent;

36 the share pledge over the issued share capital in Borrower H dated 15 September 2015 between the Guarantor and the Security Agent;

37 the share pledge over the issued share capital in Borrower I dated 19 November 2015 between the Guarantor and the Security Agent;

38 the share pledge over the issued share capital in Borrower J dated 12 September 2016 between the Guarantor and the Security Agent; and

39 the deed of charge over Master Agreement Proceeds dated 15 September 2015 granted by the Borrowers in favour of the Security Agent.

Schedule 2
Banking Operations Letter

From: **[Likiep Shipping Company Inc.][Orangina Inc.][Oruk Shipping Company Inc.][Delap Shipping Company Inc.][Jabor Shipping Company Inc.][Mago Shipping Company Inc.][Meck Shipping Company Inc.][Langor Shipping Company Inc.][Eluk Shipping Company Inc] [Diana Containerships Inc.]**

To: **The Royal Bank of Scotland plc**
c/o RBS Capital Resolution
250 Bishopsgate
London EC2M 4AA
England

[ ] 2017

Dear Sirs,

We, **[Likiep Shipping Company Inc.][Orangina Inc.][Oruk Shipping Company Inc.][Delap Shipping Company Inc.][Jabor Shipping Company Inc.][Mago Shipping Company Inc.] [Meck Shipping Company Inc.][Langor Shipping Company Inc.][Eluk Shipping Company Inc][Diana Containerships Inc.]** (the "**Company**") write to confirm the agreement reached for good and valuable consideration, the receipt and adequacy of which is hereby acknowledged by the Company, between (i) the Company, and (ii) **The Royal Bank of Scotland plc** (the "**Bank**") in relation to certain operational banking arrangements.

1 The Company undertakes to close all and any bank account(s) held by it with the Bank (the "**Accounts**") on or before 29 September 2017. To the extent that the Accounts are not so closed by 29 September 2017, this letter constitutes an irrevocable instruction and authority from the Company for the Bank to close the Accounts, without prejudice to any accrued obligations (wherever arising) owed by the Company to the Bank.

2 All reasonable costs (including VAT and legal fees) and out-of-pocket expenses incurred by the Bank in connection with the negotiation, preparation and documentation of this letter and the associated settlement, closure and termination documentation shall be borne by the Company.

3 The information contained in this letter is confidential and we will not disclose to any third party (a) the letter and/or (b) any of its contents and/or (c) the fact that discussions concerning the terms hereof have taken place, other than (i) as required by applicable law or regulation, (and, if so disclosed, we will use reasonable endeavours to inform the Bank to whom such information has been disclosed at our

earliest convenience), or (ii) disclosure to our professional advisors or associated or affiliated companies on the terms of this paragraph 3.

4 We intend this letter to take effect as a deed and it is delivered on the date written above.

5 This letter and any non-contractual obligations arising out of or in connection with it shall be governed by and construed in accordance with English law. The Company agrees that the courts of England have exclusive jurisdiction to hear and determine any suit, action or proceeding arising out of or in connection with this letter and accordingly submits to the exclusive jurisdiction of the English courts.

Yours faithfully

Signed and delivered as a **DEED** for and on behalf of
[Likiep Shipping Company Inc.][Orangina Inc.][Oruk Shipping Company Inc.][Delap Shipping Company Inc.][Jabor Shipping Company Inc.][Mago Shipping Company Inc.][Meck Shipping Company Inc.][Langor Shipping Company Inc.][Eluk Shipping Company Inc] [Diana Containerships Inc.]

Acting by:

Name:
Title: Attorney-in-fact

In the presence of:

Exhibit 4.28

MEMORANDUM OF AGREEMENT

Norwegian Shipbrokers' Association's
Memorandum of Agreement for sale and
purchase of ships. Adopted by BIMCO in 1956.
Code-name
SALEFORM 2012
Revised 1966, 1983 and 1986/87, 1993 and 2012

Dated: **17th October 2017**

Jabor Shipping Company Inc., Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands MH96960 *(Name of sellers)*, hereinafter called the "Sellers", have agreed to sell, and

Technomar Shipping Inc. for and on behalf of Poseidon Container Holdings Corp. or nominated SPV *(Name of buyers)*, hereinafter called the "Buyers", have agreed to buy:

Name of vessel: **Great**
Container Carrier 5,576 TEUs, DWT: 67,270 MT

IMO Number: **9267156**

Classification Society: **NIPPON KAIJI KYOKAI (Class NK)**
Class Notation: **NKK NS*(CNC)(IWS)(PSCM) MNS*(M0)**

Year of Build: **2004** Builder/Yard: **Koyo Dockyard Co., Ltd. Mihara, Japan**

Flag: **Marshall Islands** Place of Registration: **Majuro** GT/NT: **66,332/25,247**

hereinafter called the "Vessel", on the following terms and conditions:

Definitions

"MOA" means this Memorandum of Agreement dated 17th October 2017.

"Annex I" means the main terms agreed between Sellers and Buyers, which are hereto attached and is considered to be fully incorporated into this MOA.

"Banking Days" are days on which banks are open both in the country of the currency stipulated for the Purchase Price in Clause 1 (Purchase Price) and in the place of closing stipulated in Clause 8 (Documentation) and **Greece, United Kingdom, Germany** *(add additional jurisdictions as appropriate)*.

"Buyers' Nominated Flag State" means **Marshall Islands** *(state flag state)*.

"Class" means the class notation referred to above.

"Classification Society" means the Society referred to above.

"Deposit" shall have the meaning given in Clause 2 (Deposit)

"Deposit Holder" means _____ *(state name and location of Deposit Holder)* or, if left blank, the Sellers' Bank, which shall hold and release the Deposit in accordance with this Agreement.
"In writing" or "written" means a letter handed over from the Sellers to the Buyers or vice versa, a registered letter, e-mail or telefax.

"Parties" means the Sellers and the Buyers.

"Purchase Price" means the price for the Vessel as stated in Clause 1 (Purchase Price).

"Sellers' Account" means **Account No. 05-25828-000, IBAN: DE33 2012 0000 0525 8280 00, SWIFT: BEGODEHH, CURRENCY: USD** *(state details of bank account)* at the Sellers' Bank.

"Sellers' Bank" means **Joh. Berenberg, Gossler & Co. KG, Neuer Jungfernstieg 20, 20354 Hamburg. Germany, CORRESPONDENT BANK: JP MORGAN CHASE BANK, NEW YORK, SWIFT- CHASUS33** *(state name of bank, branch and details)* or, if left blank, the bank notified by the Sellers to the Buyers for receipt of the balance of the Purchase Price.

1. Purchase Price
The Purchase Price is **US$11,000,000.- (United States Dollars Eleven Million Only.)** *(state currency and amount both in words and figures)*.

2. Deposit
As security for the correct fulfilment of this Agreement the Buyers shall lodge a deposit of **20%** (**twenty** per cent) ~~or, if left blank, 10% (ten per cent)~~, of the Purchase Price (the "Deposit") in an interest bearing account for the Parties with the Deposit Holder within three (3)

Banking Days after the date that:

(i) this Agreement has been signed by **both** the Parties and exchanged ~~in original or~~ by e-mail or telefax; and

(ii) ~~the Deposit Holder has confirmed in writing to the Parties that the~~ **A joint** account has been opened.

(iii) **All subjects have been lifted,whichever the later.**

The Deposit shall be released in accordance with joint written instructions of the **Sellers and the Buyers** ~~Parties~~. Interest, if any, ~~shall~~ **to** be credited to the Buyers. Any fee charged for **opening** holding and releasing the **said** Deposit **and facilitating the closing** shall be borne equally by the **Sellers and the Buyers** ~~Parties~~. The Parties shall provide to the Deposit Holder all necessary documentation to open and maintain the account without delay.

3. Payment

The 80 (Eighty) pct balance of the Purchase Price together with the 20 (Twenty) pct Deposit shall be paid/released in full free of bank charges to the Sellers' nominated account and bank on delivery of the Vessel concurrently with the Sellers providing the Buyers with the agreed delivery documentation (which shall be agreed upon in an addendum to the MOA), but not later than 3 (Three) Banking Days after the Vessel is in every respect physically ready for delivery in accordance with the terms and conditions of this agreement and valid notice of readiness has been given in accordance with Clause 5 of this agreement.

~~On delivery of the Vessel, but not later than three (3) Banking Days after the date that Notice of Readiness has been given in accordance with Clause 5 (Time and place of delivery and notices):~~

~~**(i)** the Deposit shall be released to the Sellers; and~~

~~**(ii)** the balance of the Purchase Price and all other sums payable on delivery by the Buyers to the Sellers under this Agreement shall be paid in full free of bank charges to the Sellers' Account.~~

4. Inspection

(a)* The Buyers have inspected and accepted the Vessel's classification records. The Buyers have also inspected the Vessel at/in **Vancouver, Canada** *(state place)* on **9th October 2017** *(state date)* and have accepted the Vessel following this inspection. and the sale is outright and definite, subject only to the terms and conditions of this Agreement~~.~~ **and subject also to the following:**.

(a) Provided that the Sellers receive written notice of acceptance of the Vessel from the Buyers following Vessels' inspection within forty eight (48) hours after completion of such inspection or until 20th October 2017, whichever is earlier. Thereafter the Buyers' right for Vessels' inspection shall be waived but always provided that the Vessels' schedule does not change/is delayed in which case the inspection dates and this date of lift of subject will change accordingly. In this case, this subject has to be lifted before the subject of Clause 19 is lifted, i.e. before the successful raising of equity as per Clause 19.

(b) Provided that the Sellers receive written notice of acceptance of the Vessels' class records from the Buyers following Vessels' class record inspection within 48 hours after completion of such Vessels' class records inspection or until 20th October 2017, whichever is earlier.

In any case the Vessels' class record inspection have to be completed and notice of acceptance of the Vessels' class records to be declared before the beggining of the equity raising process, i.e. none of the Vessels can be identified/committed into any kind of document/e-mail correspondence/exchange of the equity raising process unless the Vessels' class records inspection subject has been lifted (but sale always to be subject to Vessels' inspection as per (a) above and Clause 19 below).

~~**(b)*** The Buyers shall have the right to inspect the Vessel's classification records and declare whether same are accepted or not within _____ *(state date/period).*~~

~~The Sellers shall make the Vessel available for inspection at/in _____ *(state place/range)* within~~

~~_____ *(state date/period).*~~

~~The Buyers shall undertake the inspection without undue delay to the Vessel. Should the Buyers cause undue delay they shall compensate the Sellers for the losses thereby incurred.~~

~~The Buyers shall inspect the Vessel without opening up and without cost to the Sellers.~~

~~During the inspection, the Vessel's dock and engine log books shall be made available for examination by the Buyers.~~

~~The sale shall become outright and definite, subject only to the terms and conditions of this Agreement, provided that the Sellers receive written notice of acceptance of the Vessel from the Buyers within seventy two (72) hours after completion of such inspection or after the date/last day of the period stated in Line 59, whichever is earlier.~~

~~Should the Buyers fail to undertake the inspection as scheduled and/or notice of acceptance of the Vessel's classification records and/or of the Vessel not be received by the Sellers as aforesaid, the Deposit together with interest earned, if any, shall be released immediately to the Buyers, whereafter this Agreement shall be null and void.~~

~~*4(a) and 4(b) are alternatives; delete whichever is not applicable. In the absence of deletions, alternative 4(a) shall apply.~~

5. Time and place of delivery and notices

(a) The Vessel shall be delivered and taken over safely afloat at a safe and accessible berth or anchorage ~~at/in~~ **within the vessel's trading area** ~~*(state place/range)*~~ in the Sellers' option.

Notice of Readiness shall not be tendered before: **30th of November 2017** (*date*)

Cancelling Date (see Clauses 5(c), 6 (a)(i), 6 (a)(iii) and 14): **30th of March 2018**

(b) The Sellers shall keep the Buyers well informed of the Vessel's itinerary and shall provide the Buyers with **thirty (30),** twenty (20), **fifteen (15),** ten (10), **seven (7),** five (5) and three (3) days' **approximate** notice of the date **and port and two (2) and one (1) days definite notice of** ~~the Sellers intend to tender Notice of Readiness and of the intended~~ place of delivery.

When the Vessel is at the place of delivery and physically ready for delivery in accordance with this Agreement, the Sellers shall give the Buyers a written Notice of Readiness for delivery.

(c) If the Sellers anticipate that, notwithstanding the exercise of due diligence by them, the Vessel will not be ready for delivery by the Cancelling Date they may notify the Buyers in writing stating the date when they anticipate that the Vessel will be ready for delivery and proposing a new Cancelling Date. Upon receipt of such notification the Buyers shall have the option of **accepting the new date as the new cancelling date or proposing one new cancelling date.** ~~either cancelling this Agreement in accordance with~~ Clause 14 ~~(Sellers' Default) within three (3) Banking Days of receipt of the notice or of accepting the new date as the new Cancelling Date.~~ If the Buyers have not declared their option within three (3) Banking Days of receipt of the Sellers' notification or if the Buyers accept the new date, the date proposed in the Sellers' notification shall be deemed to be the new Cancelling Date and shall be substituted for the Cancelling Date stipulated in line 79.

If this Agreement is maintained with the new Cancelling Date all other terms and conditions hereof including those contained in Clauses 5(b) ~~and 5(d)~~ shall remain unaltered and in full force and effect.

(d) Cancellation, failure to cancel or acceptance of the new Cancelling Date shall be entirely without prejudice to any claim for damages the Buyers may have under Clause 14 (Sellers' Default) for the Vessel not being ready by the original Cancelling Date.

(e) Should the Vessel become an actual, constructive or compromised total loss before delivery the Deposit together with interest earned, if any, shall be released immediately to the Buyers whereafter this Agreement shall be null and void.

6. Divers Inspection / Drydocking
(a)*

(i) **Sellers shall arrange at Buyers expense for an underwater inspection in one of the suitable for underwater inspection, port (within the Vessels' schedule) by class approved divers, at or before the port of delivery such option shall be declared latest nine (9) days prior to the Vessel's intended date of readiness for delivery as notified by the Sellers pursuant to clause 5(a)**

of this agreement. In case underwater inspection is carried out a port before the port of delivery Sellers to provide a letter of undertaking whereby Sellers to confirm that, to the best of their knowledge, the Vessel has not grounded or touched bottom between the place of diving inspection and the place of delivery. If the inspection would interfere with the charterers schedule, the inspection shall take place at a suitable harbor before the delivery port, and Sellers shall deliver to Buyers at closing a confirmation that the Vessel has not touched bottom since the inspection. Buyers' superintendent to have the right to attend underwater inspection as observer only without interfering with the work or decisions of the Classification Societys surveyor. Sellers to require the class to attend such underwater inspection at Buyers' cost. Such divers inspection to be performed to the satisfaction of the class surveyor. Sellers to facilitate and arrange for availability of the Vessels for such divers inspection. The Sellers may not tender NOR prior to the completion of the underwater inspection.

~~The Buyers shall have the option at their cost and expense to arrange for an underwater inspection by a diver approved by the Classification Society prior to the delivery of the Vessel. Such option shall be declared latest nine (9) days prior to the Vessel's intended date of readiness for delivery as notified by the Sellers pursuant to Clause 5(b) of this Agreement. The Sellers shall at their cost and expense make the Vessel available for such inspection. This inspection shall be carried out without undue delay and in the presence of a Classification Society surveyor arranged for by the Sellers and paid for by the Buyers. The Buyers' representative(s) shall have the right to be present at the diver's inspection as observer(s) only without interfering with the work or decisions of the Classification Society surveyor. The extent of the inspection and the conditions under which it is performed shall be to the satisfaction of the Classification Society. If the conditions at the place of delivery are unsuitable for such inspection, the Sellers shall at their cost and expense make the Vessel available at a suitable alternative place near to the delivery port, in which event the Cancelling Date shall be extended by the additional time required for such positioning and the subsequent re-positioning. The Sellers may not tender Notice of Readiness prior to completion of the underwater inspection.~~

(ii) If the rudder, propeller, bottom or other underwater parts below the deepest load line are found broken, damaged or defective so as to affect the Vessel's class, **normal wear and tear excepted, and the Classification Society approves to postpone such repairs/rectification of recommendations/conditions until the next periodical drydocking, then the Vessels to be delivered without drydocking and repairs. The Sellers to make a cash settlement to the Buyers of the estimated direct cost (of labor and materials) of carrying out such repairs/rectification to the satisfaction of the Classification Society, whereafter the Buyers shall have no further rights whatsoever in respect of the defects and/or repairs. The estimated direct cost of the repairs shall be calculated on the basis of the average quotation for the repair work as received from two reputable independent shipyards, one obtained by each party within 3 (three) Banking Days from the date of imposition of the condition/recommendation, unless the parties agree otherwise. Should either of the parties fail to obtain such a quote within the stipulated time then the quote duly obtained by the other party shall be the sole basis for the estimation of the costs. Said compensation to be deducted from the Purchase Price at the time of delivery. In case the settlement/repair amount is above USD 250,000.- (United States Dollars Two Hundred Fifty Thousand Only), the Sellers shall have the option (not the obligation) to cancel the agreement. Should the costs exceed this maximum amount and the Sellers inform the Buyers of their intention to cancel this agreement then the Buyers shall have the option to accept the maximum amount as a lumpsum compensation to be deducted from the Purchase Price in full and final settlement of all their claims in connection with the damage and take delivery of the Vessel as she is.**

Such option to be declared by the Buyers within two (2) Banking Days after receipt of Sellers notification that they intend to cancel the agreement in accordance with this clause.

In case that agreement is cancelled in accordance with this clause then the Deposit together with interest, if any, shall be released to the Buyers where after this agreement shall become null and void without either party having any claims against the other in relation to this agreement.

In case that agreement is cancelled in accordance with this clause then the Buyers will have to purchase the next in line Vessel from the table as per Annex I of this MOA, as agreed herein.

For the avoidance of doubt, any class condition(s)/recommendation(s) which were already imposed on the Vessel prior to inspection shall not be taken into consideration in view of this clause. the Sellers shall grant no further warranty and shall have no further

liability with respect to the condition of the Vessel in excess of the stipulations of this clause and clause 11 . However, if such damage affect the Vessels' class and repairs/ rectification of recommendations/conditions cannot be postponed by Classification Society until the next periodical drydocking, then unless repairs can be carried out afloat to the satisfaction of the Classification Society, then the Sellers shall arrange for the Vessels to be drydocked at their expense for inspection by the Classification Society of the Vessels' underwater parts below the deepest load line, the extent of the inspection being in accordance with the Classification Society rules. If the rudder, propeller, bottom or other underwater parts below the deepest load line are found broken, damaged or defective so as to affect the Vessels' class, such defects shall be made good by the Sellers at their expense to the satisfaction of the Classification Society without recommendations/conditions. In such event the Sellers are to pay also for the cost of the underwater inspection and the Classification Society's attendance. In case the repair amount is above USD 500,000.- (United States Dollars Five Hundred Thousand Only), the Sellers shall have the option (not the obligation) to cancel the agreement. Should the costs exceed this maximum amount and the Sellers inform the Buyers of their intention to cancel this agreement then the Buyers shall have the option to accept the maximum amount as a lumpsum compensation to be deducted from the Purchase Price in full and final settlement of all their claims in connection with the damage and take delivery of the Vessel as she is.

Such option to be declared by the Buyers within two (2) Banking Days after receipt of Sellers notification that they intend to cancel the agreement in accordance with this clause. In case that agreement is cancelled in accordance with this clause then the Deposit together with interest, if any, shall be released to the Buyers where after this agreement shall become null and void without either party having any claims against the other in relation to this agreement.

In case that agreement is cancelled in accordance with this clause then the Buyers will have to purchase the next in line Vessel from the table as per Annex I of this MOA, as agreed herein.

~~then (1) unless repairs can be carried out afloat to the satisfaction of the Classification Society, the Sellers shall arrange for the Vessel to be drydocked at their expense for inspection by the Classification Society of the Vessel's underwater parts below the deepest load line, the extent of the inspection being in accordance with the Classification Society's rules (2) such defects shall be made good by the Sellers at their cost and expense to the satisfaction of the Classification Society without condition/recommendation** and (3) the Sellers shall pay for underwater inspection and the Classification Society's attendance.~~

~~Notwithstanding anything to the contrary in this Agreement, if the Classification Society do not require the aforementioned defects to be rectified before the next class drydocking survey, the Sellers shall be entitled to deliver the Vessel with these defects against a deduction from the Purchase Price of the estimated direct cost (of labour and materials) of carrying out the repairs to the satisfaction of the Classification Society, whereafter the Buyers shall have no further rights whatsoever in respect of the defects and/or repairs. The estimated direct cost of the repairs shall be the average of quotes for the repair work obtained from two reputable independent shipyards at or in the vicinity of the port of delivery, one to be obtained by each of the Parties within two (2) Banking Days from the date of the imposition of the condition/recommendation, unless the Parties agree otherwise. Should either of the Parties fail to obtain such a quote within the stipulated time then the quote duly obtained by the other Party shall be the sole basis for the estimate of the direct repair costs. The Sellers may not tender Notice of Readiness prior to such estimate having been established.~~

~~**(iii)** If the Vessel is to be drydocked pursuant to Clause 6(a)(ii) and no suitable dry-docking facilities are available at the port of delivery, the Sellers shall take the Vessel to a port where suitable drydocking facilities are available, whether within or outside the delivery range as per Clause 5(a). Once drydocking has taken place the Sellers shall deliver the Vessel at a port within the delivery range as per Clause 5(a) which shall, for the purpose of this Clause, become the new port of delivery. In such event the Cancelling Date shall be extended by the additional time required for the drydocking and extra steaming, but limited to a maximum of fourteen (14) days.~~

~~**(b)*** The Sellers shall place the Vessel in drydock at the port of delivery for inspection by the Classification Society of the Vessel's underwater parts below the deepest load line, the extent of the inspection being in accordance with the Classification Society's rules. If the rudder, propeller, bottom or other underwater parts below the deepest load line are found broken, damaged or defective so as to affect the Vessel's class, such defects shall be made good at the~~

~~Sellers' cost and expense to the satisfaction of the Classification Society without condition/recommendation**. In such event the Sellers are also to pay for the costs and expenses in connection with putting the Vessel in and taking her out of drydock, including the drydock dues and the Classification Society's fees. The Sellers shall also pay for these costs and expenses if parts of the tailshaft system are condemned or found defective or broken so as to affect the Vessel's class. In all other cases, the Buyers shall pay the aforesaid costs and expenses, dues and fees.~~

(c) If the Vessel is drydocked pursuant to Clause 6(a)(ii) ~~or 6(b)~~ above:

(i) The Classification Society may require survey of the tailshaft system, the extent of the survey being to the satisfaction of the Classification surveyor. If such survey is not required by the Classification Society, the Buyers shall have the option to require the tailshaft to be drawn and surveyed by the Classification Society, the extent of the survey being in accordance with the Classification Society's rules for tailshaft survey and consistent with the current stage of the Vessel's survey cycle. The Buyers shall declare whether they require the tailshaft to be drawn and surveyed not later than by the completion of the inspection by the Classification Society. The drawing and refitting of the tailshaft shall be arranged by the Sellers. Should any parts of the tailshaft system be condemned or found defective so as to affect the Vessel's class, those parts shall be renewed or made good at the Sellers' cost and expense to the sat action of Classification Society without condition/recommendation**.

(ii) The costs and expenses relating to the survey of the tailshaft system Shall be borne by the Buyers unless the Classification Society requires such survey to be carried out or if parts of the system are condemned or found defective or broken so as to affect the Vessel's class, in which case the Sellers shall pay these costs and expenses.

(iii) The Buyers' representative(s) shall have the right to be present in the drydock, as observe(s) only without interfering with the work or decisions of the Classification Society surveyor.

(iv) The Buyers shall have the right to have the underwater parts of the Vessel cleaned and painted at their risk, cost and expense without interfering with the Seller's or the Classification Society surveyor's work, if any, and without affecting the Vessel's timely delivery. If, however, the Buyers' work in drydock is still in progress when the Sellers have completed the work which the Sellers are required to do, the additional docking time needed to complete the Buyers' work shall be for the Buyers' risk, cost and expense. In the event that the Buyers' work required such additional time, the Sellers may upon completion of the Sellers' work tender Notice of Readiness for delivery whilst the Vessel is still in drydock and, notwithstanding Clause 5(a), the Buyers shall be obliged to take delivery in accordance with Clause 3 (Payment), whether the Vessel is in drydock or not.

** 6(a) and 6 (b) are alternatives; delete whichever is not applicable. In the absence of deletions, alternative 6 (a) shall apply.*

***Notes or memoranda, if any, in the surveyor's report which are accepted by the Classification Society without condition/recommendation are not to be taken into account.*

7. Spares, bunkers and other items

The Sellers shall deliver the Vessel to the Buyers with everything belonging to her on board and on shore **or on order**. All spare parts and spare equipment including spare tail-end shaft(s) and/or spare propeller(s)/propeller blade(s), if any, belonging to the Vessel at the time of inspection used or unused, whether on board or not shall become the Buyers' property~~, but spares on order are excluded~~. Forwarding charges, if any, shall be for the Buyers' account. The Sellers are not required to replace spare parts including spare tail-end shaft(s) **if any** and**/or** spare propeller(s)/propeller blade(s) **if** ~~which~~ are taken out of spare and used as replacement prior to delivery, but the replaced items shall be the property of the Buyers. ~~Unused stores and provisions shall be included in the sale and be taken over by the Buyers without extra payment.~~

Library and forms exclusively for use in the Sellers' vessel(s) and captain's, officers' and crew's personal belongings including the slop chest are excluded from the sale without compensation, as well as the following additional items:
-1 (one) PC with Vessel's e-mail
-1 (one) tender boat with 2 (two) engines
-1 scanner for RADAR (MODEL NKE-1075-1)
(include list)

Items on board which are on hire or owned by third parties, listed as follows, are excluded from

the sale without compensation: **Life Rafts total 3, Gas Bottles (Oxygen /Acetylene/Freon etc.) from Drew Marine Total 12** *(include list)*
Items on board at the time of inspection which are on hire or owned by third parties, not listed above, shall be replaced or procured by the Sellers prior to delivery at their cost and expense.

The Buyers shall take over **and pay extra for** remaining ~~bunkers and~~ unused lubricating and hydraulic oils ~~and greases~~ in storage tanks **which have not been passed through the engine system and sealed** ~~and unopened~~ drums **at Sellers net contract price (including any discounts) supported by invoices/vouchers. For the avoidance of doubt the bunkers remaining on board belongs to the charterers unless the Vessel in unemployed.**

Luboils and Bunkers quantities survey to be mutually performed by the Sellers amd the Buyers' representatives 3 (Three) Banking Days before delivery. Then an agreed allowance for consumption for the period between the joint survey and the time of actual delivery of the Vessel to be subtracted from the figures during the joint survey

The radio installation and navigational equipment shall be included in the Sale. Broached stores and provisions to be included in the Sale without extra payment.

~~and pay either:~~

(a) ~~*the actual net price (excluding barging expenses) as evidenced by invoices or vouchers, or~~

(b) ~~*the current net market price (excluding barging expenses) at the port and date of delivery of the Vessel or, if unavailable, at the nearest bunkering port~~

~~for the quantities taken over.~~

Payment under this Clause shall be made at the same time and place and in the same currency as the Purchase Price.

"inspection" in this Clause 7, shall mean the Buyers' inspection according to Clause 4(a) or 4(b) (Inspection), if applicable. If the Vessel is taken over without inspection, the date of this Agreement shall be the relevant date.

**(a) and (b) are alternatives, delete whichever is not applicable. In the absence of deletions alternative (a) shall apply.*

8. Documentation
The place of closing: **Athens**

A list of delivery documents to be drawn up and attached to this agreement as an addendum No.1. At the time of delivery the Sellers are to handover to the Buyers onboard manuals (excluding ISMIISPS manuals)/drawings/records on board and ashore, which will be collected at Buyers' cost and arrangement.

Other certificates, excluding original certificates to be returned to competent authorities, but including the original certificate of class, which is on board the Vessel shall also be handed over to the Buyers, in which case the Buyers have the right to take copies of original certificates.

~~**(a)** In exchange for payment of the Purchase Price the Sellers shall provide the Buyers with the following delivery documents listed in Clause 20:~~

~~**(i)** Legal Bill(s) of Sale in a form recordable in the Buyers' Nominated Flag State, transferring title of the Vessel and stating that the Vessel is free from all mortgages, encumbrances and maritime liens or any other debts whatsoever, duly notarially attested and legalised or apostilled, as required by the Buyers' Nominated Flag State;~~

~~**(ii)** Evidence that all necessary corporate, shareholder and other action has been taken by the Sellers to authorise the execution, delivery and performance of this Agreement;~~

~~**(iii)** Power of Attorney of the Sellers appointing one or more representatives to act on behalf of the Sellers in the performance of this Agreement, duly notarially attested and legalised or apostilled (as appropriate);~~

~~**(iv)** Certificate or Transcript of Registry issued by the competent authorities of the flag state on the date of delivery evidencing the Sellers' ownership of the Vessel and that the Vessel is free from registered encumbrances and mortgages, to be faxed or e-mailed by such authority to the closing meeting with the original to be sent to the Buyers as soon as possible after delivery of the Vessel;~~

~~**(v)** Declaration of Class or (depending on the Classification Society) a Class Maintenance~~

~~Certificate issued within three (3) Banking Days prior to delivery confirming that the Vessel is in Class free of condition/recommendation;~~

~~**(vi)** Certificate of Deletion of the Vessel from the Vessel's registry or other official evidence of deletion appropriate to the Vessel's registry at the time of delivery, or, in the event that the registry does not as a matter of practice issue such documentation immediately a written undertaking by the Sellers to effect deletion from the Vessel's registry forthwith and provide a certificate or other official evidence of deletion to the Buyers promptly and latest within four (4) weeks after the Purchase Price has been paid and the Vessel has been delivered;~~

~~**(vii)** A copy of the Vessel's Continuous Synopsis Record certifying the date on which the Vessel ceased to be registered with the Vessel's registry, or, in the event that the registry does not as a matter of practice issue such certificate immediately, a written undertaking from the Sellers to provide the copy of this certificate promptly upon it being issued together with evidence of submission by the Sellers of a duly executed From 2 stating the date on which the Vessel shall cease to be registered with the Vessel's registry;~~

~~**(viii)** Commercial Invoice for the Vessel;~~

~~**(ix)** Commercial Invoice(s) for bunkers, lubricating and hydraulic oils and greases;~~

~~**(x)** A copy of the Sellers' letter to their satellite communication provider cancelling the Vessel's communication contract which is to be sent immediately after delivery of the Vessel;~~

~~**(xi)** Any additional documents as may reasonably be required by the competent authorities of the Buyers' Nominated Flag State for the purpose of registering the Vessel, provided the Buyers notify the Sellers of any such documents as soon as possible after the date of this Agreement; and~~

~~**(xii)** The Sellers' letter of confirmation that to the best of their knowledge, the Vessel is not black listed by any nation or international organisation~~

~~**(b)** At the time delivery the Buyers shall provide the Sellers with:~~

~~**(i)** Evidence that all necessary corporate, shareholder and other action has been taken by the Buyers to authorise the execution, delivery and performance of this Agreement; and~~

~~**(ii)** Power of Attorney of the Buyers appointing one or more representatives to act on behalf of the Buyers in the performance of this Agreement, duly notarially attested and legalised or apostilled (as appropriate).~~

(c) If any of the documents listed in Sub clauses (a) and (b) above are not in the English language they shall be accompanied by an English translation by an authorised translator or certified by a lawyer qualified to practice in the country of the translated language.

(d) The Parties shall to the extent possible exchange copies, drafts or samples of the documents listed in Sub-clause (a) and Sub-clause (b) above for review and comment by the other party not later than _____ *(state number of days)*, or if left blank, nine (9) days prior to the Vessel's intended date of readiness for delivery as notified by the Sellers pursuant to Clause 5(b) of this Agreement.

(e) Concurrent with the exchange of documents in Sub-clause (a) and Sub-clause (b) above, the Sellers shall also hand to the Buyers the classification certificate(s) as well as all plans, drawings and manuals, (excluding ISM/ISPS manuals), which are on board the Vessel. Other certificates which are on board the Vessel shall also be handed over to the Buyers unless the Sellers are required to retain same, in which case the Buyers have the right to take copies.

(f) Other technical documentation which may be in the Sellers' possession shall promptly after delivery be forwarded to the Buyers at their expense, if they so request. The Sellers may keep the Vessel's log books but the Buyers have the right to take copies of same.

(g) The Parties shall sign and deliver to each other a Protocol of Delivery and Acceptance confirming the date and time of delivery of the Vessel from the Sellers to the Buyers.

9. Encumbrances

The Sellers warrant that the Vessel, at the time of delivery, is free from ~~all charters,~~ encumbrances, **taxes,** mortgages and maritime liens or any other debts whatsoever, and is not subject to Port State or other administrative detentions. The Sellers hereby undertake to indemnify the Buyers against all consequences of claims made against the Vessel which have been incurred prior to the time of delivery.

10. Taxes, fees and expenses

Any taxes, fees and expenses in connection with the purchase and registration in the Buyers' Nominated Flag State shall be for the Buyers' account, whereas similar charges in connection with the closing of the Sellers' register shall be for the Sellers' account.

11. Condition on delivery

The Vessel with everything belonging to her shall be at the Sellers' risk and expense until she is delivered to the Buyers, but subject to the terms and conditions of this Agreement she shall be delivered and taken over **with everything belonging to her in the same condition** as she was at the time of inspection, fair wear and tear excepted.

However, the Vessel shall be delivered ~~free of cargo~~ and free of stowaways with her **present** Class **fully** maintained without condition/ recommendation *(**except any recommendations/condition already imposed on the Vessel prior to inspection) and all survey cycles up to date and**~~,~~ free of average damage affecting the Vessel's class, and with her classification certificates and national**, international and trading** certificates, as well as all other certificates the Vessel had at the time of inspection **to be clean**, valid and unextended **for minimum (three) months at the time of delivery** without condition/ recommendation* by the Classification Society or the relevant authorities at the time of delivery **(except any recommendations/conditions already imposed on the Vessel prior to inspection)**.

The number/condition of lashing materials as of delivery shall be substantially same as when th Vessel was observed/inspected by the Buyers, fair wear and tear excepted. Condition of suc lashing materials is based on OSHA requirement.
As to quantity, the Vessel is fitted with lashing as per inventory provided by the Sellers. The lashing will be considered Buyers' stock as from the time of delivery of the Vessel.

"inspection" in this Clause 11, shall mean the Buyers' inspection according to Clause 4(a) or 4(b) (Inspections), if applicable. If the Vessel is taken over without inspection, the date of this Agreement shall be the relevant date.

**Notes and memoranda, if any, in the surveyor's report which are accepted by the Classification Society without condition/recommendation are not to be taken into account.*

12. Name/markings

Upon **re**delivery **under the Charter Party,**the Buyers undertake to change the name of the Vessel and alter funnel markings.

13. Buyers' default

Should the Deposit not be lodged in accordance with Clause 2 (Deposit), the Sellers have the right to cancel this Agreement, and they shall be entitled to claim compensation for their losses and for all expenses incurred together with interest.

Should the Purchase Price not be paid in accordance with Clause 3 (Payment), the Sellers have the right to cancel this Agreement, in which case the Deposit together with interest earned, if any, shall be released to the Sellers. If the Deposit does not cover their loss, the Sellers shall be entitled to claim further compensation for their losses and for all expenses incurred together with interest.

14. Sellers' default

Should the Sellers fail to give Notice of Readiness in accordance with Clause 5(b) or fail to be ready to validly complete a legal transfer by the Cancelling Date the Buyers shall have the option of cancelling this Agreement. If after Notice of Readiness has been given but before the Buyers have taken delivery, the Vessel ceases to be physically ready for delivery and is not made physically ready again by the Cancelling Date and new Notice of Readiness given, the Buyers shall retain their option to cancel. In the event that the Buyers elect to cancel this Agreement, the Deposit together with interest earned, if any, shall be released to them immediately.

Should the Sellers fail to give Notice of Readiness by the Cancelling Date or fail to be ready to validly complete a legal transfer as aforesaid they shall make due compensation to the Buyers for their loss and for all expenses together with interest if their failure is due to proven negligence and whether or not the Buyers cancel this Agreement.

15. Buyers' representatives

After this Agreement has been signed by the Parties and the Deposit has been lodged,

the Buyers have the right to place two (2) representatives on board the Vessel at their sole risk and expense **until the time of delivery. One Buyers' superintendent to be allowed to attend the physical delivery/taking over of the Vessel.**

These representatives are on board for the purpose of familiarisation and in the capacity of observers only **always under Master's discretion,** and they shall not interfere in any respect with the operation of the Vessel. The ~~Buyers and the~~ Buyers' representatives shall sign the Sellers' P&L Club's standard letter of indemnity prior to their embarkation. **Buyers shall pay to Sellers at the time of delivery USD 15 per day/per person as meal charge. Other charges, including communication if any, shall be paid by the Buyers at the time of delivery.**

16. Law and Arbitration

(a) *This Agreement shall be governed by and construed in accordance with English law and 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.

The arbitration shall be conducted in accordance with the London Maritime Arbitrators Association (LMAA) Terms current at the time when the arbitration proceedings are commenced.

The reference shall be to three arbitrators. A party wishing to refer a dispute to arbitration shall appoint its arbitrator and send notice of such appointment in writing to the other party requiring the other party to appoint its own arbitrator within fourteen (14) calendar days of that notice and stating that it will appoint its arbitrator as sole arbitrator unless the other party appoints its own arbitrator and gives notice that it has done so within the fourteen (14) days specified. If the other party does not appoint its own arbitrator and give notice that it has done so within the fourteen (14) days specified, the party referring a dispute to arbitration may, without the requirement of any further prior notice to the other party, appoint its arbitrator as sole arbitrator and shall advise the other party accordingly. The award of a sole arbitrator shall be binding on both Parties as if the sole arbitrator had been appointed by agreement.

In cases where neither the claim nor any counterclaim exceeds the sum of US$100,000 the arbitration shall be conducted in accordance with the LMAA Small Claims Procedure current at the time when the arbitration proceedings are commenced.

~~**(b)** *This Agreement shall be governed by and construed in accordance with Title 9 of the United States Code and the substantive law (not including the choice of law rules) of the State of New York and any dispute arising out of or in connection with this Agreement shall be referred to three (3) persons at New York, one to be appointed by each of the parties hereto, and the third by the two so chosen; their decision or that of any two of them shall be final, and for the purposes of enforcing any award, judgement may be entered on an award by any court of competent jurisdiction. The proceedings shall be conducted in accordance with the rules of the Society of Maritime Arbitrators, Inc.~~

~~In cases where neither the claim nor any counterclaim exceeds the sum of US$100,000 the arbitration shall be conducted in accordance with the Shortened Arbitration Procedure of the Society of Maritime Arbitrators, Inc.~~

~~**(c)** This Agreement shall be governed by and construed in accordance with the laws of _____ (*state place*) and any dispute arising out of or in connection with this Agreement shall be referred to arbitration at _____ (*state place*), subject to the procedures applicable there.~~

**16(a), 16(b) and 16(c) are alternatives; delete whichever is not applicable, In the absence of deletions, alternative 16(a) shall apply.*

17. Notices

All notices to be provided under this Agreement shall be in writing.

Contact details for recipients of notices are as follows:

For the Buyers: **Conchart Commercial Inc.**
Mrs. Kalliopi Giannopoulou
E-mail: chartering@echart.gr
Tel: +30 210 6233670 / Fax: +30 210 8081370

For the sellers: **Jabor Shipping Company Inc.**
c/o Steamship Shipbroking Enterprises Inc., Ymittou 6, 17564 Palaio Faliro,
Athens, Greece
Tel: +30 210 9485 360 / Fax: +30 210 9401 810

E-mail: info@stsei.com

18. Entire Agreement

The written terms of this Agreement comprise the entire agreement between the Buyers and the Sellers in relation to the sale and purchase of the Vessel and supersede all previous agreements whether oral or written between the Parties in relation thereto.

Each of the Parties acknowledges that in entering into this Agreement it has not relied on and shall have no right or remedy in respect of any statement, representation, assurance or warranty (whether or not made negligently) other than as is expressly set out in this Agreement.

Any terms implied into this Agreement by any applicable statute or law are hereby excluded to the extent that such exclusion can legally be made. Nothing in this Clause shall limit or exclude any liability for fraud.

19. Subjects

As per Clause 19 of Annex I.

20. As Per Clause 20 of Annex I.

21. Confidentiality

All negotiations and eventual sale to be kept private and confidential between the parties involved, subject however to any disclosure requirement in relation to equity raising or and requirement in relation to the U.S. SEC and NASDAQ, Buyers and Sellers bank or required LI law. Should, however, details of the sale become known or reported on the market, neither thi Buyers nor the Sellers shall have the right to withdraw from the sale or to fail to fulfil thei obligations under the MOA.

For and on behalf of the Sellers

Name: Symeon Palios

/s/ Symeon Palios

Title: Director and President

For and on behalf of the Buyers

Technomar Shipping Inc.

Name: Theodoros Baltatzis

/s/ Theodoros Baltatzis

Title: Director-Vice President-Treasurer

Annex I to the Memorandum of Agreement dated 17th of October 2017

BUYERS: Technomar Shipping Inc for and on behalf of Poseidon Containers Holdings Corp. (or nominated SPVs)

SELLERS: Diana Containerships Inc. (Separate MOAs will be signed for each vessel and the ship-owning company will be named as Seller of the respective vessel)

1. PURCHASE PRICE: Total USD 141,500,000.-gross less 0.36% brokerage commission (the "Purchase Price").
Separate MOA per Vessel.
Purchase Price split per each Vessel, gross and less 0.36% brokerage commission, as per the following table (the "Table")

Sellers' exclusive brokers Messrs. Steamship Shipbroking Enterprises Inc. brokerage commission is covered on a yearly basis directly from the Sellers.

1 Puelo	6,541	2006	17,500,000
2 Hamburg	6,494	2009	20,750,000
3 Rotterdam	6,494	2008	19,250,000
4 March	5,576	2004	11,000,000
5 Great	5,576	2004	11,000,000
6 Pucon	6,541	2006	17,000,000
7 Domingo	3,739	2001	7,500,000
8 Sagitta	3,426	2010	9,250,000
9 Centaurus	3,426	2010	9,250,000
10 Pamina	5,042	2005	9,000,000
11 New Jersey	4,923	2006	10,000,000
			141,500,000

2. DEPOSIT
THE BUYERS SHALL PAY A DEPOSIT OF 20 (TWENTY) PCT OF THE PURCHASE PRICE WITHIN 3 (THREE) BANKING DAYS AFTER THE MOAs HAVE BEEN SIGNED AND EXCHANGED BY FAX/EMAIL BY BOTH PARTIES AND JOINT ACCOUNT OPENED AND ALL SUBJECTS LIFTED WHICHEVER THE LATER.

THIS DEPOSIT SHALL BE PLACED AND HELD IN A JOINT ACCOUNT FOR THE SELLERS AND THE BUYERS WITH SELLERS' NOMINATED FIRST CLASS BANK ("DEPOSIT HOLDER") AND TO BE RELEASED IN ACCORDANCE WITH THE JOINT WRITTEN INSTRUCTIONS OF THE SELLERS AND THE BUYERS. INTEREST, IF ANY, TO BE CREDITED TO THE BUYERS. ANY FEE CHARGED FOR OPENING, HOLDING AND RELEASING THE SAID DEPOSIT AND FACILITATING THE CLOSING SHALL BE BORNE EQUALLY BY THE SELLERS AND THE BUYERS. THE PARTIES SHALL PROVIDE TO THE DEPOSIT HOLDER ALL NECESSARY DOCUMENTATION TO OPEN AND MAINTAIN THE ACCOUNT WITHOUT DELAY.

3. PAYMENT

THE 80 (EIGHTY) PCT BALANCE OF THE PURCHASE PRICE TOGETHER WITH THE 20 (TWENTY) PCT DEPOSIT SHALL BE PAID/RELEASED IN FULL FREE OF BANK CHARGES TO THE SELLERS' NOMINATED ACCOUNT AND BANK ON DELIVERY OF THE VESSEL CONCURRENTLY WITH THE SELLERS PROVIDING THE BUYERS WITH THE AGREED DELIVERY DOCUMENTATION (WHICH SHALL BE AGREED UPON IN AN ADDENDUM TO THE MOA), BUT NOT LATER THAN 3 (THREE) BANKING DAYS AFTER THE VESSEL IS IN EVERY RESPECT PHYSICALLY READY FOR DELIVERY IN ACCORDANCE WITH THE TERMS AND CONDITIONS OF THIS AGREEMENT AND VALID NOTICE OF READINESS HAS BEEN GIVEN IN ACCORDANCE WITH CLAUSE 5 OF THE NSF 2012.

4. INSPECTIONS

THE BUYERS HAVE THE RIGHT TO INSPECT ALL THE VESSELS AND ALL THE VESSELS'

CLASSIFICATION RECORDS SOONEST AFTER THE MOAS ARE SIGNED.

THE SALE SHALL BECOME OUTRIGHT AND DEFINITE, SUBJECT ONLY TO THE TERMS AND CONDITIONS OF THIS AGREEMENT, AND SUBJECT ALSO TO THE FOLLOWING:

(A) PROVIDED THAT THE SELLERS RECEIVE WRITTEN NOTICE OF ACCEPTANCE OF THE VESSEL FROM THE BUYERS FOLLOWING VESSELS' INSPECTION WITHIN FORTY EIGHT (48) HOURS AFTER COMPLETION OF SUCH INSPECTION OR UNTIL 20TH OCTOBER 2017; THEREAFTER THE BUYERS' RIGHT FOR VESSELS' INSPECTION SHALL BE WAIVED BUT ALWAYS PROVIDED THAT THE VESSELS' SCHEDULE DOES NOT CHANGE/IS DELAYED IN WHICH CASE THE INSPECTION DATES AND THIS DATE OF LIFT OF SUBJECT WILL CHANGE ACCORDINGLY. WHICHEVER IS EARLIER. IN THIS CASE, THIS SUBJECT HAS TO BE LIFTED BEFORE THE SUBJECT OF CLAUSE 19 (C) IS LIFTED, I.E. BEFORE THE SUCCESSFUL RAISING OF EQUITY AS PER CLAUSE 19(C).

(B) PROVIDED THAT THE SELLERS RECEIVE WRITTEN NOTICE OF ACCEPTANCE OF THE VESSELS' CLASS RECORDS FROM THE BUYERS FOLLOWING VESSEL'S CLASS RECORD INSPECTION WITHIN 48 HOURS AFTER COMPLETION OF SUCH VESSELS' CLASS RECORDS INSPECTION OR UNTIL 20TH OCTOBER 2017, WHICHEVER IS EARLIER. IN ANY CASE THE VESSELS' CLASS RECORD INSPECTION HAVE TO BE COMPLETED AND NOTICE OF ACCEPTANCE OF THE VESSELS' CLASS RECORDS TO BE DECLARED BEFORE THE BEGINNING OF THE EQUITY RAISING PROCESS, I.E. NONE OF THE VESSELS CAN BE IDENTIFIED/COMMITTED INTO ANY KIND OF DOCUMENT/E-MAIL CORRESPONDENCE/EXCHANGE OF THE EQUITY RAISING PROCESS UNLESS THE VESSELS' CLASS RECORDS INSPECTION SUBJECT HAS BEEN LIFTED (BUT SALE ALWAYS TO BE SUBJECT TO VESSEL'S INSPECTION AS PER (A) ABOVE AND CLAUSE 19 (C) BELOW)

OTHERWISE AS PER (b) OF NSF 2012 BUYERS TO COMPLETE ALL VESSELS/RECORDS INSPECTIONS BY 20TH OCTOBER 2017.

5. NOTICES, DELIVERY PLACE AND TIME

THE SELLERS SHALL KEEP THE BUYERS WELL INFORMED OF THE VESSELS' ITINERARY AND SHALL PROVIDE THE BUYERS WITH 30, 20, 15, 10, 7, 5 AND 3 DAYS APPROXIMATE NOTICE AND PROBABLE PORT AND 2/1 DAY DEFINITE NOTICE OF DELIVERY DATE AND PORT. WHEN THE VESSELS ARE AT THE PLACE OF DELIVERY AND IN EVERY RESPECT PHYSICALLY READY FOR DELIVERY IN ACCORDANCE WITH THIS AGREEMENT THE SELLERS SHALL GIVE THE BUYERS A WRITTEN NOTICE OF READINESS FOR DELIVERY.

THE VESSELS SHALL BE DELIVERED AND TAKEN OVER WITHIN THE VESSELS TRADING AREA, SAFELY AFLOAT AT A SAFE AND ACCESSIBLE BERTH OR ANCHORAGE IN THE SELLERS' OPTION.

(DELIVERY VESSELS TO TAKE PLACE BETWEEN 30TH NOVEMBER 2017 AND 10TH MARCH 2018 (DATES TO BE NARROWED/MUTUALLY AGREED ON AN AD HOC BASIS AND FORM PART OF AN ADDENDUM TO THE MOA) TIME -WITHIN THE AGREED NARROWED DATES - IN SELLERS' OPTION, BUT CANCELLING DATE OF 30TH MARCH 2018 IN THE BUYERS' OPTION, WHICH SHALL BE EXTENDED ACCORDINGLY IN THE CASE OF CLAUSE 20 OF THIS AGREEMENT.)

IF THE SELLERS ANTICIPATE THAT, NOTWITHSTANDING THE EXERCISE OF DUE DILIGENCE BY THEM, THE VESSEL WILL NOT BE READY FOR DELIVERY BY THE CANCELLING DATE THEY MAY NOTIFY THE BUYERS IN WRITING STATING THE DATE WHEN THEY ANTICIPATE THAT THE VESSEL WILL BE READY FOR DELIVERY AND PROPOSING A NEW CANCELLING DATE. UPON RECEIPT OF SUCH NOTIFICATION THE BUYERS SHALL HAVE THE OPTION OF ACCEPTING THE NEW DATE AS THE NEW CANCELLING DATE OR PROPOSING A NEW CANCELLING DATE.
IF THE BUYERS HAVE NOT DECLARED THEIR OPTION WITHIN THREE (3) BANKING DAYS OF RECEIPT OF THE SELLERS' NOTIFICATION OR IF THE BUYERS ACCEPT THE NEW DATE, THE DATE PROPOSED IN THE SELLERS' NOTIFICATION SHALL BE DEEMED TO BE THE NEW CANCELLING DATE AND SHALL BE SUBSTITUTED FOR THE CANCELLING DATE STIPULATED IN LINE 79. IF THIS AGREEMENT IS MAINTAINED WITH THE NEW CANCELLING DATE ALL OTHER TERMS AND CONDITIONS HEREOF INCLUDING THOSE CONTAINED IN CLAUSE 5(B) SHALL REMAIN UNALTERED AND IN FULL FORCE AND EFFECT.

AT LEAST 7 (SEVEN) DAYS INTERVAL BETWEEN THE DELIVERIES OF THE VESSELS.

THE SALE INCLUDE A TIMECHARTER OF THE VESSELS FOR BALANCE PERIOD AGAINST A NOVATION AGREEMENT TO BE AGREED BETWEEN SELLERS/BUYERS/CHARTERERS.

6. DRYDOCKING / DIVERS INSPECTION AS PER NSF 2012

CLAUSE 6.B) DELETED

6 A TO READ
SELLERS SHALL ARRANGE AT BUYERS' EXPENSE FOR AN UNDERWATER INSPECTION IN ONE OF THE SUITABLE FOR UNDERWATER INSPECTION, PORT (WITHIN THE VESSELS' SCHEDULE) BY CLASS APPROVED DIVERS, AT OR BEFORE THE PORT OF DELIVERY SUCH OPTION SHALL BE DECLARED LATEST NINE (9) DAYS PRIOR TO THE VESSEL'S INTENDED DATE OF READINESS FOR DELIVERY AS NOTIFIED BY THE SELLERS PURSUANT TO CLAUSE 5(A) OF THIS AGREEMENT.
IN CASE UNDERWATER INSPECTION IS CARRIED OUT A PORT BEFORE THE PORT OF DELIVERY SELLERS TO PROVIDE A LETTER OF UNDERTAKING WHEREBY SELLERS TO CONFIRM THAT, TO THE BEST OF THEIR KNOWLEDGE, THE VESSEL HAS NOT GROUNDED OR TOUCHED BOTTOM BETWEEN THE PLACE OF DIVING INSPECTION AND THE PLACE OF DELIVERY.
IF THE INSPECTION WOULD INTERFERE WITH THE CHARTERERS' SCHEDULE, THE INSPECTION SHALL TAKE PLACE AT A SUITABLE HARBOR BEFORE THE DELIVERY PORT, AND SELLERS SHALL DELIVER TO BUYERS AT CLOSING A CONFIRMATION THAT THE VESSEL HAS NOT TOUCHED BOTTOM SINCE THE INSPECTION. BUYERS' SUPERINTENDENT TO HAVE THE RIGHT TO ATTEND UNDERWATER INSPECTION AS OBSERVER ONLY WITHOUT INTERFERING WITH THE WORK OR DECISIONS OF THE CLASSIFICATION SOCIETY'S SURVEYOR. SELLERS TO REQUIRE THE CLASS TO ATTEND SUCH UNDERWATER INSPECTION AT BUYERS' COST. SUCH DIVERS INSPECTION TO BE PERFORMED TO THE SATISFACTION OF THE CLASS SURVEYOR. SELLERS TO FACILITATE AND ARRANGE FOR AVAILABILITY OF THE VSLS FOR SUCH DIVERS INSPECTION. THE SELLERS MAY NOT TENDER NOR PRIOR TO THE COMPLETION OF THE U/W.

CLAUSE 6 A (II) TO READ AS FOLLOWS:
IF THE RUDDER, PROPELLER, BOTTOM OR OTHER UNDERWATER PARTS BELOW THE DEEPEST LOAD LINE ARE FOUND BROKEN, DAMAGED OR DEFECTIVE SO AS TO AFFECT THE VESSELS' CLASS, NORMAL WEAR AND TEAR EXCEPTED, AND THE CLASSIFICATION SOCIETY APPROVES TO POSTPONE SUCH REPAIRS/RECTIFICATION OF RECOMMENDATIONS/CONDITIONS UNTIL THE NEXT PERIODICAL DRYDOCKING, THEN THE VESSELS TO BE DELIVERED WITHOUT DRYDOCKING AND REPAIRS. THE SELLERS TO MAKE A CASH SETTLEMENT TO THE BUYERS OF THE ESTIMATED DIRECT COST (OF LABOR AND MATERIALS) OF CARRYING OUT FOR SUCH REPAIRS/RECTIFICATION TO THE SATISFACTION OF THE CLASSIFICATION SOCIETY, WHEREAFTER THE BUYERS SHALL HAVE NO FURTHER RIGHTS WHATSOEVER IN RESPECT OF THE DEFECTS AND/OR REPAIRS. THE ESTIMATED DIRECT COST OF THE REPAIRS SHALL BE CALCULATED ON THE BASIS OF THE AVERAGE QUOTATION FOR THE REPAIR WORK AS RECEIVED FROM TWO REPUTABLE INDEPENDENT SHIPYARDS, ONE OBTAINED BY EACH PARTY WITHIN 3 (THREE) BANKING DAYS FROM THE DATE OF IMPOSITION OF THE CONDITION/RECOMMENDATION, UNLESS THE PARTIES AGREE OTHERWISE. SHOULD EITHER OF THE PARTIES FAIL TO OBTAIN SUCH A QUOTE WITHIN THE STIPULATED TIME THEN THE QUOTE DULY OBTAINED BY THE OTHER PARTY SHALL BE THE SOLE BASIS FOR THE ESTIMATION OF THE COSTS.SAID COMPENSATION TO BE DEDUCTED FROM THE PURCHASE PRICE AT THE TIME OF DELIVERY. IN CASE THE SETTLEMENT/REPAIR AMOUNT IS ABOVE USD250,000.- (UNITED STATES DOLLARS TWO HUNDRED FIFTY THOUSAND), THE SELLERS SHALL HAVE THE OPTION (NOT THE OBLIGATION) TO CANCEL THE AGREEMENT. SHOULD THE COSTS EXCEED THIS MAXIMUM AMOUNT AND THE SELLERS INFORM THE BUYERS OF THEIR INTENTION TO CANCEL THIS AGREEMENT THEN THE BUYERS SHALL HAVE THE OPTION TO ACCEPT THE MAXIMUM AMOUNT AS A LUMPSUM COMPENSATION TO BE DEDUCTED FROM THE PURCHASE PRICE IN FULL AND FINAL SETTLEMENT OF ALL THEIR CLAIMS IN CONNECTION WITH THE DAMAGE AND TAKE DELIVERY OF THE VESSEL AS SHE IS. SUCH OPTION TO BE DECLARED BY THE BUYERS WITHIN TWO (2) BANKING DAYS AFTER RECEIPT OF SELLERS NOTIFICATION THAT THEY INTEND TO CANCEL THE AGREEMENT IN ACCORDANCE WITH THIS CLAUSE.

IN CASE THAT AGREEMENT IS CANCELLED IN ACCORDANCE WITH THIS CLAUSE THEN THE DEPOSITTOGETHER WITH INTEREST, IF ANY, SHALL BE RELEASED TO THE BUYERS WHERE AFTER THIS AGREEMENT SHALL BECOME NULL AND VOID WITHOUT EITHER PARTY HAVING ANY CLAIMS AGAINST THE OTHER IN RELATION TO THIS AGREEMENT.

IN CASE THAT AGREEMENT IS CANCELLED IN ACCORDANCE WITH THIS CLAUSE THEN THE BUYERS WILL HAVE TO PURCHASE THE NEXT IN LINE VESSEL FROM THE TABLE, AS AGREED HEREIN.

FOR THE AVOIDANCE OF DOUBT, ANY CLASS CONDITION(S)/RECOMMENDATION(S) WHICH WERE ALREADY IMPOSED ON THE VESSEL PRIOR TO INSPECTION SHALL NOT BE TAKEN INTO CONSIDERATION IN VIEW OF THIS CLAUSE. THE SELLERS SHALL GRANT NO FURTHER WARRANTY AND SHALL HAVE NO FURTHER LIABILITY WITH RESPECT TO THE CONDITION OF THE VESSEL IN EXCESS OF THE STIPULATIONS OF THIS CLAUSE **AND CLAUSE 11**.

HOWEVER, IF SUCH DAMAGE AFFECT THE VESSELS' CLASS AND REPAIRS/ RECTIFICATION OF RECOMMENDATIONS/CONDITIONS CANNOT BE POSTPONED BY CLASSIFICATION SOCIETY UNTIL THE NEXT PERIODICAL DRYDOCKING, THEN UNLESS REPAIRS CAN BE CARRIED OUT AFLOAT TO THE SATISFACTION OF THE CLASSIFICATION SOCIETY, THEN THE SELLERS SHALL ARRANGE FOR THE VESSELS TO BE DRYDOCKED AT THEIR EXPENSE FOR INSPECTION BY THE CLASSIFICATION SOCIETY OF THE VESSELS' UNDERWATER PARTS BELOW THE DEEPEST LOAD LINE, THE EXTENT OF THE INSPECTION BEING IN ACCORDANCE WITH THE

CLASSIFICATION SOCIETY RULES. IF THE RUDDER, PROPELLER, BOTTOM OR OTHER UNDERWATER PARTS BELOW THE DEEPEST LOAD LINE ARE FOUND BROKEN, DAMAGED OR DEFECTIVE SO AS TO AFFECT THE VESSELS' CLASS, SUCH DEFECTS SHALL BE MADE GOOD BY THE SELLERS AT THEIR EXPENSE TO THE SATISFACTION OF THE CLASSIFICATION SOCIETY WITHOUT RECOMMENDATIONS/CONDITIONS. IN SUCH EVENT THE SELLERS ARE TO PAY ALSO FOR THE COST OF THE UNDERWATER INSPECTION AND THE CLASSIFICATION SOCIETY'S ATTENDANCE. IN CASE THE REPAIR AMOUNT IS ABOVE USD500,000.- (UNITED STATES DOLLARS FIVE HUNDRED THOUSAND), THE SELLERS SHALL HAVE THE OPTION (NOT THE OBLIGATION) TO CANCEL THE AGREEMENT. SHOULD THE COSTS EXCEED THIS MAXIMUM AMOUNT AND THE SELLERS INFORM THE BUYERS OF THEIR INTENTION TO CANCEL THIS AGREEMENT THEN THE BUYERS SHALL HAVE THE OPTION TO ACCEPT THE MAXIMUM AMOUNT AS A LUMPSUM COMPENSATION TO BE DEDUCTED FROM THE PURCHASE PRICE IN FULL AND FINAL SETTLEMENT OF ALL THEIR CLAIMS IN CONNECTION WITH THE DAMAGE AND TAKE DELIVERY OF THE VESSEL AS SHE IS. SUCH OPTION TO BE DECLARED BY THE BUYERS WITHIN TWO (2) BANKING DAYS AFTER RECEIPT OF SELLERS NOTIFICATION THAT THEY INTEND TO CANCEL THE AGREEMENT IN ACCORDANCE WITH THIS CLAUSE.

IN CASE THAT AGREEMENT IS CANCELLED IN ACCORDANCE WITH THIS CLAUSE THEN THE DEPOSIT TOGETHER WITH INTEREST, IF ANY, SHALL BE RELEASED TO THE BUYERS WHERE AFTER THIS AGREEMENT SHALL BECOME NULL AND VOID WITHOUT EITHER PARTY HAVING ANY CLAIMS AGAINST THE OTHER IN RELATION TO THIS AGREEMENT.

IN CASE THAT AGREEMENT IS CANCELLED IN ACCORDANCE WITH THIS CLAUSE THEN THE BUYERS WILL HAVE TO PURCHASE THE NEXT IN LINE VESSEL FROM THE TABLE, AS AGREED HEREIN.

OTHERWISE CLAUSE 6 C) OF NSF 2012 TO APPLY IN FULL.

7. SPARES, BUNKERS ETC.

THE SELLERS SHALL DELIVER THE VESSELS TO THE BUYERS WITH EVERYTHING BELONGING TO THEM ON BOARD AND ON SHORE OR ON ORDER. ALL SPARE PARTS AND SPARE EQUIPMENT INCLUDING SPARE TAIL-END SHAFT(S), IF ANY, AND/OR SPARE PROPELLER(S) /PROPELLER BLADE(S) IF ANY, BELONGING TO THE VESSELS AT THE TIME OF INSPECTION USED OR UNUSED WHETHER ON BOARD OR NOT SHALL BECOME THE BUYERS' PROPERTY. FORWARDING CHARGES, IF ANY, SHALL BE FOR THE BUYERS' ACCOUNT. THE SELLERS ARE NOT REQUIRED TO REPLACE SPARE PARTS INCLUDING SPARE TAIL-END SHAFT(S), IF ANY, AND/OR SPARE PROPELLER (S) /PROPELLER BLADE(S) IF ARE TAKEN OUT OF SPARE AND USED AS REPLACEMENT PRIOR TO DELIVERY, BUT THE REPLACED ITEMS SHALL BE THE PROPERTY OF THE BUYERS.

THE RADIO INSTALLATION AND NAVIGATIONAL EQUIPMENT SHALL BE INCLUDED IN THE SALE. IRIDIUM/FBB/SAT-LINKS-ANY LEASED EQUIPMENT MAY BE INCLUDED IN THE SALE BY TRANSFERRING THE CONTRACTS TO THE BUYERS. REVERTING.

LIBRARY AND FORMS EXCLUSIVELY FOR USE IN THE SELLERS' VESSEL(S) AND CAPTAIN'S, OFFICERS' AND CREW'S PERSONAL BELONGINGS INCLUDING THE SLOP CHEST ARE TO BE EXCLUDED FROM THE SALE. BROACHED STORES AND PROVISIONS TO BE INCLUDED IN THE SALE WITHOUT EXTRA PAYMENT.

HIRED / EXCLUDED ITEMS ARE AS FOLLOWS:
PLSE ADVISE

ITEMS ON BOARD WHICH ARE ON HIRE OR OWNED BY THIRD PARTIES ON A VESSEL SPECIFIC BASIS TO BE EXCLUDED FROM THE SALE WITHOUT COMPENSATION. (REVERTING WITH MORE ITEMS SEPARATELY FOR EACH VESSEL)

LIFE RAFTS
GAS BOTTLES
CENTAURUS: SATLINK 1 PC - CITADEL EQUIPMENT
SAGITTA: SATLINK 1 PC - CITADEL EQUIPMENT
MARCH: FBB 1 PC
GREAT: SATLINK 1 PC - TENDER BOAT ALONG WITH HER OUTBOARD ENGINE AND ACCESSORIES - CITADEL EQUIPMENT
DOMINGO: SATLINK 1 PC - CITADEL EQUIPMENT
PUELO: SATLINK 1 PC - CITADEL EQUIPMENT
PUCON: SATLINK 1 PC - CITADEL EQUIPMENT
PAMINA: SATLINK 1 PC - TENDER BOAT ALONG WITH HER OUTBOARD ENGINE AND ACCESSORIES - CITADEL EQUIPMENT
HAMBURG: SATLINK 1 PC - CITADEL EQUIPMENT
ROTTERDAM: SATLINK 1 PC - CITADEL EQUIPMENT
JERSEY: SATLINK 1 PC - CITADEL EQUIPMENT

IF THE VESSEL(S) IS / ARE UNEMPLOYED ALL REMAINING ON BOARD BUNKERS TO BE TAKEN OVER AND PAID BY THE BUYERS TO THE SELLERS AT NET CONTRACT PRICE, SUPPORTED BY INVOICES/VOUCHERS.

THE BUYERS SHALL TAKE OVER AND PAY EXTRA FOR UNUSED LUBOILS AND HYDRAULIC OILS IN STORAGE TANKS WHICH HAVE NOT BEEN PASSED THROUGH THE ENGINE SYSTEM AND SEALED DRUMS AT SELLERS NET CONTRACT PRICE (INCL ANY DISCOUNTS) SUPPORTED BY INVOICES/VOUCHERS. FOR THE AVOIDANCE OF DOUBT THE BUNKERS ROB BELONGS TO THE CHARTERERS UNLESS THE VESSEL IS UNEMPLOYED.

LUBOILS +BUNKERS QUANTITIES SURVEY TO BE MUTUALLY PERFORMED BY THE SELLERS AND THE BUYERS' REPRESENTATIVES 3 (THREE) BANKING DAYS BEFORE DELIVERY. THEN AN AGREED ALLOWANCE FOR CONSUMPTION FOR THE PERIOD BETWEEN THE JOINT SURVEY AND THE TIME OF ACTUAL DELIVERY OF THE VESSEL TO BE SUBTRACTED FROM THE FIGURES DURING THE JOINT SURVEY.

8. DOCUMENTATION

THE PLACE OF CLOSING: ATHENS
A LIST OF DELIVERY DOCUMENTS TO BE DRAWN UP AND ATTACHED TO THIS AGREEMENT AS AN ADDENDUM NO. 1. AT THE TIME OF DELIVERY THE SELLERS ARE TO HANDOVER TO THE BUYERS ONBOARD MANUALS (EXCLUDING ISM/ISPS MANUALS)/DRAWINGS/RECORDS ON BOARD AND ASHORE, WHICH WILL BE COLLECTED AT BUYERS' COST AND ARRANGEMENT.
OTHER CERTIFICATES, EXCLUDING ORIGINAL CERTIFICATES TO BE RETURNED TO COMPETENT AUTHORITIES, BUT INCLUDING THE ORIGINAL CERTIFICATE OF CLASS, WHICH IS ON BOARD THE VESSEL SHALL ALSO BE HANDED OVER TO THE BUYERS, IN WHICH CASE THE BUYERS HAVE THE RIGHT TO TAKE COPIES OF ORIGINAL CERTIFICATES. 0/W AS PER NSF 2012.

9. ENCUMBRANCES

THE SELLERS WARRANT THAT THE VESSEL, AT THE TIME OF DELIVERY, IS FREE

FROM ALL ENCUMBRANCES, TAXES, MORTGAGES AND MARITIME LIENS OR ANY OTHER DEBT WHATSOEVER.

10. TAXES

AS PER NSF 2012.

11. CONDITION ON DELIVERY

A)
THE VESSELS WITH EVERYTHING BELONGING TO THEM SHALL BE AT SELLERS' RISK AND EXPENSE UNTIL THEY ARE DELIVERED TO THE BUYERS, BUT SUBJECT TO THE TERMS AND CONDITIONS OF THIS AGREEMENT THEY SHALL BE DELIVERED AND TAKEN OVER WITH EVERYTHING BELONGING TO THEM IN THE SAME CONDITION AS AT THE TIME OF INSPECTION FAIR WEAR AND TEAR EXCEPTED.

THE VESSELS TO BE DELIVERED WITH THEIR PRESENT CLASS FULLY MAINTAINED WITHOUT RECOMMENDATIONS/CONDITIONS (EXCEPT ANY RECOMMENDATIONS / CONDITIONS ALREADY IMPOSED ON THE VESSEL(S) PRIOR TO INSPECTION) AND WITH ALL SURVEY CYCLES UPTO DATE AND FREE OF AVERAGE DAMAGE AFFECTING CLASS AND WITH THEIR CLASSIFICATION CERTIFICATE AND WITH ALL NATIONAL, INTERNATIONAL AND TRADING CERTIFICATES AS WELL AS ALL OTHER CERTIFICATES THE VSLS HAD AT THE TIME OF INSPECTION TO BE CLEAN, VALID AND UNEXTENDED FOR MIN 3 MONTHS AT THE TIME OF DELIVERY (EXCLUDING THE MV NEW JERSEY WHICH IS LAID UP) WITHOUT CONDITIONS/RECOMMENDATIONS BY THE CLASS OR THE RELEVANT AUTHORITIES. (EXCEPT ANY RECOMMENDATIONS / CONDITIONS ALREADY IMPOSED ON THE VESSEL(S) PRIOR TO INSPECTION)

B) THE NUMBER/CONDITION OF LASHING MATERIALS AS OF DELIVERY SHALL BE SUBSTANTIALLY SAME AS WHEN THE VESSEL WAS OBSERVED /INSPECTED BY THE BUYERS, FAIR WEAR AND TEAR EXCEPTED. CONDITION OF SUCH LASHING MATERIALS IS BASED ON OSHA REQUIREMENT.

AS TO QUANTITY, THE VESSEL IS FITTED WITH LASHING AS PER INVENTORY PROVIDED BY THE SELLERS. THE LASHING WILL BE CONSIDERED BUYERS' STOCK AS FROM THE TIME OF DELIVERY OF THE VESSEL.

12. NAME/MARKINGS

UPON REDELIVERY UNDER CHARTER PARTY, THE BUYERS UNDERTAKE TO CHANGE

THE NAME OF THE VESSEL AND ALTER THE MARKINGS.

FOR UNEMPLOYED VESSELS:

UPON DELIVERY THE BUYERS UNDERTAKE TO CHANGE THE NAME OF THE VESSEL AND

ALTER FUNNEL MARKINGS.

13. BUYERS' DEFAULT
AS PER NSF 2012

14. SELLERS' DEFAULT
AS PER NSF 2012

15. BUYERS' REPRESENTATIVES

AS PER NSF 2012. ONE BUYERS' SUPERINTENDENT TO BE ALLOWED TO ATTEND THE PHYSICAL DELIVERY / TAKING OVER. TWO (2) BUYERS' REPRESENTATIVES AFTER THE DEPOSIT IS LODGED AT THEIR SOLE RISK AND EXPENSE UNTIL THE TIME OF DELIVERY.

THESE REPRESENTATIVES ARE ON BOARD FOR THE PURPOSE OF FAMILIARISATION AND IN THE CAPACITY OF OBSERVERS ONLY, ALWAYS UNDER MASTER'S DISCRETION AND THEY SHALL NOT INTERFERE IN ANY RESPECT WITH

THE OPERATION OF THE CREW AND THE VESSEL. THE BUYERS' REPRESENTATIVES SHALL SIGN THE SELLERS' P&I CLUB STANDARD LOI PRIOR TO THEIR EMBARKATION. BUYERS SHALL PAY TO SELLERS AT THE TIME OF DELIVERY US$15 PER DAY PER PERSON AS MEAL CHARGE. OTHER CHARGE, INCLUDING COMMUNICATION, IF ANY, SHALL BE PAID BY THE BUYERS AT THE TIME OF DELIVERY.

16. ARBITRATION
CLAUSE A) OF NSF 2012 TO APPLY WITH LMAA TO APPLY.

17. NOTICES-AS PER NSF 2012

18. ENTIRE AGREEMENT- AS PER NSF 2012

19. SUBJECTS

The Offer is subject to:

(a) Completion of Vessel's inspection as detailed above in cl 4(a).This subject to be lifted no later than Athens C.O.B 20th October 2017; thereafter the Buyers' right for Vessels' inspection shall be waived but always provided that the Vessels' schedule does not change/is delayed in which case the inspection dates and this date of lift of subject will change accordingly, In this case, this subject has to be lifted before the subject of clause 19 (c) is lifted, i.e. before the successful raising and receipt of equity as per clause 19(c).

(b) Completion of Vessels' class records inspection. This subject to be lifted no later than Athens C.O.B 20th October 2017. In any case, the Vessels' class record inspection have to be completed and notice of acceptance of the Vessels' class records to be declared before the beginning of the equity raising process, i.e. none of the vessels can be identified/committed into any kind of document/e-mail correspondence/exchange of the equity raising process unless the Vessels' class records inspection subject has been lifted (but sale always subject to this clause 19 (a) and (c).).

and

(c) The successful raising and receipt of at least USD 49,000,000- in gross proceeds in connection with the issue of ~~such~~ share capital of Poseidon Containers Holdings Corp. This subject to be lifted not later than c.o.b Athens on 3rd November 2017.

On the condition that all above subjects (a), (b) and (c) have been lifted then the Buyers will have the following obligations:

i. In case Poseidon Containers Holdings Corp ("Poseidon Corp") raises and receives at least USD 49,000,000- in gross proceeds with the issue of its share capital, then Poseidon Corp will have: (1a) the obligation to purchase the Vessel with Ref number 3 as per the Table, at the Purchase Price provided therein and (2a) the option to buy any of the Vessels with Ref number 1,2,4,5,6 and 7 in order of numerical priority as shown in the Table (i.e. first the Vessel with Ref number 1, second the Vessel with Ref no 2 etc). Such Buyers' option to be declared simultaneously with the lift of subject under 19 (c) above.

ii. In case Poseidon Containers Holdings Corp ("Poseidon Corp") raises and receives at least USD 60,000,000- in gross proceeds with the issue of its share capital, then Poseidon Corp will have: (1a) the obligation to purchase the Vessels with Ref number 3 and 4 as per the Table, each at the Purchase Price provided therein and (2a) the option to buy any of the Vessels with Ref number 1,2,5,6 and 7 in order of numerical priority as shown in the Table (i.e. first the

Vessel with Ref number 1, second the Vessel with Ref no 2 etc). Such Buyers' option to be declared simultaneously with the lift of subject under 19 (c) above.

iii. In case Poseidon Containers Holdings Corp ("Poseidon Corp") raises and receives at least USD 68,000,000- in gross proceeds with the issue of its share capital, then Poseidon Corp will have: (1a) the obligation to purchase the Vessels with Ref number 3, 7 and 5 as per the Table, each at the Purchase Price provided therein and (2a) the option to buy any of the Vessels with Ref number 1,2, 4 and 6 in order of reference priority as shown hereto (i.e. first the Vessel with Ref number 1, second the Vessel with Ref no 2, third the Vessel with Ref no 4 and fourth the Vessel with Ref no 6 etc). Such Buyers' option to be declared simultaneously with the lift of subject under 19 (c) above..

iv. In case Poseidon Containers Holdings Corp ("Poseidon Corp") raises and receives at least USD 70,000,000- in gross proceeds with the issue of its share capital, then Poseidon Corp will have: (1a) the obligation to purchase the Vessels with Ref number 1,4 and 5 as per the Table, each at the Purchase Price provided therein and (2a) the option to buy any of the Vessels with Ref number 2,3,6 and 7 in order of numerical priority as shown in the Table (i.e. first the Vessel with Ref number 2, second the Vessel with Ref no 3, third the vessel with Ref no.6 etc). Such Buyers' option to be declared simultaneously with the lift of subject under 19 (c) above.

v. In case Poseidon Containers Holdings Corp ("Poseidon Corp") raises and receives at least USD 79,000,000- in gross proceeds with the issue of its share capital, then Poseidon Corp will have: (1a) the obligation to purchase the Vessels with Ref number 1,2 and 4 as per the Table, each at the Purchase Price provided therein and (2a) the option to buy any of the Vessels with Ref number 3,5,6 and 7 in order of numerical priority as shown in the Table (i.e. first the Vessel with Ref number 3, second the Vessel with Ref no 5 etc). Such Buyers' option to be declared simultaneously with the lift of subject under 19 (c) above.

vi. In case Poseidon Containers Holdings Corp ("Poseidon Corp") raises and receives at least USD 90,000,000- in gross proceeds with the issue of its share capital, then Poseidon Corp will have: (1a) the obligation to purchase the Vessels with Ref number 1,2,4 and 5 as per the Table, each at the Purchase Price provided therein and (2a) the option to buy any of the Vessels with Ref number 3,6 and 7 in order of numerical priority as shown in the Table (i.e. first the Vessel with Ref number 1, second the Vessel with Ref no 2 etc). Such Buyers' option to be declared simultaneously with the lift of subject under 19 (c) above.

vii. In case Poseidon Containers Holdings Corp ("Poseidon Corp") raises and receives at least USD 99,000,000- in gross proceeds with the issue of its share capital, then Poseidon Corp will have: (1a) the obligation to purchase the Vessels with Ref number 1,2,3 and 4 as per the Table, each at the Purchase Price provided therein and (2a) the option to buy any of the Vessels with Ref number 5,6 and 7 in order of numerical priority as shown in the Table (i.e. first the Vessel with Ref number 5, second the Vessel with Ref no 6 etc). Such Buyers' option to be declared simultaneously with the lift of subject under 19 (c) above.

viii. In case Poseidon Containers Holdings Corp ("Poseidon Corp") raises and receives at least USD 110,000,000.- in gross proceeds with the issue of its share capital, then Poseidon Corp will have: (1a) the obligation to purchase the Vessels with Ref number 1,2,3,4,and 5 as per the Table, each at the Purchase Price provided therein and (2a) the option to buy any of the Vessels with Ref number 6 and 7 in order of numerical priority as shown in the Table (i.e. first the Vessel with Ref number 6, second the Vessel with Ref no 7 etc). Such Buyers' option to be declared simultaneously with the lift of subject under 19 (c) above.

ix. In case Poseidon Containers Holdings Corp ("Poseidon Corp") raises and receives at least USD 127,000,000- in gross proceeds with the issue of its share capital, then Poseidon Corp will have: (1a) the obligation to purchase the Vessels with Ref number 1,2,3,4,5 and 6 as per the Table, each at the Purchase Price provided therein and (2a) the option to buy the Vessel with Ref number 7 as shown in the Table. Such Buyers' option to be declared simultaneously with the lift of subject under 19 (c) above.

x. In case Poseidon Containers Holdings Corp ("Poseidon Corp") raises and receives at least USD 134,000,000 in gross proceeds with the issue of its share capital, then Poseidon Corp will have: (1a) the obligation to purchase the Vessels with Ref number 1,2,3,4,5, 6 and 7 as per the Table, each at the Purchase Price provided therein.

xi. In case Poseidon Containers Holdings Corp ("Poseidon Corp") raises and receives an amount in between the aforementioned specific amounts under clause 19 (c): (i)-(x), then the previous respective sub-clause 19 to apply.

xii. In case that the subjects under 19(a) and 19 (b) above is not lifted in respect of one or more of the Vessels which Poseidon Corp. would be obliged to buy (following the lifting of the subject under 19(c) above) under paras. (i)-(x) above (the "cancelled Vessels"), then Poseidon Corp. shall have the obligation to purchase in lieu of the cancelled Vessels such number of the corresponding optional Vessels (the "replacement Vessels") so that the aggregate Purchase Price of the replacement Vessels (as provided in the above Table) equals as close as possible (but not exceeds) the aggregate Purchase Price of the cancelled Vessels (as provided in the above Table) but always within the amount limits as specified under paras. (i)-(x) hereabove. In that case the option of Poseidon Corp. to purchase the remaining (other than the replacement Vessels) optional Vessels shall remain valid as provided in paras. (i)-(x) above.

And

(d) Buyers will take over of the balance time charter, where applicable, and Sellers/Buyers/Charterers to sign a tripartite novation agreement to this effect.

and

Buyers' and Sellers' BOD approval to be lifted 1(one) working day after agreement of main terms.

20. (a) In case the Buyers raise debt on any of the Vessels within a period ending 45 (forty-five) days after the lift of subject in clause 19 (c), they will have the obligation to buy (and Sellers will have the obligation to sell to the Buyers) any of the remaining vessels such that the aggregate sale price as shown in the Table will be as close as possible (but not exceeds) to the total debt raised and always within the amount limits as specified into clause 19 (c), along with its respective sub-clauses here above. For the avoidance of doubt, during this period of 45 (forty-five) days the Sellers shall not have the option to sell the remaining vessels to other buyers.

(b) Following the expiration of the 45 (forty-five) days period mentioned in c1.20(a) above, in case the Buyers raise debt on any of the Vessels within a period ending 6 (six) months after the expiration of the said 45 (forty-five) days period, Buyers will have the obligation to buy any of the remaining vessels such that the aggregate sale price as shown in the Table will be as close as possible (but not exceeds) to the total debt raised and always within the amount limits as specified into clause 19 (c), along with its respective sub-clauses here above. The Sellers will have the option to deny, unless the Vessel(s)' price, which is to be sold, varies

at that time within the range of +/- 10% of its agreed purchase price. Should a dispute arise as for the Vessel(s) price, then the Vessel(s)' purchase price shall be calculated on the basis of the average valuations that both parties shall obtain from two reputable shipbrokers (namely Clarksons and Vessels Value and Braemar ACM and Maersk Broker K/S) in this respect. Sellers will also have the option to sell the remaining vessels to other buyers during that period of 6 (six) months.

21. CONFIDENTIALITY

ALL NEGOTIATIONS AND EVENTUAL SALE TO BE KEPT PRIVATE AND CONFIDENTIAL BETWEEN THE PARTIES INVOLVED, SUBJECT HOWEVER TO ANY DISCLOSURE REQUIREMENT IN RELATION TO EQUITY RAISING OR ANY REQUIREMENT IN RELATION TO THE U.S. SEC AND NASDAQ, BUYERS AND SELLERS BANK OR REQUIRED BY LAW. SHOULD, HOWEVER, DETAILS OF THE SALE BECOME KNOWN OR REPORTED ON THE MARKET, NEITHER THE BUYERS NOR THE SELLERS SHALL HAVE THE RIGHT TO WITHDRAW FROM THE SALE OR TO FAIL TO FULFIL THEIR OBLIGATIONS UNDER THE MOA.

OTHERWISE MOA TO BE BASED ON NORWEGIAN SALES FORM 2012 SUITABLY AMENDED.

THE VESSELS TO BE TAKEN OVER WITH EXISTING T/CHARTER EMPLOYMENT AND NOVATION AGREEMENT TO BE AGREED AND SIGNED AMONG SELLERS/BUYERS/CHARTERERS.

END

Exhibit 4.29

MEMORANDUM OF AGREEMENT

Norwegian Shipbrokers' Association's
Memorandum of Agreement for sale and
purchase of ships. Adopted by BIMCO in 1956.
Code-name
SALEFORM 2012
Revised 1966, 1983 and 1986/87, 1993 and 2012

Dated: 17th October 2017

Delap Shipping Company Inc., Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands MH96960 *(Name of sellers)*, hereinafter called the "Sellers", have agreed to sell, and **Technomar Shipping Inc. for and on behalf of Poseidon Container Holdings Corp. or nominated SPV** *(Name of buyers)*, hereinafter called the "Buyers", have agreed to buy:

Name of vessel: **March**
Container Carrier 5,576 TEUs, DWT: 67,270 MT

IMO Number: **9298997**

Classification Society: **NIPPON KAIJI KYOKAI (Class NK)**

Class Notation: **NKK NS*(CNC)(IWS)(PSCM) MNS*(MO)**

Year of Build: **2004** Builder/Yard: **Koyo Dockyard Co., Ltd. Mihara, Japan**

Flag: **Marshall Islands** Place of Registration: **Majuro** GT/NT: **66,332/25,247**

hereinafter called the "Vessel", on the following terms and conditions:

Definitions

"MOA" means this Memorandum of Agreement dated 17th October 2017.

"Annex I" means the main terms agreed between Sellers and Buyers, which are hereto attached and is considered to be fully incorporated into this MOA.

"Banking Days" are days on which banks are open both in the country of the currency stipulated for the Purchase Price in Clause 1 (Purchase Price) and in the place of closing stipulated in Clause 8 (Documentation) and **Greece, United Kingdom, Germany** (add additional jurisdictions as appropriate).

"Buyers' Nominated Flag State" means **Marshall Islands** *(state flag state).*

"Class" means the class notation referred to above.

"Classification Society" means the Society referred to above.

"Deposit" shall have the meaning given in Clause 2 (Deposit)

"Deposit Holder" means _____ *(state name and location of Deposit Holder)* or, if left blank, the Sellers' Bank, which shall hold and release the Deposit in accordance with this Agreement.

"In writing" or "written" means a letter handed over from the Sellers to the Buyers or vice versa, a registered letter, e-mail or telefax.

"Parties" means the Sellers and the Buyers.

"Purchase Price" means the price for the Vessel as stated in Clause 1 (Purchase Price).

"Sellers' Account" means **Account No. 05-25814-000, IBAN: DE24 2012 0000 0525 8140 00, SWIFT: BEGODEHH, CURRENCY: USD** *(state details of bank account)* at the Sellers' Bank.

"Sellers' Bank" means **Joh. Berenberg, Gossler & Co. KG, Neuer Jungfernstieg 20, 20354 Hamburg, Germany, CORRESPONDENT BANK: JP MORGAN CHASE BANK, NEW YORK, SWIFT - CHASUS33** *(state name of bank, branch and details)* or, if left blank, the bank notified by the Sellers to the Buyers for receipt of the balance of the Purchase Price.

1. Purchase Price
The Purchase Price is **US$11,000,000. - (United States Dollars Eleven Million Only.)** (*state currency and amount both in words and figures).*

2. Deposit
As security for the correct fulfilment of this Agreement the Buyers shall lodge a deposit of __**%** (__ per cent) ~~or, if left blank, 10% (ten per cent),~~ of the Purchase Price (the "Deposit") in an interest bearing account for the Parties with the Deposit Holder within three (3)

Banking Days after the date that:

(i) this Agreement has been signed by both the Parties and exchanged ~~in original or~~ by e-mail or telefax; and

(ii) ~~the Deposit Holder has confirmed in writing to the Parties that the~~ A joint account has been opened.

(iii) All subjects have been lifted, whichever the later.

The Deposit shall be released in accordance with joint written instructions of the Sellers and the Buyers ~~Parties~~. Interest, if any, ~~shall~~ to be credited to the Buyers. Any fee charged for opening holding and releasing the said Deposit and facilitating the closing shall be borne equally by the Sellers and the Buyers ~~Parties~~. The Parties shall provide to the Deposit Holder all necessary documentation to open and maintain the account without delay.

3. Payment

The 80 (Eighty) pct balance of the Purchase Price together with the 20 (Twenty) pct Deposit shall be paid/released in full free of bank charges to the Sellers' nominated account and bank on delivery of the Vessel concurrently with the Sellers providing the Buyers with the agreed delivery documentation (which shall be agreed upon in an addendum to the MOA), but not later than 3 (Three) Banking Days after the Vessel is in every respect physically ready for delivery in accordance with the terms and conditions of this agreement and valid notice of readiness has been given in accordance with Clause 5 of this agreement.

~~On delivery of the Vessel, but not later than three (3) Banking Days after the date that Notice of Readiness has been given in accordance with Clause 5 (Time and place of delivery and notices):~~

~~**(i)** the Deposit shall be released to the Sellers; and~~

~~**(ii)** the balance of the Purchase Price and all other sums payable on delivery by the Buyers to the Sellers under this Agreement shall be paid in full free of bank charges to the Sellers' Account.~~

4. Inspection

(a)* The Buyers have inspected and accepted the Vessel's classification records. The Buyers have also inspected the Vessel at/in **Santos, Brazil** *(state place)* on **8th October 2017** *(state date)* and have accepted the Vessel following this inspection. and the sale is outright and definite, subject only to the terms and conditions of this Agreement~~.~~ **and subject also to the following:**

(a) Provided that the Sellers receive written notice of acceptance of the Vessel from the Buyers following Vessels' inspection within forty eight (48) hours after completion of such inspection or until 20th October 2017, whichever is earlier. Thereafter the Buyers' right for Vessels' inspection shall be waived but always provided that the Vessels' schedule does not change/is delayed in which case the inspection dates and this date of lift of subject will change accordingly. In this case, this subject has to be lifted before the subject of Clause 19 is lifted, i.e. before the successful raising of equity as per Clause 19.

(b) Provided that the Sellers receive written notice of acceptance of the Vessels' class records from the Buyers following Vessels' class record inspection within 48 hours after completion of such Vessels' class records inspection or until 20th October 2017, whichever is earlier.

In any case the Vessels' class record inspection have to be completed and notice of acceptance of the Vessels' class records to be declared before the beginning of the equity raising process, i.e. none of the Vessels can be identified/committed into any kind of document/e-mail correspondence/exchange of the equity raising process unless the Vessels' class records inspection subject has been lifted (but sale always to be subject to Vessels' inspection as per (a) above and Clause 19 below).

~~**(b)*** The Buyers shall have the right to inspect the Vessel's classification records and declare whether same are accepted or not within _____ *(state date/period)*.~~

~~The Sellers shall make the Vessel available for inspection at/in _____ *(state place/range)* within~~

~~*(state date/period).*~~

~~The Buyers shall undertake the inspection without undue delay to the Vessel. Should the Buyers cause undue delay they shall compensate the Sellers for the losses thereby incurred.~~

~~The Buyers shall inspect the Vessel without opening up and without cost to the Sellers.~~

~~During the inspection, the Vessel's dock and engine log books shall be made available for examination by the Buyers.~~

~~The sale shall become outright and definite, subject only to the terms and conditions of this Agreement, provided that the Sellers receive written notice of acceptance of the Vessel from the Buyers within seventy two (72) hours after completion of such inspection or after the date/last day of the period stated in Line 59, whichever is earlier.~~

~~Should the Buyers fail to undertake the inspection as scheduled and/or notice of acceptance of the Vessel's classification records and/or of the Vessel not be received by the Sellers as aforesaid, the Deposit together with interest earned, if any, shall be released immediately to the Buyers, whereafter this Agreement shall be null and void.~~

~~**4(a) and 4(b) are alternatives; delete whichever is not applicable. In the absence of deletions, alternative 4(a) shall apply.*~~

5. Time and place of delivery and notices

(a) The Vessel shall be delivered and taken over safely afloat at a safe and accessible berth or anchorage ~~*at/in*~~ **within the vessel's trading area** ~~*(state place/range)*~~ in the Sellers' option.

Notice of Readiness shall not be tendered before: **30th of November 2017** (*date*)

Cancelling Date (see Clauses 5(c), 6 (a)(i), 6 (a)(iii) and 14)**: 30th of March 2018**

(b) The Sellers shall keep the Buyers well informed of the Vessel's itinerary and shall provide the Buyers with provide the Buyers with **thirty (30),** twenty (20), **fifteen (15), ten** (10), **seven (7),** five (5) and three (3) days' **approximate** notice of the date **and port and two (2) and one (1) days definite notice of** ~~the Sellers intend to tender Notice of Readiness and of the intended~~ date and place of delivery.

When the Vessel is at the place of delivery and physically ready for delivery in accordance with this Agreement, the Sellers shall give the Buyers a written Notice of Readiness for delivery.

(c) If the Sellers anticipate that, notwithstanding the exercise of due diligence by them, the Vessel will not be ready for delivery by the Cancelling Date they may notify the Buyers in writing stating the date when they anticipate that the Vessel will be ready for delivery and proposing a new Cancelling Date. Upon receipt of such notification the Buyers shall have the option of **accepting the new date as the new cancelling date or proposing one new cancelling date**. ~~Either cancelling this Agreement in accordance with Clause 14 (Sellers' Default) within three (3) Banking Days of receipt of the notice or of accepting the new date as the new Canceling Date.~~ If the Buyers have not declared their option within three (3) Banking Days of receipt of the Sellers' notification or if the Buyers accept the new date, the date proposed in the Sellers' notification shall be deemed to be the new Cancelling Date and shall be substituted for the Cancelling Date stipulated in line 79.

If this Agreement is maintained with the new Cancelling Date all other terms and conditions hereof including those contained in Clauses 5(b) ~~and 5(d)~~ shall remain unaltered and in full force and effect.

(d) Cancellation, failure to cancel or acceptance of the new Cancelling Date shall be entirely without prejudice to any claim for damages the Buyers may have under Clause 14 (Sellers' Default) for the Vessel not being ready by the original Cancelling Date.

(e) Should the Vessel become an actual, constructive or compromised total loss before delivery the Deposit together with interest earned, if any, shall be released immediately to the Buyers whereafter this Agreement shall be null and void.

6. Divers Inspection / Drydocking

(a)*

(i) **Sellers shall arrange at Buyers expense for an underwater inspection in one of the suitable for underwater inspection, port (within the Vessels' schedule) by class approved divers, at or before the port of delivery such option shall be declared latest nine (9) days prior to the Vessel's intended date of readiness for delivery as notified by the Sellers pursuant to clause 5(a)**

of this agreement. In case underwater inspection is carried out a port before the port of delivery Sellers to provide a letter of undertaking whereby Sellers to confirm that, to the best of their knowledge, the Vessel has not grounded or touched bottom between the place of diving inspection and the place of delivery. If the inspection would interfere with the charterers schedule, the inspection shall take place at a suitable harbor before the delivery port, and Sellers shall deliver to Buyers at closing a confirmation that the Vessel has not touched bottom since the inspection. Buyers' superintendent to have the right to attend underwater inspection as observer only without interfering with the work or decisions of the Classification Societys surveyor. Sellers to require the class to attend such underwater inspection at Buyers' cost. Such divers inspection to be performed to the satisfaction of the class surveyor. Sellers to facilitate and arrange for availability of the Vessels for such divers inspection. The Sellers may not tender NOR prior to the completion of the underwater inspection

~~The Buyers shall have the option at their cost and expense to arrange for an underwater inspection by a diver approved by the Classification Society prior to the delivery of the Vessel. Such option shall be declared latest nine (9) days prior to the Vessel's intended date of readiness for delivery as notified by the Sellers pursuant to~~ Clause 5(b) ~~of this Agreement. The Sellers shall at their cost and expense make the Vessel available for such inspection. This inspection shall be carried out without undue delay and in the presence of a Classification Society surveyor arranged for by the Sellers and paid for by the Buyers. The Buyers' representative(s) shall have the right to be present at the diver's inspection as observer(s) only without interfering with the work or decisions of the Classification Society surveyor. The extent of the inspection and the conditions under which it is performed shall be to the satisfaction of the Classification Society. If the conditions at the place of delivery are unsuitable for such inspection, the Sellers shall at their cost and expense make the Vessel available at a suitable alternative place near to the delivery port, in which event the Cancelling Date shall be extended by the additional time required for such positioning and the subsequent re-positioning. The Sellers may not tender Notice of Readiness prior to completion of the underwater inspection.~~

(ii) If the rudder, propeller, bottom or other underwater parts below the deepest load line are found broken, damaged or defective so as to affect the Vessel's class, normal **wear and tear excepted, and the Classification Society approves to postpone such repairs/rectification of recommendations/conditions until the next periodical drydocking, then the Vessels to be delivered without drydocking and repairs. The Sellers to make a cash settlement to the Buyers of the estimated direct cost (of labor and materials) of carrying out such repairs/rectification to the satisfaction of the Classification Society, whereafter the Buyers shall have no further rights whatsoever in respect of the defects and/or repairs. The estimated direct cost of the repairs shall be calculated on the basis of the average quotation for the repair work as received from two reputable independent shipyards, one obtained by each party within 3 (three) Banking Days from the date of imposition of the condition/recommendation, unless the parties agree otherwise. Should either of the parties fail to obtain such a quote within the stipulated time then the quote duly obtained by the other party shall be the sole basis for the estimation of the costs. Said compensation to be deducted from the Purchase Price at the time of delivery. In case the settlement/repair amount is above USD 250,000.- (United States Dollars Two Hundred Fifty Thousand Only), the Sellers shall have the option (not the obligation) to cancel the agreement. Should the costs exceed this maximum amount and the Sellers inform the Buyers of their intention to cancel this agreement then the Buyers shall have the option to accept the maximum amount as a lumpsum compensation to be deducted from the Purchase Price in full and final settlement of all their claims in connection with the damage and take delivery of the Vessel as she is.**
Such option to be declared by the Buyers within two (2) Banking Days after receipt of Sellers notification that they intend to cancel the agreement in accordance with this clause.
In case that agreement is cancelled in accordance with this clause then the Deposit together with interest, if any, shall be released to the Buyers where after this agreement shall become null and void without either party having any claims against the other in relation to this agreement.
In case that agreement is cancelled in accordance with this clause then the Buyers will have to purchase the next in line Vessel from the table as per Annex I of this MOA, as agreed herein.
For the avoidance of doubt, any class condition(s)/recommendation(s) which were already imposed on the Vessel prior to inspection shall not be taken into consideration in view of this clause. the Sellers shall grant no further warranty and shall have no further

liability with respect to the condition of the Vessel in excess of the stipulations of this clause and clause 11. However, if such damage affect the Vessels' class and repairs/ rectification of recommendations/conditions cannot be postponed by Classification Society until the next periodical drydocking, then unless repairs can be carried out afloat to the satisfaction of the Classification Society, then the Sellers shall arrange for the Vessels to be drydocked at their expense for inspection by the Classification Society of the Vessels' underwater parts below the deepest load line, the extent of the inspection being in accordance with the Classification Society rules. If the rudder, propeller, bottom or other underwater parts below the deepest load line are found broken, damaged or defective so as to affect the Vessels' class, such defects shall be made good by the Sellers at their expense to the satisfaction of the Classification Society without recommendations/conditions. In such event the Sellers are to pay also for the cost of the underwater inspection and the Classification Society's attendance. In case the repair amount is above USD 500,000.- (United States Dollars Five Hundred Thousand Only), the Sellers shall have the option (not the obligation) to cancel the agreement. Should the costs exceed this maximum amount and the Sellers inform the Buyers of their intention to cancel this agreement then the Buyers shall have the option to accept the maximum amount as a lumpsum compensation to be deducted from the Purchase Price in full and final settlement of all their claims in connection with the damage and take delivery of the Vessel as she is.

Such option to be declared by the Buyers within two (2) Banking Days after receipt of Sellers notification that they intend to cancel the agreement in accordance with this clause. In case that agreement is cancelled in accordance with this clause then the Deposit together with interest, if any, shall be released to the Buyers where after this agreement shall become null and void without either party having any claims against the other in relation to this agreement.

In case that agreement is cancelled in accordance with this clause then the Buyers will have to purchase the next in line Vessel from the table as per Annex I of this MOA, as agreed herein.

~~then (1) unless~~

~~repairs can be carried out afloat to the satisfaction of the Classification Society, the Sellers shall arrange for the Vessel to be drydocked at their expense for inspection by the Classification Society of the Vessel's underwater parts below the deepest load line, the extent of the inspection being in accordance with the Classification Society's rules (2) such defects shall be made good by the Sellers at their cost and expense to the satisfaction of the Classification Society without condition/recommendation** and (3) the Sellers shall pay for underwater inspection and the Classification Society's attendance.~~

~~Notwithstanding anything to the contrary in this Agreement, if the Classification Society do not require the aforementioned defects to be rectified before the next class drydocking survey, the Sellers shall be entitled to deliver the Vessel with these defects against a deduction from the Purchase Price of the estimated direct cost (of labour and materials) of carrying out the repairs to the satisfaction of the Classification Society, whereafter the Buyers shall have no further rights whatsoever in respect of the defects and/or repairs. The estimated direct cost of the repairs shall be the average of quotes for the repair work obtained from two reputable independent shipyards at or in the vicinity of the port of delivery, one to be obtained by each of the Parties within two (2) Banking Days from the date of the imposition of the condition/recommendation, unless the Parties agree otherwise. Should either of the Parties fail to obtain such a quote within the stipulated time then the quote duly obtained by the other Party shall be the sole basis for the estimate of the direct repair costs. The Sellers may not tender Notice of Readiness prior to such estimate having been established.~~

~~**(iii)** If the Vessel is to be drydocked pursuant to~~ Clause 6(a)(ii) ~~and no suitable dry-docking facilities are available at the port of delivery, the Sellers shall take the Vessel to a port where suitable drydocking facilities are available, whether within or outside the delivery range as per~~ Clause 5(a)~~. Once drydocking has taken place the Sellers shall deliver the Vessel at a port within the delivery range as per~~ Clause 5(a) ~~which shall, for the purpose of this Clause, become the new port of delivery. In such event the Cancelling Date shall be extended by the additional time required for the drydocking and extra steaming, but limited to a maximum of fourteen (14) days.~~

~~**(b)*** The Sellers shall place the Vessel in drydock at the port of delivery for inspection by the Classification Society of the Vessel's underwater parts below the deepest load line, the extent of the inspection being in accordance with the Classification Society's rules. If the rudder, propeller, bottom or other underwater parts below the deepest load line are found broken, damaged or defective so as to affect the Vessel's class, such defects shall be made good at the~~

~~Sellers' cost and expense to the satisfaction of the Classification Society without condition/recommendation**. In such event the Sellers are also to pay for the costs and expenses in connection with putting the Vessel in and taking her out of drydock, including the drydock dues and the Classification Society's fees. The Sellers shall also pay for these costs and expenses if parts of the tailshaft system are condemned or found defective or broken so as to affect the Vessel's class. In all other cases, the Buyers shall pay the aforesaid costs and expenses, dues and fees.~~

(c) If the Vessel is drydocked pursuant to Clause 6(a)(ii) ~~or~~ 6(b) above:

(i) The Classification Society may require survey of the tailshaft system, the extent of the survey being to the satisfaction of the Classification surveyor. If such survey is not required by the Classification Society, the Buyers shall have the option to require the tailshaft to be drawn and surveyed by the Classification Society, the extent of the survey being in accordance with the Classification Society's rules for tailshaft survey and consistent with the current stage of the Vessel's survey cycle. The Buyers shall declare whether they require the tailshaft to be drawn and surveyed not later than by the completion of the inspection by the Classification Society. The drawing and refitting of the tailshaft shall be arranged by the Sellers. Should any parts of the tailshaft system be condemned or found defective so as to affect the Vessel's class, those parts shall be renewed or made good at the Sellers' cost and expense to the sat action of Classification Society without condition/recommendation**.

(ii) The costs and expenses relating to the survey of the tailshaft system Shall be borne by the Buyers unless the Classification Society requires such survey to be carried out or if parts of the system are condemned or found defective or broken so as to affect the Vessel's class, in which case the Sellers shall pay these costs and expenses.

(iii) The Buyers' representative(s) shall have the right to be present in the drydock, as observe(s) only without interfering with the work or decisions of the Classification Society surveyor.

(iv) The Buyers shall have the right to have the underwater parts of the Vessel cleaned and painted at their risk, cost and expense without interfering with the Seller's or the Classification Society surveyor's work, if any, and without affecting the Vessel's timely delivery. If, however, the Buyers' work in drydock is still in progress when the Sellers have completed the work which the Sellers are required to do, the additional docking time needed to complete the Buyers' work shall be for the Buyers' risk, cost and expense. In the event that the Buyers' work required such additional time, the Sellers may upon completion of the Sellers' work tender Notice of Readiness for delivery whilst the Vessel is still in drydock and, notwithstanding Clause 5(a), the Buyers shall be obliged to take delivery in accordance with Clause 3 (Payment), whether the Vessel is in drydock or not.

** 6(a) and 6 (b) are alternatives; delete whichever is not applicable. In the absence of deletions, alternative 6 (a) shall apply.*

***Notes or memoranda, if any, in the surveyor's report which are accepted by the Classification Society without condition/recommendation are not to be taken into account.*

7. Spares, bunkers and other items

The Sellers shall deliver the Vessel to the Buyers with everything belonging to her on board and on shore **or on order**. All spare parts and spare equipment including spare tail-end shaft(s) and/or spare propeller(s)/propeller blade(s), if any, belonging to the Vessel at the time of inspection used or unused, whether on board or not shall become the Buyers' property, ~~but spares on order are excluded.~~ Forwarding charges, if any, shall be for the Buyers' account. The Sellers are not required to replace spare parts including spare tail-end shaft(s) **if any** and/or spare propeller(s)/propeller blade(s) if ~~which~~ are taken out of spare and used as replacement prior to delivery, but the replaced items shall be the property of the Buyers. ~~Unused stores and provisions shall be included in the sale and be taken over by the Buyers without extra payment.~~

Library and forms exclusively for use in the Sellers' vessel(s) and captain's, officers' and crew's personal belongings including the slop chest are excluded from the sale without compensation, as well as the following additional items: **-1 (one) PC with Vessel's e-mail** *(include list)*
Items on board which are on hire or owned by third parties, listed as follows, are excluded from
the sale without compensation: **Life Rafts total 3, Gas Bottles (Oxygen /Acetylene/Freon etc.) from Wilhelmsen total 30** *(include list)*
Items on board at the time of inspection which are on hire or owned by third parties, not listed above, shall be replaced or procured by the Sellers prior to delivery at their cost and expense.

The Buyers shall take over **and pay extra for** remaining~~bunkers and~~ unused lubricating and hydraulic oils ~~and greases~~ in storage tanks **which have not been passed through the engine system and sealed** ~~and unopened~~ drums **at Sellers net contract price (including any discounts) supported by invoices/vouchers. For the avoidance of doubt the bunkers remaining on board belongs to the charterers unless the Vessel in unemployed.**

Luboils and Bunkers quantities survey to be mutually performed by the Sellers amd the Buyers' representatives 3 (Three) Banking Days before delivery. Then an agreed allowance for consumption for the period between the joint survey and the time of actual delivery of the Vessel to be subtracted from the figures during the joint survey

The radio installation and navigational equipment shall be included in the Sale. Broached stores and provisions to be included in the Sale without extra payment.

~~and pay either:~~

(a) ~~*the actual net price (excluding barging expenses) as evidenced by invoices or vouchers; or~~

(b) ~~*the current net market price (excluding barging expenses) at the port and date of delivery of the Vessel or, if unavailable, at the nearest bunkering port~~

~~for the quantities taken over.~~

Payment under this Clause shall be made at the same time and place and in the same currency as the Purchase Price.

"inspection" in this Clause 7, shall mean the Buyers' inspection according to Clause 4(a) or 4(b) (Inspection), if applicable. If the Vessel is taken over without inspection, the date of this Agreement shall be the relevant date.

**(a) and (b) are alternatives, delete whichever is not applicable. In the absence of deletions alternative (a) shall apply.*

8. Documentation

The place of closing: **Athens**

A list of delivery documents to be drawn up and attached to this agreement as an addendum No. 1. At the time of delivery the Sellers are to handover to the Buyers onboard manuals (excluding ISM/ISPS manuals)/drawings/records on board and ashore, which will be collected at Buyers' cost and arrangement.
Other certificates, excluding original certificates to be returned to competent authorities, but including the original certificate of class, which is on board the Vessel shall also be handed over to the Buyers, in which case the Buyers have the right to take copies of original certificates.

~~**(a)** In exchange for payment of the Purchase Price the Sellers shall provide the Buyers with the following delivery documents listed in Clause 20:~~

~~**(i)** Legal Bill(s) of Sale in a form recordable in the Buyers' Nominated Flag State, transferring title of the Vessel and stating that the Vessel is free from all mortgages, encumbrances and maritime liens or any other debts whatsoever, duly notarially attested and legalised or apostilled, as required by the Buyers' Nominated Flag State;~~

~~**(ii)** Evidence that all necessary corporate, shareholder and other action has been taken by the Sellers to authorise the execution, delivery and performance of this Agreement;~~

~~**(iii)** Power of Attorney of the Sellers appointing one or more representatives to act on behalf of the Sellers in the performance of this Agreement, duly notarially attested and legalised or apostilled (as appropriate);~~

~~**(iv)** Certificate or Transcript of Registry issued by the competent authorities of the flag state on the date of delivery evidencing the Sellers' ownership of the Vessel and that the Vessel is free from registered encumbrances and mortgages, to be faxed or e-mailed by such authority to the closing meeting with the original to be sent to the Buyers as soon as possible after delivery of the Vessel;~~

~~**(v)** Declaration of Class or (depending on the Classification Society) a Class Maintenance Certificate issued within three (3) Banking Days prior to delivery confirming that the Vessel is in Class free of condition/recommendation;~~

~~**(vi)** Certificate of Deletion of the Vessel from the Vessel's registry or other official evidence of deletion appropriate to the Vessel's registry at the time of delivery, or, in the event that~~

~~the registry does not as a matter of practice issue such documentation immediately a written undertaking by the Sellers to effect deletion from the Vessel's registry forthwith and provide a certificate or other official evidence of deletion to the Buyers promptly and latest within four (4) weeks after the Purchase Price has been paid and the Vessel has been delivered;~~

~~**(vii)** A copy of the Vessel's Continuous Synopsis Record certifying the date on which the Vessel ceased to be registered with the Vessel's registry, or, in the event that the registry does not as a matter of practice issue such certificate immediately, a written undertaking from the Sellers to provide the copy of this certificate promptly upon it being issued together with evidence of submission by the Sellers of a duly executed From 2 stating the date on which the Vessel shall cease to be registered with the Vessel's registry;~~

~~**(viii)** Commercial Invoice for the Vessel;~~

~~**(ix)** Commercial Invoice(s) for bunkers, lubricating and hydraulic oils and greases;~~

~~**(x)** A copy of the Sellers' letter to their satellite communication provider cancelling the Vessel's communication contract which is to be sent immediately after delivery of the Vessel;~~

~~**(xi)** Any additional documents as may reasonably be required by the competent authorities of the Buyers' Nominated Flag State for the purpose of registering the Vessel, provided the Buyers notify the Sellers of any such documents as soon as possible after the date of this Agreement, and~~

~~**(xii)** The Sellers' letter of confirmation that to the best of their knowledge, the Vessel is not black listed by any nation or international organisation~~

~~**(b)** At the time delivery the Buyers shall provide the Sellers with:~~

~~**(i)** Evidence that all necessary corporate, shareholder and other action has been taken by the Buyers to authorise the execution, delivery and performance of this Agreement; and~~

~~**(ii)** Power of Attorney of the Buyers appointing one or more representatives to act on behalf of the Buyers in the performance of this Agreement, duly notarially attested and legalised or apostilled (as appropriate).~~

(c) If any of the documents listed in Sub clauses (a) and (b) above are not in the English language they shall be accompanied by an English translation by an authorised translator or certified by a lawyer qualified to practice in the country of the translated language.

(d) The Parties shall to the extent possible exchange copies, drafts or samples of the documents listed in Sub-clause (a) and Sub-clause (b) above for review and comment by the other party not later than _____ *(state number of days)*, or if left blank, nine (9) days prior to the Vessel's intended date of readiness for delivery as notified by the Sellers pursuant to Clause 5(b) of this Agreement.

(e) Concurrent with the exchange of documents in Sub-clause (a) and Sub-clause (b) above, the Sellers shall also hand to the Buyers the classification certificate(s) as well as all plans, drawings and manuals, (excluding ISM/ISPS manuals), which are on board the Vessel. Other certificates which are on board the Vessel shall also be handed over to the Buyers unless the Sellers are required to retain same, in which case the Buyers have the right to take copies.

(f) Other technical documentation which may be in the Sellers' possession shall promptly after delivery be forwarded to the Buyers at their expense, if they so request. The Sellers may keep the Vessel's log books but the Buyers have the right to take copies of same.

(g) The Parties shall sign and deliver to each other a Protocol of Delivery and Acceptance confirming the date and time of delivery of the Vessel from the Sellers to the Buyers.

9. Encumbrances

The Sellers warrant that the Vessel, at the time of delivery, is free from all ~~charters,~~ encumbrances, taxes, mortgages and maritime liens or any other debts whatsoever, and is not subject to Port State or other administrative detentions. The Sellers hereby undertake to indemnify the Buyers against all consequences of claims made against the Vessel which have been incurred prior to the time of delivery.

10. Taxes, fees and expenses

Any taxes, fees and expenses in connection with the purchase and registration in the Buyers' Nominated Flag State shall be for the Buyers' account, whereas similar charges in connection with the closing of the Sellers' register shall be for the Sellers' account.

11. Condition on delivery

The Vessel with everything belonging to her shall be at the Sellers' risk and expense until she is delivered to the Buyers, but subject to the terms and conditions of this Agreement she shall be delivered and taken over **with everything belonging to her in the same condition** as she was at the time of inspection, fair wear and tear excepted.

However, the Vessel shall be delivered ~~free of cargo~~ and free of stowaways with her present Class fully maintained without condition/recommendation*(except any recommendations/conditions already imposed on the Vessel prior to the inspection) and all survey cycles up to date and~~,~~ free of average damage affecting the Vessel's class, and with her classification certificates and national, international and trading certificates, as well as all other certificates the Vessel had at the time of inspection to be clean, valid and unextended for minimum 3 (three) months at the time of delivery without condition/recommendation* by the Classification Society or the relevant authorities at the time of delivery (except any recommendations/conditions already imposed on the Vessel prior to inspection).

The number/condition of lashing materials as of delivery shall be substantially same as when the Vessel was observed/inspected by the Buyers, fair wear and tear excepted. Condition of such lashing materials is based on OSHA requirement.
As to quantity, the Vessel is fitted with lashing as per inventory provided by the Sellers. The lashing will be considered Buyers' stock as from the time of delivery of the Vessel.

"inspection" in this Clause 11, shall mean the Buyers' inspection according to Clause 4(a) or 4(b) (Inspections), if applicable. If the Vessel is taken over without inspection, the date of this Agreement shall be the relevant date.

**Notes and memoranda, if any, in the surveyor's report which are accepted by the Classification Society without condition/recommendation are not to be taken into account.*

12. Name/markings

Upon redelivery **under the Charter Party,** the Buyers undertake to change the name of the Vessel and alter funnel markings.

13. Buyers' default

Should the Deposit not be lodged in accordance with Clause 2 (Deposit), the Sellers have the right to cancel this Agreement, and they shall be entitled to claim compensation for their losses and for all expenses incurred together with interest.

Should the Purchase Price not be paid in accordance with Clause 3 (Payment), the Sellers have the right to cancel this Agreement, in which case the Deposit together with interest earned, if any, shall be released to the Sellers. If the Deposit does not cover their loss, the Sellers shall be entitled to claim further compensation for their losses and for all expenses incurred together with interest.

14. Sellers' default

Should the Sellers fail to give Notice of Readiness in accordance with Clause 5(b) or fail to be ready to validly complete a legal transfer by the Cancelling Date the Buyers shall have the option of cancelling this Agreement. If after Notice of Readiness has been given but before the Buyers have taken delivery, the Vessel ceases to be physically ready for delivery and is not made physically ready again by the Cancelling Date and new Notice of Readiness given, the Buyers shall retain their option to cancel. In the event that the Buyers elect to cancel this Agreement, the Deposit together with interest earned, if any, shall be released to them immediately.

Should the Sellers fail to give Notice of Readiness by the Cancelling Date or fail to be ready to validly complete a legal transfer as aforesaid they shall make due compensation to the Buyers for their loss and for all expenses together with interest if their failure is due to proven negligence and whether or not the Buyers cancel this Agreement.

15. Buyers' representatives

After this Agreement has been signed by the Parties and the Deposit has been lodged, the Buyers have the right to place two (2) representatives on board the Vessel at their sole risk and expense **until the time of delivery. One Buyers' superintendent to be allowed to attend the physical delivery/taking over of the Vessel.**
These representatives are on board for the purpose of familiarisation and in the capacity of observers only **always under Master's discretion,** and they shall not interfere

in any respect with the operation of the Vessel. The ~~Buyers and the~~ Buyers' representatives shall sign the Sellers' P&I Club's standard letter of indemnity prior to their embarkation. **Buyers shall pay to Sellers at the time of delivery USD 15 per day/per person as meal charge. Other charges, including communication if any, shall be paid by the Buyers at the time of delivery.**

16. Law and Arbitration

(a) *This Agreement shall be governed by and construed in accordance with English law and 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.

The arbitration shall be conducted in accordance with the London Maritime Arbitrators Association (LMAA) Terms current at the time when the arbitration proceedings are commenced.

The reference shall be to three arbitrators. A party wishing to refer a dispute to arbitration shall appoint its arbitrator and send notice of such appointment in writing to the other party requiring the other party to appoint its own arbitrator within fourteen (14) calendar days of that notice and stating that it will appoint its arbitrator as sole arbitrator unless the other party appoints its own arbitrator and gives notice that it has done so within the fourteen (14) days specified. If the other party does not appoint its own arbitrator and give notice that it has done so within the fourteen (14) days specified, the party referring a dispute to arbitration may, without the requirement of any further prior notice to the other party, appoint its arbitrator as sole arbitrator and shall advise the other party accordingly. The award of a sole arbitrator shall be binding on both Parties as if the sole arbitrator had been appointed by agreement.

In cases where neither the claim nor any counterclaim exceeds the sum of US$100,000 the arbitration shall be conducted in accordance with the LMAA Small Claims Procedure current at the time when the arbitration proceedings are commenced.

~~**(b)** *This Agreement shall be governed by and construed in accordance with Title 9 of the United States Code and the substantive law (not including the choice of law rules) of the State of New York and any dispute arising out of or in connection with this Agreement shall be referred to three (3) persons at New York, one to be appointed by each of the parties hereto, and the third by the two so chosen; their decision or that of any two of them shall be final, and for the purposes of enforcing any award, judgement may be entered on an award by any court of competent jurisdiction. The proceedings shall be conducted in accordance with the rules of the Society of Maritime Arbitrators, Inc.~~

~~In cases where neither the claim nor any counterclaim exceeds the sum of US$100,000 the arbitration shall be conducted in accordance with the Shortened Arbitration Procedure of the Society of Maritime Arbitrators, Inc.~~

~~**(c)** This Agreement shall be governed by and construed in accordance with the laws of _____ (*state place*) and any dispute arising out of or in connection with this Agreement shall be referred to arbitration at _____ (*state place*), subject to the procedures applicable there.~~

**16(a), 16(b) and 16(c) are alternatives; delete whichever is not applicable, In the absence of deletions, alternative 16(a) shall apply.*

17. Notices

All notices to be provided under this Agreement shall be in writing.

Contact details for recipients of notices are as follows:

For the Buyers: **Conchart Commercial Inc.**
Mrs. Kalliopi Giannopoulou
E-mail: chartering@echart.gr
Tel: +30 210 6233670 / Fax: +30 210 8081370

For the sellers: **Delap Shipping Company Inc.**
c/o Steamship Shipbroking Enterprises Inc., Ymittou 6, 17564 Palaio Faliro,
Athens, Greece
Tel: +30 210 9485 360 / Fax: +30 210 9401 810
E-mail: info@stsei.com

18. Entire Agreement

The written terms of this Agreement comprise the entire agreement between the Buyers and the Sellers in relation to the sale and purchase of the Vessel and supersede all previous

agreements whether oral or written between the Parties in relation thereto.

Each of the Parties acknowledges that in entering into this Agreement it has not relied on and shall have no right or remedy in respect of any statement, representation, assurance or warranty (whether or not made negligently) other than as is expressly set out in this Agreement.

Any terms implied into this Agreement by any applicable statute or law are hereby excluded to the extent that such exclusion can legally be made. Nothing in this Clause shall limit or exclude any liability for fraud.

19. Subjects

As per Clause 19 and Annex I.

20. As per Clause 20 of Annex I.

21. Confidentiality

All negotiations and eventual sale to be kept private and confidential between the parties involved, subject however to any disclosure requirement in relation to equity raising or any requirement in relation to the U.S. SEC and NASDAQ, Buyers and Sellers bank or required by law. Should, however, details of the sale become known or reported on the market, neither the Buyers nor the Sellers shall have the right to withdraw from the sale or to fail to fulfil their obligations under the MOA.

For and on behalf of the Sellers
/s/ Semiramis Paliou
Name: Semiramis Paliou
Title: Director and Secretary

For and on behalf of the Buyers
Technomar Shipping Inc.
/s/ Theodoros Baltatzis
Name: Theodoros Baltatzis
Title: Director-Vice President-Treasurer

Annex I to the Memorandum of Agreement dated 17th of October 2017

BUYERS: Technomar Shipping Inc for and on behalf of Poseidon Containers Holdings Corp. (or nominated SPVs)

SELLERS: Diana Containerships Inc. (Separate MOAs will be signed for each vessel and the ship-owning company will be named as Seller of the respective vessel)

1. PURCHASE PRICE: Total USD 141,500,000.-gross less 0.36% brokerage commission
(the "Purchase Price").
Separate MOA per Vessel.
Purchase Price split per each Vessel, gross and less 0.36% brokerage commission, as
per the following table (the "Table")

Sellers' exclusive brokers Messrs. Steamship Shipbroking Enterprises Inc. brokerage commission is covered on a yearly basis directly from the Sellers.

1	Puelo	6,541	2006	17,500,000
2	Hamburg	6,494	2009	20,750,000
3	Rotterdam	6,494	2008	19,250,000
4	March	5,576	2004	11,000,000
5	Great	5,576	2004	11,000,000
6	Pucon	6,541	2006	17,000,000
7	Domingo	3,739	2001	7,500,000
8	Sagitta	3,426	2010	9,250,000
9	Centaurus	3,426	2010	9,250,000
10	Pamina	5,042	2005	9,000,000
11	New Jersey	4,923	2006	10,000,000
				141,500,000

2. DEPOSIT
THE BUYERS SHALL PAY A DEPOSIT OF 20 (TWENTY) PCT OF THE PURCHASE PRICE WITHIN 3 (THREE) BANKING DAYS AFTER THE MOAs HAVE BEEN SIGNED AND EXCHANGED BY FAX/EMAIL BY BOTH PARTIES AND JOINT ACCOUNT OPENED AND ALL SUBJECTS LIFTED WHICHEVER THE LATER.

THIS DEPOSIT SHALL BE PLACED AND HELD IN A JOINT ACCOUNT FOR THE
SELLERS AND THE BUYERS WITH SELLERS' NOMINATED FIRST CLASS BANK ("DEPOSIT HOLDER") AND TO
BE RELEASED IN ACCORDANCE WITH THE JOINT WRITTEN INSTRUCTIONS OF THE SELLERS AND THE BUYERS. INTEREST, IF ANY, TO BE CREDITED TO THE BUYERS. ANY FEE CHARGED FOR OPENING, HOLDING AND RELEASING THE SAID DEPOSIT AND FACILITATING
THE CLOSING SHALL BE BORNE EQUALLY BY THE SELLERS AND THE BUYERS. THE PARTIES SHALL PROVIDE TO THE DEPOSIT HOLDER ALL NECESSARY DOCUMENTATION TO OPEN AND MAINTAIN THE ACCOUNT WITHOUT DELAY.

3. PAYMENT

THE 80 (EIGHTY) PCT BALANCE OF THE PURCHASE PRICE TOGETHER WITH THE 20 (TWENTY) PCT DEPOSIT SHALL BE PAID/RELEASED IN FULL FREE OF BANK CHARGES TO THE SELLERS' NOMINATED ACCOUNT AND BANK ON DELIVERY OF THE VESSEL CONCURRENTLY WITH THE SELLERS PROVIDING THE BUYERS WITH THE AGREED DELIVERY DOCUMENTATION (WHICH SHALL BE AGREED UPON IN AN ADDENDUM TO THE MOA), BUT NOT LATER THAN 3 (THREE) BANKING DAYS AFTER THE VESSEL IS IN EVERY RESPECT PHYSICALLY READY FOR DELIVERY IN ACCORDANCE WITH THE TERMS AND CONDITIONS OF THIS AGREEMENT AND VALID NOTICE OF READINESS HAS BEEN GIVEN IN ACCORDANCE WITH CLAUSE 5 OF THE NSF 2012.

4. INSPECTIONS

THE BUYERS HAVE THE RIGHT TO INSPECT ALL THE VESSELS AND ALL THE VESSELS' CLASSIFICATION RECORDS SOONEST AFTER THE MOAS ARE SIGNED.

THE SALE SHALL BECOME OUTRIGHT AND DEFINITE, SUBJECT ONLY TO THE TERMS AND CONDITIONS OF THIS AGREEMENT, AND SUBJECT ALSO TO THE FOLLOWING:

(A) PROVIDED THAT THE SELLERS RECEIVE WRITTEN NOTICE OF ACCEPTANCE OF THE VESSEL FROM THE BUYERS FOLLOWING VESSELS' INSPECTION WITHIN FORTY EIGHT (48) HOURS AFTER COMPLETION OF SUCH INSPECTION OR UNTIL 20TH OCTOBER 2017; THEREAFTER THE BUYERS' RIGHT FOR VESSELS' INSPECTION SHALL BE WAIVED BUT ALWAYS PROVIDED THAT THE VESSELS' SCHEDULE DOES NOT CHANGE/IS DELAYED IN WHICH CASE THE INSPECTION DATES AND THIS DATE OF LIFT OF SUBJECT WILL CHANGE ACCORDINGLY. WHICHEVER IS EARLIER. IN THIS CASE, THIS SUBJECT HAS TO BE LIFTED BEFORE THE SUBJECT OF CLAUSE 19 (C) IS LIFTED, I.E. BEFORE THE SUCCESSFUL RAISING OF EQUITY AS PER CLAUSE 19(C).

(B) PROVIDED THAT THE SELLERS RECEIVE WRITTEN NOTICE OF ACCEPTANCE OF THE VESSELS' CLASS RECORDS FROM THE BUYERS FOLLOWING VESSEL'S CLASS RECORD INSPECTION WITHIN 48 HOURS AFTER COMPLETION OF SUCH VESSELS' CLASS RECORDS INSPECTION OR UNTIL 20TH OCTOBER 2017, WHICHEVER IS EARLIER.

IN ANY CASE THE VESSELS' CLASS RECORD INSPECTION HAVE TO BE COMPLETED AND NOTICE OF ACCEPTANCE OF THE VESSELS' CLASS RECORDS TO BE DECLARED BEFORE THE BEGINNING OF THE EQUITY RAISING PROCESS, I.E. NONE OF THE VESSELS CAN BE IDENTIFIED/COMMITTED INTO ANY KIND OF DOCUMENT/E-MAIL CORRESPONDENCE/EXCHANGE OF THE EQUITY RAISING PROCESS UNLESS THE VESSELS' CLASS RECORDS INSPECTION SUBJECT HAS BEEN LIFTED (BUT SALE ALWAYS TO BE SUBJECT TO VESSEL'S INSPECTION AS PER (A) ABOVE AND CLAUSE 19 (C) BELOW)

OTHERWISE AS PER (b) OF NSF 2012 BUYERS TO COMPLETE ALL VESSELS/RECORDS INSPECTIONS BY 20TH OCTOBER 2017.

5. NOTICES, DELIVERY PLACE AND TIME

THE SELLERS SHALL KEEP THE BUYERS WELL INFORMED OF THE VESSELS' ITINERARY AND SHALL PROVIDE THE BUYERS WITH 30, 20, 15, 10, 7, 5 AND 3 DAYS APPROXIMATE NOTICE AND PROBABLE PORT AND 2/1 DAY DEFINITE NOTICE OF DELIVERY DATE AND PORT. WHEN THE VESSELS ARE AT THE PLACE OF DELIVERY AND IN EVERY RESPECT PHYSICALLY READY FOR DELIVERY IN ACCORDANCE WITH THIS AGREEMENT THE SELLERS SHALL GIVE THE BUYERS A WRITTEN NOTICE OF READINESS FOR DELIVERY.

THE VESSELS SHALL BE DELIVERED AND TAKEN OVER WITHIN THE VESSELS TRADING AREA, SAFELY AFLOAT AT A SAFE AND ACCESSIBLE BERTH OR ANCHORAGE IN THE SELLERS' OPTION.

(DELIVERY VESSELS TO TAKE PLACE BETWEEN 30TH NOVEMBER 2017 AND 10TH MARCH 2018 (DATES TO BE NARROWED/MUTUALLY AGREED ON AN AD HOC BASIS AND FORM PART OF AN ADDENDUM TO THE MOA) TIME -WITHIN THE AGREED NARROWED DATES - IN SELLERS' OPTION, BUT CANCELLING DATE OF 30TH MARCH 2018 IN THE BUYERS' OPTION, WHICH SHALL BE EXTENDED ACCORDINGLY IN THE CASE OF CLAUSE 20 OF THIS AGREEMENT.)

IF THE SELLERS ANTICIPATE THAT, NOTWITHSTANDING THE EXERCISE OF DUE DILIGENCE BY THEM, THE VESSEL WILL NOT BE READY FOR DELIVERY BY THE CANCELLING DATE THEY MAY NOTIFY THE BUYERS IN WRITING STATING THE DATE WHEN THEY ANTICIPATE THAT THE VESSEL WILL BE READY FOR DELIVERY AND PROPOSING A NEW CANCELLING DATE. UPON RECEIPT OF SUCH NOTIFICATION THE BUYERS SHALL HAVE THE OPTION OF ACCEPTING THE NEW DATE AS THE NEW CANCELLING DATE OR PROPOSING A NEW CANCELLING DATE.

IF THE BUYERS HAVE NOT DECLARED THEIR OPTION WITHIN THREE (3) BANKING DAYS OF RECEIPT OF THE SELLERS' NOTIFICATION OR IF THE BUYERS ACCEPT THE NEW DATE, THE DATE PROPOSED IN THE SELLERS' NOTIFICATION SHALL BE DEEMED TO BE THE NEW CANCELLING DATE AND SHALL BE SUBSTITUTED FOR THE CANCELLING DATE STIPULATED IN LINE 79. IF THIS AGREEMENT IS MAINTAINED WITH THE NEW CANCELLING DATE ALL OTHER TERMS AND CONDITIONS HEREOF INCLUDING THOSE CONTAINED IN CLAUSE 5(B) SHALL REMAIN UNALTERED AND IN FULL FORCE AND EFFECT.

AT LEAST 7 (SEVEN) DAYS INTERVAL BETWEEN THE DELIVERIES OF THE VESSELS.

THE SALE INCLUDE A TIMECHARTER OF THE VESSELS FOR BALANCE PERIOD AGAINST A NOVATION AGREEMENT TO BE AGREED BETWEEN SELLERS/BUYERS/CHARTERERS.

6. DRYDOCKING / DIVERS INSPECTION AS PER NSF 2012
CLAUSE 6.B) DELETED
6 A TO READ

SELLERS SHALL ARRANGE AT BUYERS' EXPENSE FOR AN UNDERWATER INSPECTION IN ONE OF THE SUITABLE FOR UNDERWATER INSPECTION, PORT (WITHIN THE VESSELS' SCHEDULE) BY CLASS APPROVED DIVERS, AT OR BEFORE THE PORT OF DELIVERY SUCH OPTION SHALL BE DECLARED LATEST NINE (9) DAYS PRIOR TO THE VESSEL'S INTENDED DATE OF READINESS FOR DELIVERY AS NOTIFIED BY THE SELLERS PURSUANT TO CLAUSE 5(A) OF THIS AGREEMENT.

IN CASE UNDERWATER INSPECTION IS CARRIED OUT A PORT BEFORE THE PORT OF DELIVERY SELLERS TO PROVIDE A LETTER OF UNDERTAKING WHEREBY SELLERS TO CONFIRM THAT, TO THE BEST OF THEIR KNOWLEDGE, THE VESSEL HAS NOT GROUNDED OR TOUCHED BOTTOM BETWEEN THE PLACE OF DIVING INSPECTION AND THE PLACE OF DELIVERY.

IF THE INSPECTION WOULD INTERFERE WITH THE CHARTERERS' SCHEDULE, THE INSPECTION SHALL TAKE PLACE AT A SUITABLE HARBOR BEFORE THE DELIVERY PORT, AND SELLERS SHALL DELIVER TO BUYERS AT CLOSING A CONFIRMATION THAT THE VESSEL HAS NOT TOUCHED BOTTOM SINCE THE INSPECTION. BUYERS'

SUPERINTENDENT TO HAVE THE RIGHT TO ATTEND UNDERWATER INSPECTION AS OBSERVER ONLY WITHOUT INTERFERING WITH THE WORK OR DECISIONS OF THE CLASSIFICATION SOCIETY'S SURVEYOR. SELLERS TO REQUIRE THE CLASS TO ATTEND SUCH UNDERWATER INSPECTION AT BUYERS' COST. SUCH DIVERS INSPECTION TO BE PERFORMED TO THE SATISFACTION OF THE CLASS SURVEYOR. SELLERS TO FACILITATE AND ARRANGE FOR AVAILABILITY OF THE VSLS FOR SUCH DIVERS INSPECTION. THE SELLERS MAY NOT TENDER NOR PRIOR TO THE COMPLETION OF THE U/W.

CLAUSE 6 A (II) TO READ AS FOLLOWS:
IF THE RUDDER, PROPELLER, BOTTOM OR OTHER UNDERWATER PARTS BELOW THE DEEPEST LOAD LINE ARE FOUND BROKEN, DAMAGED OR DEFECTIVE SO AS TO AFFECT THE VESSELS' CLASS, NORMAL WEAR AND TEAR EXCEPTED, AND THE CLASSIFICATION SOCIETY APPROVES TO POSTPONE SUCH REPAIRS/RECTIFICATION OF RECOMMENDATIONS/CONDITIONS UNTIL THE NEXT PERIODICAL DRYDOCKING, THEN THE VESSELS TO BE DELIVERED WITHOUT DRYDOCKING AND REPAIRS. THE SELLERS TO MAKE A CASH SETTLEMENT TO THE BUYERS OF THE ESTIMATED DIRECT COST (OF LABOR AND MATERIALS) OF CARRYING OUT FOR SUCH REPAIRS/RECTIFICATION TO THE SATISFACTION OF THE CLASSIFICATION SOCIETY, WHEREAFTER THE BUYERS SHALL HAVE NO FURTHER RIGHTS WHATSOEVER IN RESPECT OF THE DEFECTS AND/OR REPAIRS. THE ESTIMATED DIRECT COST OF THE REPAIRS SHALL BE CALCULATED ON THE BASIS OF THE AVERAGE QUOTATION FOR THE REPAIR WORK AS RECEIVED FROM TWO REPUTABLE INDEPENDENT SHIPYARDS, ONE OBTAINED BY EACH PARTY WITHIN 3 (THREE) BANKING DAYS FROM THE DATE OF IMPOSITION OF THE CONDITION/RECOMMENDATION, UNLESS THE PARTIES AGREE OTHERWISE. SHOULD EITHER OF THE PARTIES FAIL TO OBTAIN SUCH A QUOTE WITHIN THE STIPULATED TIME THEN THE QUOTE DULY OBTAINED BY THE OTHER PARTY SHALL BE THE SOLE BASIS FOR THE ESTIMATION OF THE COSTS.SAID COMPENSATION TO BE DEDUCTED FROM THE PURCHASE PRICE AT THE TIME OF DELIVERY. IN CASE THE SETTLEMENT/REPAIR AMOUNT IS ABOVE USD250,000.- (UNITED STATES DOLLARS TWO HUNDRED FIFTY THOUSAND), THE SELLERS SHALL HAVE THE OPTION (NOT THE OBLIGATION) TO CANCEL THE AGREEMENT. SHOULD THE COSTS EXCEED THIS MAXIMUM AMOUNT AND THE SELLERS INFORM THE BUYERS OF THEIR INTENTION TO CANCEL THIS AGREEMENT THEN THE BUYERS SHALL HAVE THE OPTION TO ACCEPT THE MAXIMUM AMOUNT AS A LUMPSUM COMPENSATION TO BE DEDUCTED FROM THE PURCHASE PRICE IN FULL AND FINAL SETTLEMENT OF ALL THEIR CLAIMS IN CONNECTION WITH THE DAMAGE AND TAKE DELIVERY OF THE VESSEL AS SHE IS. SUCH OPTION TO BE DECLARED BY THE BUYERS WITHIN TWO (2) BANKING DAYS AFTER RECEIPT OF SELLERS NOTIFICATION THAT THEY INTEND TO CANCEL THE AGREEMENT IN ACCORDANCE WITH THIS CLAUSE.

IN CASE THAT AGREEMENT IS CANCELLED IN ACCORDANCE WITH THIS CLAUSE THEN THE DEPOSITTOGETHER WITH INTEREST, IF ANY, SHALL BE RELEASED TO THE BUYERS WHERE AFTER THIS AGREEMENT SHALL BECOME NULL AND VOID WITHOUT EITHER PARTY HAVING ANY CLAIMS AGAINST THE OTHER IN RELATION TO THIS AGREEMENT.

IN CASE THAT AGREEMENT IS CANCELLED IN ACCORDANCE WITH THIS CLAUSE THEN THE BUYERS WILL HAVE TO PURCHASE THE NEXT IN LINE VESSEL FROM THE TABLE, AS AGREED HEREIN.

FOR THE AVOIDANCE OF DOUBT, ANY CLASS CONDITION(S)/RECOMMENDATION(S) WHICH WERE ALREADY IMPOSED ON THE VESSEL PRIOR TO INSPECTION SHALL NOT BE TAKEN INTO CONSIDERATION IN VIEW OF THIS CLAUSE. THE SELLERS SHALL GRANT NO FURTHER WARRANTY AND SHALL HAVE NO FURTHER LIABILITY WITH RESPECT TO THE CONDITION OF THE VESSEL IN EXCESS OF THE STIPULATIONS OF THIS CLAUSE AND CLAUSE 11 .

HOWEVER, IF SUCH DAMAGE AFFECT THE VESSELS' CLASS AND REPAIRS/ RECTIFICATION OF RECOMMENDATIONS/CONDITIONS CANNOT BE POSTPONED BY CLASSIFICATION SOCIETY UNTIL THE NEXT PERIODICAL DRYDOCKING, THEN UNLESS REPAIRS CAN BE CARRIED OUT AFLOAT TO THE SATISFACTION OF THE CLASSIFICATION SOCIETY, THEN THE SELLERS SHALL ARRANGE FOR THE VESSELS TO BE DRYDOCKED AT THEIR EXPENSE FOR INSPECTION BY THE CLASSIFICATION SOCIETY OF THE VESSELS' UNDERWATER PARTS BELOW THE DEEPEST LOAD LINE, THE EXTENT OF THE INSPECTION BEING IN ACCORDANCE WITH THE

CLASSIFICATION SOCIETY RULES. IF THE RUDDER, PROPELLER, BOTTOM OR OTHER UNDERWATER PARTS BELOW THE DEEPEST LOAD LINE ARE FOUND BROKEN, DAMAGED OR DEFECTIVE SO AS TO AFFECT THE VESSELS' CLASS, SUCH DEFECTS SHALL BE MADE GOOD BY THE SELLERS AT THEIR EXPENSE TO THE SATISFACTION OF THE CLASSIFICATION SOCIETY WITHOUT RECOMMENDATIONS/CONDITIONS. IN SUCH EVENT THE SELLERS ARE TO PAY ALSO FOR THE COST OF THE UNDERWATER INSPECTION AND THE CLASSIFICATION SOCIETY'S ATTENDANCE. IN CASE THE REPAIR AMOUNT IS ABOVE USD500,000.- (UNITED STATES DOLLARS FIVE HUNDRED THOUSAND), THE SELLERS SHALL HAVE THE OPTION (NOT THE OBLIGATION) TO CANCEL THE AGREEMENT. SHOULD THE COSTS EXCEED THIS MAXIMUM AMOUNT AND THE SELLERS INFORM THE BUYERS OF THEIR INTENTION TO CANCEL THIS AGREEMENT THEN THE BUYERS SHALL HAVE THE OPTION TO ACCEPT THE MAXIMUM AMOUNT AS A LUMPSUM COMPENSATION TO BE DEDUCTED FROM THE PURCHASE PRICE IN FULL AND FINAL SETTLEMENT OF ALL THEIR CLAIMS IN CONNECTION WITH THE DAMAGE AND TAKE DELIVERY OF THE VESSEL AS SHE IS. SUCH OPTION TO BE DECLARED BY THE BUYERS WITHIN TWO (2) BANKING DAYS AFTER RECEIPT OF SELLERS NOTIFICATION THAT THEY INTEND TO CANCEL THE AGREEMENT IN ACCORDANCE WITH THIS CLAUSE.

IN CASE THAT AGREEMENT IS CANCELLED IN ACCORDANCE WITH THIS CLAUSE THEN THE DEPOSIT TOGETHER WITH INTEREST, IF ANY, SHALL BE RELEASED TO THE BUYERS WHERE AFTER THIS AGREEMENT SHALL BECOME NULL AND VOID WITHOUT EITHER PARTY HAVING ANY CLAIMS AGAINST THE OTHER IN RELATION TO THIS AGREEMENT.

IN CASE THAT AGREEMENT IS CANCELLED IN ACCORDANCE WITH THIS CLAUSE THEN THE BUYERS WILL HAVE TO PURCHASE THE NEXT IN LINE VESSEL FROM THE TABLE, AS AGREED HEREIN.

OTHERWISE CLAUSE 6 C) OF NSF 2012 TO APPLY IN FULL.

7. SPARES, BUNKERS ETC.

THE SELLERS SHALL DELIVER THE VESSELS TO THE BUYERS WITH EVERYTHING BELONGING TO THEM ON BOARD AND ON SHORE OR ON ORDER. ALL SPARE PARTS AND SPARE EQUIPMENT INCLUDING SPARE TAIL-END SHAFT(S), IF ANY, AND/OR SPARE PROPELLER(S) /PROPELLER BLADE(S) IF ANY, BELONGING TO THE VESSELS AT THE TIME OF INSPECTION USED OR UNUSED WHETHER ON BOARD OR NOT SHALL BECOME THE BUYERS' PROPERTY. FORWARDING CHARGES, IF ANY, SHALL BE FOR THE BUYERS' ACCOUNT. THE SELLERS ARE NOT REQUIRED TO REPLACE SPARE PARTS INCLUDING SPARE TAIL-END SHAFT(S), IF ANY, AND/OR SPARE PROPELLER(S) /PROPELLER BLADE(S) IF ARE TAKEN OUT OF SPARE AND USED AS REPLACEMENT PRIOR TO DELIVERY, BUT THE REPLACED ITEMS SHALL BE THE PROPERTY OF THE BUYERS.

THE RADIO INSTALLATION AND NAVIGATIONAL EQUIPMENT SHALL BE INCLUDED IN THE SALE. IRIDIUM/FBB/SAT-LINKS-ANY LEASED EQUIPMENT MAY BE INCLUDED IN THE SALE BY TRANSFERRING THE CONTRACTS TO THE BUYERS. REVERTING.

LIBRARY AND FORMS EXCLUSIVELY FOR USE IN THE SELLERS' VESSEL(S) AND CAPTAIN'S, OFFICERS' AND CREW'S PERSONAL BELONGINGS INCLUDING THE SLOP CHEST ARE TO BE EXCLUDED FROM THE SALE. BROACHED STORES AND PROVISIONS TO BE INCLUDED IN THE SALE WITHOUT EXTRA PAYMENT.

HIRED / EXCLUDED ITEMS ARE AS FOLLOWS:

PLSE ADVISE

ITEMS ON BOARD WHICH ARE ON HIRE OR OWNED BY THIRD PARTIES ON A VESSEL SPECIFIC BASIS TO BE EXCLUDED FROM THE SALE WITHOUT COMPENSATION. (REVERTING WITH MORE ITEMS SEPARATELY FOR EACH VESSEL)

LIFE RAFTS
GAS BOTTLES

CENTAURUS: SATLINK 1 PC - CITADEL EQUIPMENT

SAGITTA: SATLINK 1 PC - CITADEL EQUIPMENT

MARCH: FBB 1 PC
GREAT: SATLINK 1 PC - TENDER BOAT ALONG WITH HER OUTBOARD ENGINE AND ACCESSORIES - CITADEL EQUIPMENT

DOMINGO: SATLINK 1 PC - CITADEL EQUIPMENT

PUELO: SATLINK 1 PC - CITADEL EQUIPMENT

PUCON: SATLINK 1 PC - CITADEL EQUIPMENT
PAMINA: SATLINK 1 PC - TENDER BOAT ALONG WITH HER OUTBOARD ENGINE AND ACCESSORIES - CITADEL EQUIPMENT

HAMBURG: SATLINK 1 PC - CITADEL EQUIPMENT

ROTTERDAM: SATLINK 1 PC - CITADEL EQUIPMENT

JERSEY: SATLINK 1 PC - CITADEL EQUIPMENT

IF THE VESSEL(S) IS / ARE UNEMPLOYED ALL REMAINING ON BOARD BUNKERS TO BE TAKEN OVER AND PAID BY THE BUYERS TO THE SELLERS AT NET CONTRACT PRICE, SUPPORTED BY INVOICES/VOUCHERS.
THE BUYERS SHALL TAKE OVER AND PAY EXTRA FOR UNUSED LUBOILS AND HYDRAULIC OILS IN STORAGE TANKS WHICH HAVE NOT BEEN PASSED THROUGH THE ENGINE SYSTEM AND SEALED DRUMS AT SELLERS NET CONTRACT PRICE (INCL ANY DISCOUNTS) SUPPORTED BY INVOICES/VOUCHERS. FOR THE AVOIDANCE OF DOUBT THE BUNKERS ROB BELONGS TO THE CHARTERERS UNLESS THE VESSEL IS UNEMPLOYED.

LUBOILS +BUNKERS QUANTITIES SURVEY TO BE MUTUALLY PERFORMED BY THE SELLERS AND THE BUYERS' REPRESENTATIVES 3 (THREE) BANKING DAYS BEFORE DELIVERY. THEN AN AGREED ALLOWANCE FOR CONSUMPTION FOR THE PERIOD BETWEEN THE JOINT SURVEY AND THE TIME OF ACTUAL DELIVERY OF THE VESSEL TO BE SUBTRACTED FROM THE FIGURES DURING THE JOINT SURVEY.

8. DOCUMENTATION

THE PLACE OF CLOSING: ATHENS
A LIST OF DELIVERY DOCUMENTS TO BE DRAWN UP AND ATTACHED TO THIS AGREEMENT AS AN ADDENDUM NO. 1. AT THE TIME OF DELIVERY THE SELLERS ARE TO HANDOVER TO THE BUYERS ONBOARD MANUALS (EXCLUDING ISM/ISPS MANUALS)/DRAWINGS/RECORDS ON BOARD AND ASHORE, WHICH WILL BE COLLECTED AT BUYERS' COST AND ARRANGEMENT.
OTHER CERTIFICATES, EXCLUDING ORIGINAL CERTIFICATES TO BE RETURNED TO COMPETENT AUTHORITIES, BUT INCLUDING THE ORIGINAL CERTIFICATE OF CLASS, WHICH IS ON BOARD THE VESSEL SHALL ALSO BE HANDED OVER TO THE BUYERS, IN WHICH CASE THE BUYERS HAVE THE RIGHT TO TAKE COPIES OF ORIGINAL CERTIFICATES. 0/W AS PER NSF 2012.

9. ENCUMBRANCES

THE SELLERS WARRANT THAT THE VESSEL, AT THE TIME OF DELIVERY, IS FREE

FROM ALL ENCUMBRANCES, TAXES, MORTGAGES AND MARITIME LIENS OR ANY OTHER DEBT WHATSOEVER.

10. TAXES
AS PER NSF 2012.

11. CONDITION ON DELIVERY
A)
THE VESSELS WITH EVERYTHING BELONGING TO THEM SHALL BE AT SELLERS' RISK AND EXPENSE UNTIL THEY ARE DELIVERED TO THE BUYERS, BUT SUBJECT TO THE TERMS AND CONDITIONS OF THIS AGREEMENT THEY SHALL BE DELIVERED AND TAKEN OVER WITH EVERYTHING BELONGING TO THEM IN THE SAME CONDITION AS AT THE TIME OF INSPECTION FAIR WEAR AND TEAR EXCEPTED.

THE VESSELS TO BE DELIVERED WITH THEIR PRESENT CLASS FULLY MAINTAINED WITHOUT RECOMMENDATIONS/CONDITIONS (EXCEPT ANY RECOMMENDATIONS / CONDITIONS ALREADY IMPOSED ON THE VESSEL(S) PRIOR TO INSPECTION) AND WITH ALL SURVEY CYCLES UPTO DATE AND FREE OF AVERAGE DAMAGE AFFECTING CLASS AND WITH THEIR CLASSIFICATION CERTIFICATE AND WITH ALL NATIONAL, INTERNATIONAL AND TRADING CERTIFICATES AS WELL AS ALL OTHER CERTIFICATES THE VSLS HAD AT THE TIME OF INSPECTION TO BE CLEAN, VALID AND UNEXTENDED FOR MIN 3 MONTHS AT THE TIME OF DELIVERY (EXCLUDING THE MV NEW JERSEY WHICH IS LAID UP) WITHOUT CONDITIONS/RECOMMENDATIONS BY THE CLASS
OR THE RELEVANT AUTHORITIES. (EXCEPT ANY RECOMMENDATIONS / CONDITIONS ALREADY IMPOSED ON THE VESSEL(S) PRIOR TO INSPECTION)

B) THE NUMBER/CONDITION OF LASHING MATERIALS AS OF DELIVERY SHALL BE SUBSTANTIALLY SAME AS WHEN THE VESSEL WAS OBSERVED /INSPECTED BY THE BUYERS, FAIR WEAR AND TEAR EXCEPTED. CONDITION OF SUCH LASHING MATERIALS IS BASED ON OSHA REQUIREMENT.

AS TO QUANTITY, THE VESSEL IS FITTED WITH LASHING AS PER INVENTORY PROVIDED BY THE SELLERS. THE LASHING WILL BE CONSIDERED BUYERS' STOCK AS FROM THE TIME OF DELIVERY OF THE VESSEL.

12. NAME/MARKINGS
UPON REDELIVERY UNDER CHARTER PARTY, THE BUYERS UNDERTAKE TO CHANGE THE NAME OF THE VESSEL AND ALTER THE MARKINGS.

FOR UNEMPLOYED VESSELS:
UPON DELIVERY THE BUYERS UNDERTAKE TO CHANGE THE NAME OF THE VESSEL AND ALTER FUNNEL MARKINGS.

13. BUYERS' DEFAULT
AS PER NSF 2012

14. SELLERS' DEFAULT
AS PER NSF 2012

15. BUYERS' REPRESENTATIVES
AS PER NSF 2012. ONE BUYERS' SUPERINTENDENT TO BE ALLOWED TO ATTEND THE PHYSICAL DELIVERY / TAKING OVER. TWO (2) BUYERS' REPRESENTATIVES AFTER THE DEPOSIT IS LODGED AT THEIR SOLE RISK AND EXPENSE UNTIL THE TIME OF DELIVERY.

THESE REPRESENTATIVES ARE ON BOARD FOR THE PURPOSE OF FAMILIARISATION AND IN THE CAPACITY OF OBSERVERS ONLY, ALWAYS UNDER MASTER'S DISCRETION AND THEY SHALL NOT INTERFERE IN ANY RESPECT WITH

THE OPERATION OF THE CREW AND THE VESSEL. THE BUYERS' REPRESENTATIVES SHALL SIGN THE SELLERS' P&I CLUB STANDARD LOI PRIOR TO THEIR EMBARKATION. BUYERS SHALL PAY TO SELLERS AT THE TIME OF DELIVERY US$15 PER DAY PER PERSON AS MEAL CHARGE. OTHER CHARGE, INCLUDING COMMUNICATION, IF ANY, SHALL BE PAID BY THE BUYERS AT THE TIME OF DELIVERY.

16. ARBITRATION
CLAUSE A) OF NSF 2012 TO APPLY WITH LMAA TO APPLY

17. NOTICES-AS PER NSF 2012

18. ENTIRE AGREEMENT- AS PER NSF 2012

19. SUBJECTS

The Offer is subject to:

(a) Completion of Vessel's inspection as detailed above in cl 4(a).This subject to be lifted no later than Athens C.O.B 20th October 2017; thereafter the Buyers' right for Vessels' inspection shall be waived but always provided that the Vessels' schedule does not change/is delayed in which case the inspection dates and this date of lift of subject will change accordingly, In this case, this subject has to be lifted before the subject of clause 19 (c) is lifted, i.e. before the successful raising and receipt of equity as per clause 19(c).

(b) Completion of Vessels' class records inspection. This subject to be lifted no later than Athens C.O. B 20th October 2017. In any case, the Vessels' class record inspection have to be completed and notice of acceptance of the Vessels' class records to be declared before the beginning of the equity raising process, i.e. none of the vessels can be identified/committed into any kind of document/e-mail correspondence/exchange of the equity raising process unless the Vessels' class records inspection subject has been lifted (but sale always subject to this clause 19 (a) and (c).).

and

(c) The successful raising and receipt of at least USD 49,000,000- in gross proceeds in connection with the issue of ~~such~~ share capital of Poseidon Containers Holdings Corp. This subject to be lifted not later than c.o.b Athens on 3rd November 2017.

On the condition that all above subjects (a), (b) and (c) have been lifted then the Buyers will have the following obligations:

i. In case Poseidon Containers Holdings Corp ("Poseidon Corp") raises and receives at least USD 49,000,000- in gross proceeds with the issue of its share capital, then Poseidon Corp will have: (1a) the obligation to purchase the Vessel with Ref number 3 as per the Table, at the Purchase Price provided therein and (2a) the option to buy any of the Vessels with Ref number 1,2,4,5,6 and 7 in order of numerical priority as shown in the Table (i.e. first the Vessel with Ref number 1, second the Vessel with Ref no 2 etc). Such Buyers' option to be declared simultaneously with the lift of subject under 19 (c) above.

ii. In case Poseidon Containers Holdings Corp ("Poseidon Corp") raises and receives at least USD 60,000,000- in gross proceeds with the issue of its share capital, then Poseidon Corp will have: (1a) the obligation to purchase the Vessels with Ref number 3 and 4 as per the Table, each at the Purchase Price provided therein and (2a) the option to buy any of the Vessels with Ref number 1,2,5,6 and 7 in order of numerical priority as shown in the Table (i.e. first the

Vessel with Ref number 1, second the Vessel with Ref no 2 etc). Such Buyers' option to be declared simultaneously with the lift of subject under 19 (c) above.

iii. In case Poseidon Containers Holdings Corp ("Poseidon Corp") raises and receives at least USD 68,000,000- in gross proceeds with the issue of its share capital, then Poseidon Corp will have: (1a) the obligation to purchase the Vessels with Ref number 3, 7 and 5 as per the Table, each at the Purchase Price provided therein and (2a) the option to buy any of the Vessels with Ref number 1,2, 4 and 6 in order of reference priority as shown hereto (i.e. first the Vessel with Ref number 1, second the Vessel with Ref no 2, third the Vessel with Ref no 4 and fourth the Vessel with Ref no 6 etc). Such Buyers' option to be declared simultaneously with the lift of subject under 19 (c) above..

iv. In case Poseidon Containers Holdings Corp ("Poseidon Corp") raises and receives at least USD 70,000,000- in gross proceeds with the issue of its share capital, then Poseidon Corp will have: (1a) the obligation to purchase the Vessels with Ref number 1,4 and 5 as per the Table, each at the Purchase Price provided therein and (2a) the option to buy any of the Vessels with Ref number 2,3,6 and 7 in order of numerical priority as shown in the Table (i.e. first the Vessel with Ref number 2, second the Vessel with Ref no 3, third the vessel with Ref no.6 etc). Such Buyers' option to be declared simultaneously with the lift of subject under 19 (c) above.

v. In case Poseidon Containers Holdings Corp ("Poseidon Corp") raises and receives at least USD 79,000,000- in gross proceeds with the issue of its share capital, then Poseidon Corp will have: (1a) the obligation to purchase the Vessels with Ref number 1,2 and 4 as per the Table, each at the Purchase Price provided therein and (2a) the option to buy any of the Vessels with Ref number 3,5,6 and 7 in order of numerical priority as shown in the Table (i.e. first the Vessel with Ref number 3, second the Vessel with Ref no 5 etc). Such Buyers' option to be declared simultaneously with the lift of subject under 19 (c) above.

vi. In case Poseidon Containers Holdings Corp ("Poseidon Corp") raises and receives at least USD 90,000,000- in gross proceeds with the issue of its share capital, then Poseidon Corp will have: (1a) the obligation to purchase the Vessels with Ref number 1,2,4 and 5 as per the Table, each at the Purchase Price provided therein and (2a) the option to buy any of the Vessels with Ref number 3,6 and 7 in order of numerical priority as shown in the Table (i.e. first the Vessel with Ref number 1, second the Vessel with Ref no 2 etc). Such Buyers' option to be declared simultaneously with the lift of subject under 19 (c) above.

vii. In case Poseidon Containers Holdings Corp ("Poseidon Corp") raises and receives at least USD 99,000,000- in gross proceeds with the issue of its share capital, then Poseidon Corp will have: (1a) the obligation to purchase the Vessels with Ref number 1,2,3 and 4 as per the Table, each at the Purchase Price provided therein and (2a) the option to buy any of the Vessels with Ref number 5,6 and 7 in order of numerical priority as shown in the Table (i.e. first the Vessel with Ref number 5, second the Vessel with Ref no 6 etc). Such Buyers' option to be declared simultaneously with the lift of subject under 19 (c) above.

viii. In case Poseidon Containers Holdings Corp ("Poseidon Corp") raises and receives at least USD 110,000,000.- in gross proceeds with the issue of its share capital, then Poseidon Corp will have: (1a) the obligation to purchase the Vessels with Ref number 1,2,3,4,and 5 as per the Table, each at the Purchase Price provided therein and (2a) the option to buy any of the Vessels with Ref number 6 and 7 in order of numerical priority as shown in the Table (i.e. first the Vessel with Ref number 6, second the Vessel with Ref no 7 etc). Such Buyers' option to be declared simultaneously with the lift of subject under 19 (c) above.

ix. In case Poseidon Containers Holdings Corp ("Poseidon Corp") raises and receives at least USD 127,000,000- in gross proceeds with the issue of its share capital, then Poseidon Corp will have: (1a) the obligation to purchase the Vessels with Ref number 1,2,3,4,5 and 6 as per the Table, each at the Purchase Price provided therein and (2a) the option to buy the Vessel with Ref number 7 as shown in the Table. Such Buyers' option to be declared simultaneously with the lift of subject under 19 (c) above.

x. In case Poseidon Containers Holdings Corp ("Poseidon Corp") raises and receives at least USD 134,000,000 in gross proceeds with the issue of its share capital, then Poseidon Corp will have: (1a) the obligation to purchase the Vessels with Ref number 1,2,3,4,5, 6 and 7 as per the Table, each at the Purchase Price provided therein.

xi. In case Poseidon Containers Holdings Corp ("Poseidon Corp") raises and receives an amount in between the aforementioned specific amounts under clause 19 (c): (i)-(x), then the previous respective sub-clause 19 to apply.

xii. In case that the subjects under 19(a) and 19 (b) above is not lifted in respect of one or more of the Vessels which Poseidon Corp. would be obliged to buy (following the lifting of the subject under 19(c) above) under paras. (i)-(x) above (the "cancelled Vessels"), then Poseidon Corp. shall have the obligation to purchase in lieu of the cancelled Vessels such number of the corresponding optional Vessels (the "replacement Vessels") so that the aggregate Purchase Price of the replacement Vessels (as provided in the above Table) equals as close as possible (but not exceeds) the aggregate Purchase Price of the cancelled Vessels (as provided in the above Table) but always within the amount limits as specified under paras. (i)-(x) hereabove. In that case the option of Poseidon Corp. to purchase the remaining (other than the replacement Vessels) optional Vessels shall remain valid as provided in paras. (i)-(x) above.

and

(d) Buyers will take over of the balance time charter, where applicable, and Sellers/Buyers/Charterers to sign a tripartite novation agreement to this effect.

and

Buyers' and Sellers' BOD approval to be lifted 1(one) working day after agreement of main terms.

20. (a) In case the Buyers raise debt on any of the Vessels within a period ending 45 (forty-five) days after the lift of subject in clause 19 (c), they will have the obligation to buy (and Sellers will have the obligation to sell to the Buyers) any of the remaining vessels such that the aggregate sale price as shown in the Table will be as close as possible (but not exceeds) to the total debt raised and always within the amount limits as specified into clause 19 (c), along with its respective sub-clauses here above. For the avoidance of doubt, during this period of 45 (forty-five) days the Sellers shall not have the option to sell the remaining vessels to other buyers.

(b) Following the expiration of the 45 (forty-five) days period mentioned in c1.20(a) above, in case the Buyers raise debt on any of the Vessels within a period ending 6 (six) months after the expiration of the said 45 (forty-five) days period, Buyers will have the obligation to buy any of the remaining vessels such that the aggregate sale price as shown in the Table will be as close as possible (but not exceeds) to the total debt raised and always within the amount limits as specified into clause 19 (c), along with its respective sub-clauses here above. The Sellers will have the option to deny, unless the Vessel(s)' price, which is to be sold, varies

at that time within the range of +/- 10% of its agreed purchase price. Should a dispute arise as for the Vessel(s) price, then the Vessel(s)' purchase price shall be calculated on the basis of the average valuations that both parties shall obtain from two reputable shipbrokers (namely Clarksons and Vessels Value and Braemar ACM and Maersk Broker K/S) in this respect. Sellers will also have the option to sell the remaining vessels to other buyers during that period of 6 (six) months.

21. CONFIDENTIALITY

ALL NEGOTIATIONS AND EVENTUAL SALE TO BE KEPT PRIVATE AND CONFIDENTIAL BETWEEN THE PARTIES INVOLVED, SUBJECT HOWEVER TO ANY DISCLOSURE REQUIREMENT IN RELATION TO EQUITY RAISING OR ANY REQUIREMENT IN RELATION TO THE U.S. SEC AND NASDAQ, BUYERS AND SELLERS BANK OR REQUIRED BY LAW. SHOULD, HOWEVER, DETAILS OF THE SALE BECOME KNOWN OR REPORTED ON THE MARKET, NEITHER THE BUYERS NOR THE SELLERS SHALL HAVE THE RIGHT TO WITHDRAW FROM THE SALE OR TO FAIL TO FULFIL THEIR OBLIGATIONS UNDER THE MOA.

OTHERWISE MOA TO BE BASED ON NORWEGIAN SALES FORM 2012 SUITABLY AMENDED.

THE VESSELS TO BE TAKEN OVER WITH EXISTING T/CHARTER EMPLOYMENT AND NOVATION AGREEMENT TO BE AGREED AND SIGNED AMONG SELLERS/BUYERS/CHARTERERS.

END

Exhibit 4.30

Braemar Acm Shipbroking

MEMORANDUM OF AGREEMENT

Dated: 9th February 2018

MAGO SHIPPING COMPANY INC., Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands, MH96960
(hereinafter called the "**Sellers**"), have agreed to sell, and **North Star Marine Ltd, Hunkins Waterfront Plaza, suite 556, Main Street, Charlestown, Nevis or its guaranteed nominee** (hereinafter called the "**Buyers**"), have agreed to buy:

Name: NEW JERSEY (ex "YM NEW JERSEY")

Classification Society/Class: Nippon Kaiji Kyokai

Built: 2006 **By**: KOYO DOCKYARD CO., LTD

Flag: Marshall Islands **Place of Registration**: Majuro

Call Sign: V7LM7 **GRT / NRT (International)**: 54,828/24,104

Register Number (IMO Number): 9387097

hereinafter called the "**Vessel**", on the following terms and conditions:

Definitions:

"Banking days" are days on which banks are open for business in Greece, Belgium, London, UAE or New York.

"In writing" or "written" means a letter handed over from the Sellers to the Buyers or vice versa, or a registered letter, telefax or email.

"Classification Society" or "Class" means Nippon Kaiji Kyokai.

1. Purchase Price:
US$ 9,669,185.22 [United States Dollars Nine Million Six Hundred and Sixty Nine Thousand One Hundred and Eighty Five and Twenty Two Cents Only] (the "**Purchase Price**"), calculated at US$ 446.50 per net long ton excluding any permanent ballast, constants or liquids less 3% Buyers' address commission which to be deducted in full from balance of Purchase Price.

The Light Displacement tonnage, strictly excluding weight of any permanent ballast, constants or liquids is net MT/LT 22,002/21,655.51.

2. **Deposit**

(a) As security for the correct fulfilment of this Agreement, the Buyers shall pay to the Sellers a deposit of 30% (thirty per cent) of the Purchase Price, in the sum of USD 2,900,755.57 [United States Dollars Two Million Nine Hundred Thousand Seven Hundred Fifty Five and Fifty Seven Only] (the "**Deposit**") within three (3) Banking days from the date on which Sellers have counter-signed an e-mail attachment or fax copy of this Agreement and sent a copy by email/fax (as pdf attachment) to the Buyers. The Buyers are obliged to sign this Agreement immediately following receipt of same

from Seller's brokers and forthwith following signature send same to Sellers by email/fax. For the avoidance of doubt, Buyers shall return, by email, the signed Agreement to Sellers within one (1) clear Banking day of receipt by email (scanned attachment)/fax of this Agreement from Seller's brokers.

(b) The Deposit shall be remitted by Buyers, bank charges for Buyers' account, to Sellers' account as follows:

Bank: Joh. Berenberg, Gossler & Co. KG
Bank Address: Neuer Jungfernstieg 20, 20354 Hamburg, Germany
Account: 05-25831-004
IBAN: DE17 2012 0000 0525 8310 04
SWIFT: BEGODEHH
ACCOUNT TYPE: CALL DEPOSIT
CURRENCY: USD
CORRESPONDENT BANK: JP MORGAN CHASE BANK, NEW YORK, SWIFT- CHASUS33

3. **Payment**

The balance of 70% (seventy per cent) of the Purchase Price in the sum of US$ 6,768,429.65 (United States Dollars Six Million Seven Hundred and Sixty Eight Thousand and Four Hundred and Twenty Nine and Sixty Five Cents only) less 3% Buyers' address commission shall be paid in full, without any further deduction or withholding of any nature whatsoever, free of bank charges to Sellers' nominated bank (as above) on delivery of the Vessel, but not later than 3 (three) Banking days from the date upon which Sellers serve upon Buyers, by email, a notice confirming that the Vessel is ready for delivery hereunder ("NOR") in accordance with Clause 5b) and in any event prior or simultaneously with the delivery of the Vessel. For the avoidance of doubt, the date of service of the NOR shall count as the first of the three Banking days referred to in this Clause 3.

4. **Inspections**

Buyers shall not carry out any inspection of the Vessel and/or her class records prior to delivery, therefore the sale of the Vessel hereunder is outright and definite and subject only to the terms and conditions of this Agreement.

5. **Notices, time and place of delivery**

a) The Vessel will be delivered as is/where is at a safe anchorage or a port in Labuan, Malaysia at Seller's option.

b) The Sellers are to give the Buyers 10/7/5/3/1 days approximate readiness for delivery at the nominated place of delivery. The Sellers shall tender (by email) the NOR to the Buyers at the delivery anchorage at the place of delivery. The final NOR to be tendered during local business hours of a working day with the exact timing of service of the NOR shall be in Sellers' sole and absolute discretion.

c) The Vessel shall be delivered and taken over as is where is safely afloat at the place of delivery.

d) Expected time of delivery: 20th February 2018 – 15th March, 2018 in Sellers' option

e) Date of cancelling: 15th March 2018 (the "**Cancelling Date**"), with cancellation being in the Buyers' option.

f) If the Sellers anticipate that, notwithstanding the exercise of due diligence by them, the Vessel will not be ready for delivery by the Cancelling Date, they may notify the Buyers in writing stating the date when they anticipate that the Vessel will be ready for delivery and propose a new cancelling date. The Buyers shall have the option, exercisable within 24 running hours of receipt of the notice, of either cancelling this Agreement in accordance with Clause 14 or of accepting the new date as the new cancelling date. If the Buyers have not declared their option within 24 running hours of receipt of the Sellers' notification or if the Buyers accept the new date, the date proposed in the Sellers' notification shall be deemed to be the new cancelling date and shall be substituted for the Cancelling Date. If the Buyers decide not to extend the Cancelling Date, the Deposit shall be returned immediately to the Buyers. If this Agreement is maintained with the new cancelling date all other terms and conditions hereof including those contained in Clause 5 shall remain unaltered and in full force and effect.

g) Should the Vessel become an actual, constructive or compromised total loss before delivery the Deposit together with interest earned shall be returned immediately to the Buyers whereafter this Agreement shall be null and void.

6. **No Drydocking/Inspection.**

The Vessel shall not be drydocked prior to delivery. There shall be no underwater or other inspection of the Vessel by the Buyers prior to delivery of the Vessel hereunder.

7. **Spares/bunkers, etc.**
(a) The Vessel is to be delivered with everything fixed on board and belonging to the Vessel as at the time of delivery at no extra cost to the Buyers (including the approximate below bunkers and luboils quantities +/- 10%)

HFO: about 340 mt / MDO: about 100 mt
M/E CYL. OIL: about 45000 ltrs
M/E LUB.OIL: about 63000 ltrs
A/E LUB OIL: about 11800 ltrs

All above figures are about, all going well, unforeseen circumstances always excepted and weather permitting.

(b) The items listed below are excluded from the sale.

1. Lashing equipment
2. Gas Cylinders:
   Oxygen x 2 cylinders
   Acetylene x 1 cylinders
   Freon x 1 cylinders
3. Liferafts:

1 pcs : 6P TOB (S/N 5085710106950)
2 pcs : 25P TOB (S/Ns 5086310105311, 5886310104862)

8. **Documentation**

The place of documentary closing shall be in Athens, Greece at a time and in a place nominated by Sellers. In exchange for payment of the Purchase Price at the place of closing, the Buyers and Sellers shall exchange the delivery documents.

The list of such documents shall be mutually agreed and shall be incorporated into this Agreement as an addendum hereto to be signed by both Parties. Execution of such addendum shall not delay the execution or effectiveness of this Agreement or the lodging of the deposit by the Buyers. The parties shall furnish each other with copies of their draft delivery documents as soon as possible once this Agreement has been signed.

9. **Encumbrances**
The sellers warrant that the Vessel, at the time of physical and legal delivery is free from all mortgages, encumbrances and maritime liens or any other debts/claims, taxes whatsoever. Should any claims, which have been incurred prior to the time of delivery, be made against the vessel, the Sellers hereby undertake to indemnify the Buyers against all consequences of such claims.

10. **Taxes, etc.**

Any taxes, fees and expenses in connection with the purchase and registration under the Buyers' flag shall be for the Buyers' account, whereas similar charges in connection with the closing of the Sellers' register shall be for the Sellers' account.

11. **Condition on delivery**
The Vessel with everything belonging to her shall be at the Sellers' risk and expense until she is delivered to the Buyers, but subject to the terms and conditions of this Agreement she shall be taken over as is where is, safely afloat, and substantially intact, free of hull leakages, free from fire damage, charter free and free of cargo. All other conditions and warranties, express or implied, statutory or otherwise are excluded and save as otherwise provided in this Agreement, Sellers make no representations as regards the condition of the Vessel, her classification or her machinery or equipment.

12**. Name/markings**

Immediately following delivery, the Buyers shall paint over the existing name of the Vessel on her bow and stern and shall paint over the manager's emblem on the funnel and bow. In any event prior to departure from the port of delivery, Buyers shall register the Vessel in its ownership under the flag of [**TBA**], or as otherwise nominated by the Buyers prior to delivery and change the name of the Vessel. Buyers shall provide Sellers with a copy of the Vessel's new certificate of registration in her new name and flag prior to departure from the port of delivery.

13. **Buyers' default**

Should the deposit not be paid in accordance with Clause 2 (Deposit) the Sellers have the right to cancel this Agreement and they shall be entitled to claim compensation for their losses and for all expenses incurred together with interest at the rate of 12% (twelve per cent) pro rata.

Should the Purchase Price not be paid in accordance with Clause 3 (Payment), the Sellers have the right to cancel the Agreement, in which case the Deposit together with interest earned, if any, shall be forfeited to and retained by the Sellers. If the deposit does not cover their losses, damages and/or expenses, the Sellers shall be entitled to claim further compensation for their losses, damages and/or for all expenses incurred together with interest at the rate of 12% (twelve per cent) pro rata.

14**. Sellers' default**

Should the Sellers fail to be ready to validly complete a legal transfer by the Cancelling Date, the Buyers shall have the option of cancelling this Agreement. If after NOR has been given but before the Buyers have taken delivery, the Vessel ceases to be ready for delivery and is not made ready again by the Cancelling Date and new Notice of Readiness given, the Buyers shall retain their option to cancel. In the event the Buyers elect to cancel this Agreement the Deposit shall be released to them immediately.

Should the Sellers fail to give NOR by the Cancelling Date or fail to be ready to validly complete a legal transfer as aforesaid they shall make due compensation to the Buyers for their loss and for all expenses together with interest if their failure is due to proven negligence.

15. **Buyers' representatives**

After this Agreement has been signed by both parties and the Deposit has been paid to and received by the Sellers, the Buyers have the right to place up to four (4) representatives ("**Buyers' Representatives**") on board the Vessel at the place of delivery at their sole risk and expense.

Buyers' Representatives shall attend on board the Vessel for the purpose of familiarisation and in the capacity of observers only, and they shall not interfere in any respect with the operation of the Vessel. The Buyers' Representatives shall sign the Sellers' letter of indemnity prior to their embarkation.

At the time of delivery, the Buyers shall reimburse the Sellers for meal and lodging expenses at the sum of twenty ($20.0) United States Dollars per day pro rata for every day that Buyers' Representatives spent on board the Vessel, if applicable. The Buyers shall also reimburse the Sellers at cost for any other costs/expenses incurred as a result of the Buyers' Representatives embarkation, as evidenced by supporting documentation.

16. **Arbitration**

(a) This Agreement shall be governed by and construed in accordance with English Law and 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.

The arbitration shall be conducted in accordance with the London Maritime Arbitrators Association (LMAA) Terms current at the time when the arbitration proceedings are commenced.

The reference shall be to three arbitrators. A party wishing to refer a dispute to arbitration shall appoint its arbitrator and send notice of such appointment in writing to the other party requiring the other party to appoint its own arbitrator within fourteen (14) calendar days of that notice and stating that it will appoint its arbitrator as sole arbitrator unless the other party appoints its own arbitrator and gives notice that it has done so within the fourteen (14) days specified. If the other party does not appoint its own arbitrator and give notice that it has done so within the fourteen (14) days specified, the party referring a dispute to arbitration may, without the requirement of any further prior notice to the other party, appoint its arbitrator as sole arbitrator and shall advise the other party accordingly. The award of a sole arbitrator shall be binding on both Parties as if the sole arbitrator had been appointed by agreement.

Nothing herein shall prevent the parties agreeing in writing to vary these provisions to provide for the appointment of a sole arbitrator.

In cases where neither the claim nor any counterclaim exceeds the sum of US$100,000 the arbitration shall be conducted in accordance with the LMAA Small Claims Procedure current at the time when the arbitration proceedings are commenced.

The award rendered by the Arbitration court shall be final and binding upon the parties and may if necessary be enforced by the Court or any other competent authority in the same manner as a judgment in the court of Justice.

17. **Description.**

The Vessel is described as set out in the demo questionnaire as per the Appendix A attached hereto.

Lightweight to be proven by the following original document:

1) Results of Deadweight Measurement which has been reviewed and accepted by Buyers prior to offering.

In the event there are conflicting proofs of Light Displacement Tonnage onboard the Vessel on a Class approved certificate or documents issued by building or repair yard, the Buyers shall claim such difference from Sellers. Should such proof, which in any case has to be dated after the date that the Trim and Stability Booklet has been issued, contains any difference from what the Buyers have already accepted, then settlement of such claim to be made after delivery of the Vessel and the full purchase price will be paid regardless of the claim. Any substantiated claim for lower lightweight to be made latest 1 (one) day after the delivery.

18. **Counterparts.**

This Agreement may be executed in two counterparts, each of which, when so executed, shall be deemed to be an original, but such counterparts shall together constitute but one and the same document.

19. **Notices.**

Notices required to be served hereunder shall be validly served by email upon the Parties at the email addresses below:

Sellers: **MAGO SHIPPING COMPANY INC.,**
In copy to: c/o Steamship Shipbroking Enterprises Inc.
Ymittou 6, 17564 Palaio Faliro,
Athens, Greece
Tel: +30 210 9485 360
Fax: +30 210 9401 810
e-mail: info@stsei.com

Buyers: **North Star Marine Ltd or Guaranteed Nominees**
In copy to: Harry Conrad-Pickles, Email demo@braemar.com

20. **Confidentiality.**

All negotiations are to be kept strictly private and confidential between the parties involved, subject however to any disclosure requirement of the U.S. SEC and NASDAQ. In the event the sale or details thereof become known or reported in the market neither the Sellers nor the Buyers shall have the right to withdraw from the sale or fail to fulfil all their obligations under this Agreement.

21. **Demolition Only.**

The Vessel is sold for demolition purposes only.

22. **Expenses.**

All port expenses and costs incurred by Sellers at the place of delivery until delivery, including Sellers' agent's fees, are for the account of the Sellers. Any costs and expenses incurred by Buyers prior to or after delivery, including in relation to Buyers' crew, shall be for the Buyers' account.

23. **Trade and Compliance**

Notwithstanding any other clause in this Agreement:

(a) The Buyers, for themselves and their affiliated and associates, warrant, represent and undertake to the Sellers, on a continuing basis, that:

(i) neither the Buyers nor any person on whose behalf or under whose direction the Buyers act, or who they assist, or who directly or indirectly owns or controls the Buyers, nor any person who the Buyers may nominate to take delivery and transfer of title of the Vessel, or to facilitate any aspect of this transaction, are or will be a person or persons designated pursuant to any national, international or supranational law or regulation imposing trade and economic sanctions, prohibitions or prohibitions or restrictions ("sanctioned entity");

(ii) entry into and performance of this Agreement is not and will not be prohibited or restricted by, and will not expose the Sellers, their managers, the Vessel or their employees to sanctions, prohibitions or restrictions under any national or

international law or regulation imposing trade or economic sanctions, prohibitions or restrictions ("sanctioned transaction");

(iii) they will comply with all applicable national and international law, including (without limitation) anti-bribery/corruption legislation, in the performance of this Agreement.

(b) The Vessel is sold for the purpose of demolition and on condition that it, and its components, shall not be sold, transferred, released, exported, chartered, provided or used by the Buyers, or any person deriving title or access to the Vessel under them, for any purpose or in any activity which is prohibited or restricted by, or which would expose the Sellers, their managers, the Vessel or their employees to sanctions, prohibitions or restrictions under, any national or international law or regulation imposing trade or economic sanctions, prohibitions or restrictions (including but not limited to sale or disposal of the Vessel or its components to Iran or any Iranian entity).

(c) The Buyer shall:

(i) communicate the condition in sub paragraph (b) in writing to any and all subsequent buyers, transferees, importers, characters or users of the Vessel;

(ii) notify the Sellers immediately if they, or any person on whose behalf or under whose direction they act, or who they assist, or who owns or control the Buyers, or any person who the Buyers may nominate to take delivery and transfer of title of the Vessel, or to facilitate any aspect of this transaction, become a sanctioned entity or if the sale of the Vessel under this Agreement or any intended subsequent sale or use of components of the Vessel become a sanctioned transaction, and will provide on demand any information the Seller requests;

(d) If at any time before delivery the Sellers become aware of any actual or potential breach of the warranty, representation and undertaking and condition contained in paragraphs (a) and (b), the Sellers may cancel this Agreement by written notice to the Buyers, without liability to the Buyers, and shall be entitled to compensation for their losses and all expenses they have incurred, together with interest. The Sellers shall be under no obligation to procure the return of the Deposit (or any interest thereon) to the Buyers; and the Deposit shall be retained by the Sellers) if and to the extent that release if the Deposit is permitted under national and international law and regulations.

(e) The Buyers shall indemnify the Sellers, their managers and employees on demand against any and all sanctions, prohibitions, restrictions, claims, loss or liability whatsoever and howsoever arising directly or indirectly as a result of breach of the warranty, representation and undertaking and condition contained in paragraphs (a) and (b), whether or not the Sellers cancel this Agreement.

(f) No act or omission of the Sellers shall at any time constitute a waiver of this provision.

24. Subject to Seller's Management Approval

The terms of this Agreement and the obligations of each Party hereunder shall be subject to the Sellers obtaining their management approval within one (1) Banking day of this Agreement being signed by the Parties.

If the Sellers are not able to obtain their management approval within such time, this Agreement shall become null and void.

The Sellers shall, immediately after such approval is so obtained serve written notice by email to the Buyers confirming the obtainment of their management approval.

IN WITNESS WHEREOF the parties hereto have set their hands the date first above written.

For the Sellers: For the Buyers

By:	/s/ Margarita Veniou	By:	/s/ Ali Lakhani
Name:	Margarita Veniou	Name:	Ali Lakhani
Title:	Director and Secretary	Title:	Director

Attachments:

1. **Addendum No 1.**
2. **Lightweight Proof**
3. **Appendix A**

VESSEL DETAILS FORM

NO.	PARTICULAR	DETAILS
1	Vessel Name	NEW JERSEY
2	Type	CONTAINER CARRIER
3	Light Weight (LDT) in Metric or Long ton	22002
4	Country & Year Built	11/2006 Japan
5	Length Overall x LBP x Breadth x Depth	294.03x32.2x21.5
6	Draft of the Vessel (FWD/AFT)	13.521
7	Max speed at beaching	in cold lay up
8	GRT/NRT (International)	54828/24104
9	Main Engine (Make, Model, BHP, Present working Condition)	MITSUI MAN B&W 8K98MC (Mk VI) 45760kW MCR @ 94RPM / in cold lay up
10	Generator(s) (Number, Make, Model, Kw/KVA, Volts, HZ, AC/DC)	4x YANMAR 8N280L-EV / 2133kW @ 720RPM / AC / 60Hz - in cold lay up
11	Emergency Generators	1 x 120kW - in cold lay up
12	Bowthruster	1 x Kawasaki 1800kW - in cold lay up
13	All Working?	in cold lay up
14	Working Propeller (Please confirm Material and weight of the same)	6 blade solid type (Ni-Al-br) - 77600kg
15	Spare Propeller (Please confirm Material and weight if present)	NO
16	Spare Anchor	NO
17	Spare Tailshaft	NO
18	Location of Ballast Tanks	Double bottom / Side tanks
19	Ballast Tanks Coated	YES
20	Permanent Ballast (Material, Weight, Location)	NO
21	Under own power or undertow	in cold lay up
22	Delivery dates - India/Bangladesh range	N/A
23	Last Port of Discharge	HONG KONG
24	Last 5 cargoes carried by the Vessel	CONTAINERS
25	Any Removals	Special Tools
26	Any Exclusions	items under leased contracts & lashing equipment
27	Any Conversions to the vessel ? (if yes, please answer the following)	NO
28	Type of vessel prior conversion	N/A
29	Date converted, where?	N/A
30	LDT proofs of before and after conversion confirming new LDT	N/A
31	Damages	
32	Any Damages to the vessel (especially those affecting the ligthship)	NO
33	Welded or Riveted Construction?	WELDED
34	Vessel is Single or Double Skinned (Does vessel have any side/Wing ballast tanks)?	Single (YES)
35	Vessel has Single or Double Bottom Tanks ?	Double bottom / Side tanks
36	Any Side Tanks ?	YES
37	Vessel been laid up in last three (3) years? (When/Where/How Long)	Yes / Labuan Malaysia / last 14months
38	Was vessel ever idle awaiting orders for any period of time?	NO
39	Bunkers ROB upon delivery	HFO: 355.38 CU.MTRS - MDO: 127.21 CU. MTRS
40	Other Special Items (Aluminum / Stainless Steel onboard the vessel)	NO
41	Best Beaching Draft of the vessel	FWD: 3.90 - AFT: 5.90
42	Is the vessel purely a container vessel or MPP	CONTAINER
43	Does vessel have any reefer spaces? Any insulation?	Provision Refrigeration
44	Does vessel have reefer holds? If yes, how many?	NO
45	Does Vessel have any cement onboard?	NO
46	Does vessel have any reefer plugs to refrigerate containers	YES
	ADDITIONAL INFORMATION	
	Flag / Port of Registry	Marshall Islands / Majuro
	Deadweight	65123
	Holds / Hatches	8-17
	Derricks / Crane	1 Monorail
	Present Class of the vessel	Class NK
	IMO Number	9367097

ADJUST NO.	G－037

HISTORY

REV.	DATE	DESCRIPTION	DRAWN	CHECKED	CHECKED	APPROVED
	27, NOV. 2006	PREPARED FOR FINISHED PLAN				

Note :
The inclining test of this ship was dispensed in accordance with 1983 Amendments to SOLAS Chapter Ⅱ－1, Regulation 22.

WITNESSED BY:

K. Mohan

Owner representative
Mr. K. MOHAN

NK Surveyor
Mr. K. TAKEDA

配布先	
船主	船殻G
監督	加T/L
JG	組T/L
NK	総T/L
BV	外T/L
LR	
AB	船装G
本船	船T/L
	塗T/L
今造	
丸(営)	機装G
丸(設)	機T/L
真(営)	電T/L
四条	
	設計G
生管G	基
業務G	殻
資材G	生(工)
倉庫	船
	機
品管G	電
	庶
	控
	合 計

協議済		
協議先	月 日	協議
設－基		
設－殻		
設－船		
設－機		
設－電		
生管G		
業務G		
資材G		

(17 SHEETS INC. COVER

サイズ	数
A_2	
$T_2(10)$	
A_3	
$T_3(10)$	
T_3( )	
A_4	17
計	17

CON-FERRED	SHIP DESIGN GROUP BASIC DESIGN TEAM	OWNER
	APPROVED	
	CHECKED	RESULTS OF DEADWEIGHT MEASUREMENT
	CHECKED	
	DRAWN	

SHIP NO.	CLASS	SCALE	DWG. NO.
S-2222	N K	－	1 0 7 0 2 1 0

IMABARI SHIPBUILDING CO., LTD. (KOYO DOCKYARD)

*** CONTENTS ***

GENERAL

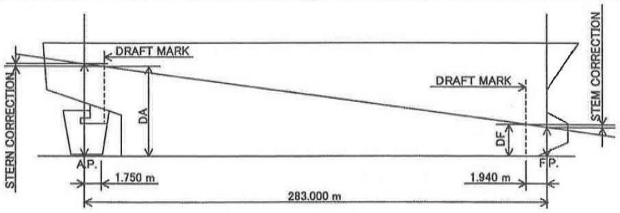
Attendant owner's representative	:	*Mr. K. MOHAN*
Witnessed by ; Surveyor to NK	:	*Mr. K.TAKEDA*
Date	:	*27th, Nov. 2006*
Place	:	*KOYO DOCKYARD CO., LTD. AT NO.6 PIER*
Weather	:	*Cloudy*
Condition of sea	:	*Calm*
Temperature of sea water	:	*(P) 18.0 ℃ (S) 18.0 ℃*
Temperature of atmosphere	:	*(P) 18.1 ℃ (S) 17.5 ℃*
Specific gravity of sea water	:	*(P) 1.0230 (S) 1.0230*

Notes:

1. Draft of ship's draft marks were measured by draft gauge (KG-1)
2. Sounding of tanks were measured by sounding scales (ST-1&2)
3. Temperatures were measured by thermometer (T-1)
4. Specific gravity of sea water were measured by hydrometer (SG-1)

DRAFT & DISPLACEMENT

APPARENT DRAFT AT DRAFT MARKS		AFT	MIDSHIP	FORE
PORT SIDE		6.167	5.583	5.542
STARBOARD SIDE		6.171	5.600	5.545
MEAN		6.169	5.592	5.544
TRIM BETWEEN DRAFT MARKS		0.625		
CORRECT. OF FORE & AFT DRAFT ON TO PERPENDICULAR		0.004	–	-0.004
DRAFT AT F.P. & A.P.		6.173	–	5.540
MEAN OF FORE & AFT DRAFT AT PERPENDICULAR	dm	5.857		
TRIM BY THE STERN	T	0.633		
DEFLECTION	δ	-0.265 (HOG.)		
MEAN DRAFT AFTER CORR. FOR DEF. $dm\,\delta = dm + 3/4\,\delta$	$dm\,\delta$	5.658		



Displacement corresponding to mean draft at "$dm\,\delta$"	: Wm	29,995	MT
Center of floatation at "$dm\,\delta$"	: LCF	-1.59	m
Tons per 1cm immersion at "$dm\,\delta$"	: TPC	62.3	MT
Difference of MTC per 100cm draft change near to "$dm\,\delta$"	: ΔMTC	52.7	MT-m
Change of displacement by trim 1ST (LCF × T × TPC × 100/LPP)	: W1	-22	MT
Change of displacement by trim 2ND ($50 \times \Delta MTC \times T^2/LPP$)	: W2	4	MT
Displacement at specific gravity of 1.025 (W = Wm + W1 + W2)	: W	29,977	MT
Draft corresponding to 29,977 MT	: d.CORR.	5.655	m
Actual specific gravity		1.0230	
Actual displacement 29,977 MT × 1.0230 /1.025		29,919	MT

LCB at d. CORR.	0.30	m
MTC at d. CORR. 779.7 × 1.0230 / 1.025	778.2	MT-m
LCG at d. CORR. 0.633 x 100 × 778.2 / 29,919 + (0.30)	1.95	m

DEADWEIGHT CALCULATION

(1) LIGHT DISPLACEMENT AND DRAFT

Light displacement (See page 15)	*22,002*	MT
Light draft	*4.345*	m

(2) LOAD DRAFT AND DISPLACEMENT

Thickness of freeboard side deck stringer	*0.016*	m
Thickness of keel plate at midship of Lf	*0.021*	m
Depth (moulded, freeboard deck)	*16.900*	m
Statutory deck line above bottom of keel	*16.937*	m
Summer freeboard	*3.416*	m
Load draft (extreme)	*13.521*	m
Load displacement	*87,125*	MT

(3) DEADWEIGHT AT ASSIGNED LOADED DRAFT

Load displacement	*87,125*	MT
Light Displacement	*22,002*	MT
Deadweight	*65,123*	MT
Deadweight	*64,095*	LT

(4) DEADWEIGHT AT DESIGNED LOADED DRAFT (CONTRACT)

Load displacement at design load draft (12.021 m ext.)	*74,882*	MT
Light displacement	*22,002*	MT
Deadweight	*52,880*	MT
Deadweight	*52,045*	LT

Note ; 1MT = 0.98421 LT

LIGHT SHIP CONDITION

22,002 MT	DISPLACEMENT (See page 15)		22,002 MT
4.345 m	CORRESPONDING DRAFT		4.345 m
	KM		20.30 m
	KG (See page 15)		13.72 m
0.016 m	GM		6.58 m
0.021 m	GG_0		0.00 m
16.900 m	G_0M		6.58 m
16.937 m			
3.416 m	KG_0		13.72 m
13.521 m			
87,125 MT			

87,125 MT	⊠ G (See page 15)		20.77 m
22,002 MT	⊠ B		0.91 m
65,123 MT	⊠ F		−1.28 m
64,095 LT	M. T. C.		712.6 MT-m
	TRIM		6.13 m
74,882 MT	DRAFT	FORE	1.31 m
22,002 MT		AFT	7.44 m
52,880 MT		MEAN	4.38 m
52,045 LT	T. P. C.		59.3 MT

WEIGHT TO BE TAKEN OUT AT DEADWEIGHT MEASUREMENT (1 / 7) P. 6

ITEM		SOUND. (m)	WEIGHT (MT)	L.C.G. (m)	MOMENT FORWARD (−)	MOMENT AFTWARD (+)	KG (m)	MOMENT
(1) WATER AND OIL IN TANKS								
F. P. T.	(C)	10.255	550.39	−137.94	75,921			
NO.1 W. B. T.	(C)	FULL	1,042.71	−109.72	114,406			
NO.2 W. B. T.	(P)	FULL	656.26	−84.66	55,559			
NO.2 W. B. T.	(S)	FULL	656.26	−84.66	55,559			
NO.3 W. B. T.	(C)	FULL	382.49	−57.33	21,928			
NO.3 W. B. T.	(P)	FULL	684.86	−56.48	38,681			
NO.3 W. B. T.	(S)	FULL	684.86	−56.48	38,681			
NO.4 W. B. T.	(C)	FULL	631.19	−28.87	18,222			
NO.4 W. B. T.	(P)	FULL	656.61	−28.72	18,858			
NO.4 W. B. T.	(S)	FULL	656.61	−28.72	18,858			
NO.6 W. B. T.	(C)	0.051	23.00	30.55		703		
NO.1 F.O.T.	(P)	ULL 4.788	197.05	−78.04	15,378			
NO.1 F.O.T.	(S)	ULL 4.898	188.56	−78.03	14,713			
NO.2 D.O. SERV. T.	(P)	4.845	93.05	93.37		8,688		
DIESEL O. T.	(S)	4.820	93.05	93.37		8,688		
M/E L.O.S.T.	(C)	1.058	50.91	83.71		4,262		
F.O. OVERFLOW T.	(P)	0.022	1.38	72.72		100		
BILGE SLUDGE T.	(P)	0.053	0.08	78.67		6		
BILGE T.	(P)	0.315	1.03	84.45		87		
CLEAN DRAIN T.	(S)	0.599	3.37	79.16		267		
FRESH W. T.	(P)	−	182.00	109.20		19,874		
DRINK W. T.	(S)	−	107.00	108.71		11,632		
SUM (1)			7,542.72		486,764	54,307		
					432,457			

(+) AFTER MIDSHIP (−) BEFORE MIDSHIP

KOYO DOCKYARD CO., LTD.

WEIGHT TO BE TAKEN OUT AT DEADWEIGHT MEASUREMENT (2/7) P. 7

ITEM		WEIGHT (MT)	L.C.G. (m)	MOMENT FORWARD (-)	MOMENT AFTWARD (+)	KG (m)	MOMENT
(2) WATER AND OIL IN ENGINE ROOM							
FLOOR :							
BILGE PRIM.T.	(P)	3.98	85.23		339		
F.O. DRAIN T.	(P)	0.43	95.81		41		
L.O. SLUDGE T.	(S)	1.09	82.78		90		
G/E L.O. OVERFLOW T.	(S)	4.27	89.43		382		
F.O. SLUDGE T.	(S)	0.46	96.18		44		
S/T L.O. T. UNIT	(S)	0.12	106.32		13		
S/T FWD SEAL L.O.T.	(S)	0.04	112.37		4		
4TH DECK :							
DRINK WATER PRESS.T.	(P)	1.06	79.98		85		
FRESH WATER PRESS.T.	(P)	0.88	77.93		69		
NO.1 D.O. SERV. T.	(P)	31.68	101.35		3,211		
F.O. SETT. T.	(S)	79.49	100.13		7,959		
M/E L.O. STOR. T.	(S)	26.37	95.06		2,507		
3RD DECK :							
M/E F.W. DEAR. T.	(S)	0.64	72.28		46		
CASCADE T.	(S)	3.56	73.83		263		
INSPECTION T.	(S)	0.21	74.36		16		
2ND DECK :							
NO.1 CYL. O. STOR. T.	(P)	22.34	80.73		1,804		
NO.2 CYL. O. STOR. T.	(P)	25.14	84.88		2,134		
BOILER F.O. T.	(S)	7.08	73.98		524		
SEWAGE TREAT. UNIT	(P)	1.11	79.87		89		
COOL. F.W. EXP. T.	(S)	1.69	72.48		122		
SUM (2)		211.64			19,742		
					19,742		

LTD.

(+) AFTER MIDSHIP (-) BEFORE MIDSHIP

KOYO DOCKYARD CO., LTD.

WEIGHT TO BE TAKEN OUT AT DEADWEIGHT MEASUREMENT (3 / 7) P. 8

ITEM	WEIGHT (MT)	L.C.G. (m)	MOMENT FORWARD (−)	MOMENT AFTWARD (+)	KG (m)	MOMENT
(3) OTHER TANKS, ETC.						
SYSTEM OIL TANKS :						
BOS'N STORE	0.97	−133.80	130			
VOID SPACE (FOR BOW THRUST.)	0.08	−130.25	10			
EMER. GENERATOR ROOM	0.50	82.15		41		
STEERING GEAR ROOM (FORE)	1.01	134.60		136		
STEERING GEAR ROOM (AFT)	0.71	142.35		101		
HYD. PUMP UNIT (P)	0.34	73.50		25		
PIPE LINES :						
FUEL OIL PIPE LINE	17.30	12.25		212		
BALLAST WATER LINE	11.60	30.20		350		
FIRE & DECK WASH LINE	8.60	−3.50	30			
CARGO HOLD BILGE :						
NO.1 CARGO HOLD B.W. (P & S)	0.16	−100.97	16			
NO.2 CARGO HOLD B.W. (C)	0.19	−72.46	14			
NO.3 CARGO HOLD B.W. (P & S)	1.01	−43.95	44			
NO.4 CARGO HOLD B.W. (P & S)	0.19	−15.43	3			
NO.5 CARGO HOLD B.W. (P & S)	1.40	13.08		18		
NO.6 CARGO HOLD B.W. (P & S)	0.18	41.59		7		
NO.7 CARGO HOLD B.W. (P & S)	0.33	70.45		23		
NO.8 CARGO HOLD B.W. (P & S)	9.51	115.68		1,100		
ENGINE ROOM BILGE :						
BILGE WELL (FORE, P&S)	1.14	72.53		83		
BILGE WELL (MID, P&S)	0.99	101.14		100		
BILGE WELL (AFT, C)	2.58	124.19		320		
OTHER BILGE :						
BOW THRUSTER RM BOTTOM	0.07	−125.83	9			
SUM (3)	58.86		256	2516		
				2,260		

KOYO DOCKYARD CO., LTD.

(+) AFTER MIDSHIP (−) BEFORE MIDSHIP

WEIGHT TO BE TAKEN OUT AT DEADWEIGHT MEASUREMENT (4/7) P. 9

ITEM	WEIGHT (MT)	L.C.G. (m)	MOMENT FORWARD (−)	MOMENT AFTWARD (+)	KG (m)	MOMENT
(4) MISCELLANEOUS WEIGHT (DECK PART)						
MOORING LINE & OTHERS :						
HAWSERS (AFT)	3.50	140.60		492		
HAWSERS (FORE)	4.50	−136.70	615			
ANCHOR CHAIN (P&S)	10.00	−143.80	1,438			
MEASUREMEN & WORKERS (8P)	0.54	50.00		27		
UPPER DECK :						
RAIN WATER	0.10	136.00		14		
WATER HOSE	0.06	130.70		8		
ELECTRIC CABLES	0.40	87.90		35		
WATER HOSE	0.04	−25.00	1			
CONT. LOOSE GEAR WOODEN BOXES	0.05	−125.00	6			
BOS'N STORE :						
ROPES & OTHERS	0.06	−135.70	8			
DRUM & OIL CANS	0.88	−140.00	123			
ROPES & ELECTRIC WIRE	0.03	−144.50	4			
F'CLE DECK :						
HAWSERS	5.13	−135.70	696			
WATER HOSE & ROPES	0.07	−137.00	10			
HATCH COVER :						
CONT. LOOSE GEAR WOODEN BOXES	0.20	5.80		1		
	(25.56)		(2,901)	(577)		

(+) AFTER MIDSHIP (−) BEFORE MIDSHIP

KOYO DOCKYARD CO., LTD.

WEIGHT TO BE TAKEN OUT AT DEADWEIGHT MEASUREMENT (5 / 7)

ITEM	WEIGHT (MT)	L.C.G. (m)	MOMENT FORWARD (−)	MOMENT AFTWARD (+)	KG (m)	MOMENT
UPPER DECK IN ACCOMM. SP. :						
INSTRUMENTS FOR SEA TRIAL	0.20	73.53		15		
TOOLS FOR SEA TRIAL & OIL CANS	0.09	75.00		7		
TOOLS	0.10	83.43		8		
A DECK :						
INSTRUMENTS FOR SEA TRIAL	0.22	75.33		17		
REDUCERS	0.05	82.53		4		
B DECK :						
ACETYLENE & OXYGEN BOTTLES	0.18	85.70		15		
LIFE JACKETS	0.01	73.53		1		
E DECK :						
TOOLS FOR SEA TRIAL & TOOLS	0.08	80.73		6		
F DECK :						
SPARE BATTERY LIQUID & ELECTRIC HOSE	0.22	77.13		17		
NAV. BRI. DECK :						
INSTRUMENTS FOR SEA TRIAL	0.13	74.43		10		
WATER HOSE FOR TEST	0.06	74.50		4		
LIFE JACKETS BOX	0.12	83.43		10		
	(1.46)			(114)		
SUM (4)	27.02		2,901	691		
			2,210			

(+) AFTER MIDSHIP (−) BEFORE MIDSHIP

KOYO DOCKYARD CO., LTD.

WEIGHT TO BE TAKEN OUT AT DEADWEIGHT MEASUREMENT (6 / 7)

ITEM	WEIGHT (MT)	L.C.G. (m)	MOMENT FORWARD (−)	MOMENT AFTWARD (+)	KG (m)	MOMENT
(5) MISCELLANEOUS WEIGHT (IN ENG. ROOM)						
FLOOR :						
STEEL PIPE & HYDRAULIC JACK	0.25	119.66		30		
STEEL PIPE & CHAIN BLOCKS	0.30	109.96		33		
CHAIN BLOCKS & TOOLS	0.05	102.19		5		
OIL CANS , TOOLS & HOSES	0.22	73.08		16		
4TH DECK :						
OIL CANS	0.04	97.13		4		
OIL CANS , TOOLS & HOSES	0.22	73.53		16		
3RD DECK :						
STEEL PIPE , TOOLS & OTHERS	1.56	97.31		152		
STEEL PLATE & TOOLS	0.81	97.31		79		
BRONZE PIPE , HOSES & OTHERS	0.37	84.33		31		
BRONZE PIPE & TOOLS	0.18	76.23		14		
SPARE & TOOLS (OVER RULE)	10.00	75.80		758		
2ND DECK :						
WORKING LADDER	0.04	97.31		4		
TOOLS FOR SEA TRIAL & OTHERS	0.27	77.13		21		
ENGINE CASING :						
WATER IN POT	0.15	83.76		13		
DUST	0.03	82.53		2		
SUM (5)	14.49			1,178		
				1,178		

(+) AFTER MIDSHIP (−) BEFORE MIDSHIP

KOYO DOCKYARD CO., LTD.

VEIGHT TO BE TAKEN OUT AT DEADWEIGHT MEASUREMENT (7 / 7) P. 12

ITEM	WEIGHT (MT)	L.C.G. (m)	MOMENT FORWARD (−)	MOMENT AFTWARD (+)	KG (m)	MOMENT
6) CONTAINER LOOSE GEARS						
WITH LASHING BRIDGES :						
ASHING BARS (ELB-C-50S/2100)	19.77	13.77		272		
ASHING BARS (ELB-C-36S/4550)	2.20	13.76		30		
URNBUCKLES L=1233+/-268	3.36	-11.24	38			
URNBUCKLES L=1175+/-235	24.58	13.76		338		
ASHING BAR EXTENSIONS	5.66	15.46		88		
IN STOWAGE BOXES :						
EMI-AUTO LIFTLOCKS (C5AM-DF)	4.38	-125.00	548			
ASHING BARS (ELB-C-36S/4550)	1.74	20.84		36		
URNBUCKLES L=1233+/-268	3.98	12.87		51		
WITH 20FT RACKS :						
0FT RACK FOR STORING 8 BINS	5.92	-22.56	134			
TORAGE BINS FOR TWISTLOCKS	3.92	-22.56	88			
TORAGE BINS FOR HANGING STACKERS	0.73	-22.56	16			
ANGING STACKERS (C12C)	5.88	-22.56	133			
EMI-AUTO LIFTLOCKS (C5AM-DF)	41.47	-22.56	936			
ON HATCH COVERS :						
EMI-AUTO LIFTLOCKS (C5AM-DF)	5.84	5.80		34		
TOTAL (6)	129.43		1,893	849		
			1,044			

(+) AFTER MIDSHIP (−) BEFORE MIDSHIP

KOYO DOCKYARD CO., LTD.

WEIGHT

TOTAL C

(+) AFTER M

WEIGHT TO BE TAKEN OUT AT DEADWEIGHT MEASUREMENT

P. 13

ITEM	WEIGHT (MT)	L.C.G. (m)	MOMENT FORWARD (−)	MOMENT AFTWARD (+)	KG (m)	MOMENT
TOTAL OF WEIGHT TO BE TAKEN OUT						
(1)	7542.72		432,457			
(2)	211.64			19,742		
(3)	58.86			2,260		
(4)	27.02		2,210			
(5)	14.49			1,178		
(6)	129.43		1,044			
TOTAL	7,984.16		435,711	23,180		
			412,531			

LTD.

(+) AFTER MIDSHIP (−) BEFORE MIDSHIP

KOYO DOCKYARD CO., LTD.

WEIGHT TO ADDED AT DEADWEIGHT MEASUREMENT

P. 14

ITEM	WEIGHT (MT)	L.C.G. (m)	MOMENT FORWARD (−)	MOMENT AFTWARD (+)	KG (m)	MOMENT
HAWSERS (FORE)	2.93	−137.40	403			
HAWSERS (AFT)	2.20	140.00		308		
ANCHOR (P. SIDE)	9.75	−143.80	1,402			
ANCHOR CHAIN (P. SIDE)	35.65	−136.60	4,870			
ANCHOR (S. SIDE)	9.75	−143.80	1,402			
ANCHOR CHAIN (S. SIDE)	34.82	−136.60	4,756			
PAINT (ACCOMMODATION)	0.12	77.20		9		
PAINT (ENGINE ROOM)	0.15	86.50		13		
PAINT (BOW THRUSTER ROOM)	0.03	−126.00	4			
PAINT (STEER. GEAR & CO2 RM)	0.06	138.50		8		
PAINT (UPPER DECK)	1.50	−15.00	23			
PAINT (HATCH COVERS)	1.10	−5.00	6			
LUB. OIL IN MAIN ENGINE	4.40	84.20		370		
	102.46		12,866	708		
			12,158			

(+) AFTER MIDSHIP (−) BEFORE MIDSHIP

KOYO DOCKYARD CO., LTD.

LIGHT

LIGHT S

TEST C

WEIGHT

WEIGHT

LIGHT S

FINAL LI

(+) AFTER MI

LIGHT SHIP AND L. C. G. CALCULATION

ITEM	WEIGHT (MT)	L.C.G. (m)	MOMENT FORWARD (−)	MOMENT AFTWARD (+)	KG (m)	MOMENT
LIGHT SHIP CONDITION						
TEST CONDITION	*29,919*	*1.95*		*58,342*		
WEIGHT TO BE TAKEN OUT	*−7,984*			*412,531*		
WEIGHT TO BE ADDED	*102*		*12,158*			
LIGHT SHIP CONDITION	*22,037*	*20.82*	*12,158*	*470,873*		
				458,715		
FINAL LIGHT SHIP CONDITION	*22,002*	*20.77*			*13.72*	

The same values of the sister ship (Hull No.2221"YM NEW JERSEY") are adopted for this ship as the final values. (Ref. Next page)

(+) AFTER MIDSHIP (−) BEFORE MIDSHIP

KOYO DOCKYARD CO., LTD.

LIGHT SHIP CONDITION OF HULL NO. 2221 "YM NEW JERSEY"

DISPLACEMENT	*22,002* MT
CORRESPONDING DRAFT	*4.345* m
KM	*20.30* m
KG	*13.72* m
GM	*6.58* m
GG_0	*0.00* m
G_0M	*6.58* m
KG_0	*13.72* m

⌀ G		*20.77* m
⌀ B		*0.91* m
⌀ F		*−1.28* m
M. T. C.		*712.6* MT−m
TRIM		*6.13* m
DRAFT	FORE	*1.31* m
	AFT	*7.44* m
	MEAN	*4.38* m
T. P. C.		*59.3* MT

Exhibit 4.31

MEMORANDUM OF AGREEMENT

Norwegian Shipbrokers' Association's
Memorandum of Agreement for sale and
purchase of ships. Adopted by BIMCO in 1956.
Code-name
SALEFORM 2012
Revised 1966, 1983 and 1986/87, 1993 and 2012

Dated: 28th February 2018

LIKIEP SHIPPING COMPANY INC., TRUST COMPANY COMPLEX, AJELTAKE ROAD, AJELTAKE ISLAND, MAJURO, MARSHALL ISLANDS MH96960 ~~*(Name of sellers),*~~ hereinafter called the "Sellers", have agreed to sell, and
FBM Hylle 1 AS c/o Fearnley Business Management AS Grev Wedels plass 9, 151 Oslo ~~*(Name of buyers)*~~, hereinafter called the "Buyers", have agreed to buy:

Name of vessel: **M/V Sagitta**

IMO Number: **9401166**

Classification Society: **BV**

Class Notation: **AUT-UMS (SS), SYS-NEQ (SS), BWE, CLEANSHIP, ICE, INWATERSURVEY**

Year of Build: **6/2010** Builder/Yard: **Thyssen Nordseewerke GmbH**

Flag: **Marshall Islands** Place of Registration: **MAJURO** GT/NT: **36087/15774**

hereinafter called the "Vessel", on the following terms and conditions:

Definitions

"Banking Days" are days on which banks are open both in the country of the currency stipulated for the Purchase Price in Clause 1 (Purchase Price) and in the place of closing stipulated in Clause 8 (Documentation) and **Greece, London, Hamburg** *(add additional jurisdictions as appropriate).*

"Buyers' Nominated Flag State" means **TBA** *(state flag state).*

"Class" means the class notation referred to above.

"Classification Society" means the Society referred to above.

"Deposit" shall have the meaning given in Clause 2 (Deposit)

"Deposit Holder" means **INCE & CO LLP, of Aldgate Tower, 2 Leman Street, London, E1 8QN** *(state name and location of Deposit Holder)* or, if left blank, the Sellers' Bank, which shall hold and release the Deposit in accordance with this Agreement.

"In writing" or "written" means a letter handed over from the Sellers to the Buyers or vice versa, a registered letter, e-mail or telefax.

"Parties" means the Sellers and the Buyers.

"Purchase Price" means the price for the Vessel as stated in Clause 1 (Purchase Price).

"Sellers' Account" means **ACCOUNT No: 05-25833-006, IBAN: DE94 2012 0000 0525 8330 06, SWIFT: BEGODEHH, ACCOUNT TYPE: CALL DEPOSIT, CURRENCY: USD** *(state details of bank account)* at the Sellers' Bank.

"Sellers' Bank" means **Joh. Berenberg, Gossler & Co. KG, Neuer Jungfernstieg 20, 20354 Hamburg, Germany. Correspondent Bank: JP MORGAN CHASE BANK, NEW YORK, SWIFT-CHASU33** *(state name of bank, branch and details)* or, if left blank, the bank notified by the Sellers to the Buyers for receipt of the balance of the Purchase Price.

"Time Charter means the time charterparty between the Sellers as owners and HAPAG-LLOYD A.G. as charterers dated 27th April 2017 as amended thereafter from time to time.
"Time Charterers" means HAPAG-LLOYD A.G.

1. Purchase Price
The Purchase Price is **USD 12,300,000 (United States Dollars Twelve Million Three Hundred Thousand only)** *(state currency and amount both in words and figures).*

2. Deposit
As security for the correct fulfilment of this Agreement the Buyers shall lodge a deposit of **20%** (**Twenty** per cent) or, if left blank, ~~10% (ten per cent),~~ of the Purchase Price (the

"Deposit") in an interest bearing joint/escrow account for the Parties with the Deposit Holder within three (3) Banking Days after the date that:

(i) this Agreement has been signed by the Parties and exchanged ~~in original~~ or by e-mail or telefax; and

(ii) the Deposit Holder has confirmed in writing to the Parties that the account has been opened.

The Deposit shall be released in accordance with joint written instructions of the Parties. Interest, if any, ~~shall~~ to be credited to the Buyers. Any fee charged for opening holding and releasing the said Deposit and facilitating the closing shall be borne equally by the Parties. The Parties shall provide to the Deposit Holder all necessary documentation to open and maintain the account without delay.

3. Payment

The 80 (Eighty) percent balance of the Purchase Price together with the 20 (Twenty) percent shall be paid/released in full free of bank charges to the Sellers' nominated account and bank on delivery of the Vessel concurrently with the Sellers providing to the Buyers with the agreed delivery documentation (which shall be agreed upon in an addendum to the MOA), and the Buyers and the Sellers signing of the protocol of delivery and acceptance, but not later than 3 (Three) banking days after the Vessel is in every respect physically ready for delivery in accordance with the terms and conditions of this agreement and valid notice of readiness has been given in accordance with clause 5 of this agreement. For the avoidance of any doubt, the balance of the Purchase Price and all other sums payable on delivery by the Buyers to the Sellers under this Agreement shall be paid in full free of bank charges via conditional payment by SWIFT MT199 and released to the Sellers nominated account under the aforementioned terms.

~~On delivery of the Vessel, but not later than three (3) Banking Days after the date that Notice of Readiness has been given in accordance with Clause 5 (Time and place of delivery and notices):~~

~~**(i)** the Deposit shall be released to the Sellers; and~~

~~**(ii)** the balance of the Purchase Price and all other sums payable on delivery by the Buyers to the Sellers under this Agreement shall be paid in full free of bank charges to the Sellers' Account.~~

4. Inspection

(a)* The Buyers have inspected and accepted the Vessel's classification records. The Buyers have also inspected the Vessel at~~/in~~ **Piraeus, Greece** ~~*(state place)*~~ on **23rd February 2108** *(state date)* and have accepted the Vessel following this inspection. and the sale is outright and definite, subject only to the terms and conditions of this Agreement.

~~**(b)*** The Buyers shall have the right to inspect the Vessel's classification records and declare whether same are accepted or not within _____ *(state date/period).*~~

~~The Sellers shall make the Vessel available for inspection at/in _____ *(state place/range)* within _____ *(state date/period).*~~

~~The Buyers shall undertake the inspection without undue delay to the Vessel. Should the Buyers cause undue delay they shall compensate the Sellers for the losses thereby incurred.~~

~~The Buyers shall inspect the Vessel without opening up and without cost to the Sellers.~~

~~During the inspection, the Vessel's dock and engine log books shall be made available for examination by the Buyers.~~

~~The sale shall become outright and definite, subject only to the terms and conditions of this Agreement, provided that the Sellers receive written notice of acceptance of the Vessel from the Buyers within seventy two (72) hours after completion of such inspection or after the date/last day of the period stated in Line 59, whichever is earlier.~~

~~Should the Buyers fail to undertake the inspection as scheduled and/or notice of acceptance of the Vessel's classification records and/or of the Vessel not be received by the Sellers as~~

~~aforesaid, the Deposit together with interest earned, if any, shall be released immediately to the Buyers, whereafter this Agreement shall be null and void.~~

~~*4(a) and 4(b) are alternatives; delete whichever is not applicable. In the absence of deletions, alternative 4(a) shall apply.~~

5. Time and place of delivery and notices

(a) The Vessel shall be delivered and taken over safely afloat at a safe and accessible berth or anchorage at/in **within the Vessel's current trading Area (Sellers to advise ports/CPs)**~~*(state place/range)*~~ in the Sellers' option.

Notice of Readiness shall not be tendered before: **12th March 2018.** ~~*(date)*~~

Cancelling Date (see Clauses 5(c), 6 (a)(i), 6 (a)(iii) and 14): **27th April 2018.**

(b) The Sellers shall keep the Buyers well informed of the Vessel's itinerary and shall provide the Buyers with thirty (30), twenty (20), fifteen (15), ten (10), seven (7), five (5) and three (3) days' approximate notice of the date and port and two (2) and one (1) days definite notice of ~~the Sellers intend to tender Notice of Readiness and of the intended~~ date and place of delivery.

When the Vessel is at the place of delivery and physically ready for delivery in accordance with this Agreement, the Sellers shall give the Buyers a written Notice of Readiness for delivery.

(c) If the Sellers anticipate that, notwithstanding the exercise of due diligence by them, the Vessel will not be ready for delivery by the Cancelling Date they may notify the Buyers in writing stating the date when they anticipate that the Vessel will be ready for delivery and proposing a new Cancelling Date. Upon receipt of such notification the Buyers shall have the option of accepting the new date as the new cancelling date or proposing one new cancelling date.~~either cancelling this Agreement in accordance with Clause 14 (Sellers' Default) within three (3) Banking Days of receipt of the notice or of accepting the new date as the new Cancelling Date.~~ If the Buyers have not declared their option within three (3) Banking Days of receipt of the Sellers' notification or if the Buyers accept the new date, the date proposed in the Sellers' notification shall be deemed to be the new Cancelling Date and shall be substituted for the Cancelling Date stipulated in line 79.

If this Agreement is maintained with the new Cancelling Date all other terms and conditions hereof including those contained in Clauses 5(b) ~~and 5(d)~~ shall remain unaltered and in full force and effect.

~~**(d)** Cancellation, failure to cancel or acceptance of the new Cancelling Date shall be entirely without prejudice to any claim for damages the Buyers may have under Clause 14 (Sellers' Default) for the Vessel not being ready by the original Cancelling Date.~~

(e) Should the Vessel become an actual, constructive or compromised total loss before delivery the Deposit together with interest earned, if any, shall be released immediately to the Buyers whereafter this Agreement shall be null and void.

6. Divers Inspection / Drydocking
(a)*

(i) The Buyers shall have the option at their cost and expense to arrange for an underwater inspection by a diver approved by the Classification Society prior to the delivery of the Vessel in one of the suitable for such inspection ports, always within the Vessel's schedule. Such option shall be declared latest nine (9) days prior to the Vessels intended date of readiness for delivery as notified by the Sellers pursuant to Clause 5(b) of this Agreement. This inspection shall be carried out without undue delay and in the presence of a Classification Society surveyor arranged for by the Sellers and paid for by the Buyers. The Buyers representative(s) shall have the right to be present at the divers inspection as observer(s) only without interfering with the work or decisions of the Classification Society surveyor. The extent of the inspection and the conditions under which it is performed shall be to the satisfaction of the Classification Society. The Sellers may not tender NOR prior to the completion of the underwater inspection.

~~**(i)** The Buyers shall have the option at their cost and expense to arrange for an underwater inspection by a diver approved by the Classification Society prior to the delivery of the Vessel. Such option shall be declared latest nine (9) days prior to the Vessel's intended date of readiness for delivery as notified by the Sellers pursuant to Clause 5(b) of this Agreement. The Sellers shall at their cost and expense make the Vessel available for such inspection. This inspection shall be carried out without undue delay and in the presence of a Classification Society surveyor arranged for by the Sellers and paid for by the Buyers. The Buyers' representative(s) shall have the right to be present at the diver's inspection as observer(s) only without interfering with the work or decisions of the~~

~~Classification Society surveyor. The extent of the inspection and the conditions under which it is performed shall be to the satisfaction of the Classification Society. If the conditions at the place of delivery are unsuitable for such inspection, the Sellers shall at their cost and expense make the Vessel available at a suitable alternative place near to the delivery port, in which event the Cancelling Date shall be extended by the additional time required for such positioning and the subsequent re-positioning. The Sellers may not tender Notice of Readiness prior to completion of the underwater inspection.~~

(ii) If the rudder, propeller, bottom or other underwater parts below the deepest load line are found broken, damaged or defective so as to affect the Vessel's class, normal wear and tear excepted, and the Classification Society approves to postpone such repairs/rectification of recommendations/conditions until the next periodical drydocking, then the Vessel to be delivered without drydocking and repairs. The Sellers to make a cash settlement to the Buyers of the estimated direct cost (of labor and materials) of carrying out such repairs/rectification to the satisfaction of the Classification Society, whereafter the Buyers shall have no further rights whatsoever in respect of the defects and/or repairs. The estimated direct cost of the repairs shall be calculated on the basis of the average quotation for the repair work as received from two reputable independent shipyards, one obtained by each party within three (3) Banking Days from the date of imposition of the condition/recommendation, unless the parties agree otherwise. Should either of the parties fail to obtain such a quote within the stipulated time then the quote duly obtained by the other party shall be sole basis for the estimation of the costs. Said compensation to be deducted from the Purchase Price at the time of delivery. In case the settlement/repair amount is above USD 250,000 (United States Dollars Two Hundred Fifty Thousand Only), the Sellers shall have the option (not the obligation) to cancel the agreement. Should the costs exceed this maximum amount and the Sellers inform the Buyers of their intention to cancel this agreement then the Buyers shall have the option to accept the maximum amount as a lump sum compensation to be deducted from the Purchase Price in full and final settlement of all their claims in connection with the damage and take delivery of the Vessel as she is.

Such option to be declared by the Buyers within two (2) Banking Days after receipt of Sellers notification that they intend to cancel the agreement in accordance with this clause. In case that agreement is cancelled in accordance with the clause then the Deposit together with interest, if any, shall be released to the Buyers where after this agreement shall become null and void without either party having any claims against the other in relation to this agreement.

For the avoidance of doubt, any class condition(s)/recommendation(s) which were already imposed on the Vessel prior to inspection shall not be taken into consideration in view of this clause. The Sellers shall grant no further warranty and shall have no further liability with respect to the condition of the Vessel in excess of the stipulations of this clause and Clause 11. However, if such damage affect the Vessel's class and repairs/ rectification of recommendations/conditions cannot be postponed by Classification Society until the next periodical drydocking, then unless repairs can be carried out afloat to the satisfaction of the Classification Society, then the Sellers shall arrange for the Vessel to be drydocked at their expense for inspection by the Classification Society of the Vessel's underwater parts below the deepest load lin, the extent of the inspection being in accordance with the Classification Society rules. If the rubber, propeller, bottom or other underwater parts below the load line are found broken, damaged so as to affect Vessel's class, such defects shall be made good by the Sellers at their expense to the satisfaction of the Classification Society without recommendations/conditions. In such event the Sellers are to pay also for the cost of the underwater inspection and the Classification Society's attendance. In case the repair amount is above USD 500,000.-(United States Dollars Five Hundred Thousand Only), the Sellers shall have the option (not the obligation) to cancel the agreement. Should the costs exceed this maximum amount as a lump sum compensation to be deducted from the Purchase Price in full and final settlement of all their claims in correction with damage and take delivery of the Vessel as she is.

Such option to be declared by the Buyers within two (2) Banking Days after receipt of Sellers notification that they intend to cancel the agreement in accordance with this clause. In case that agreement is cancelled in accordance with this clause then the Deposit together with interest, if any, shall be released to the Buyers where after this agreement shall become null and void without either party having any claims against the other in relation to agreement.

then (1) unless repairs can be carried out afloat to the satisfaction of the Classification Society, the Sellers shall arrange for the Vessel to be drydocked at their expense for inspection by the Classification Society of the Vessel's underwater parts below the deepest load line, the extent of the inspection being in accordance with the Classification Society's rules (2) such defects shall be made good by the Sellers at their cost and expense to the satisfaction of the Classification Society without condition/recommendation** and (3) the Sellers shall pay for underwater inspection and the Classification Society's attendance.

Notwithstanding anything to the contrary in this Agreement, if the Classification Society do not require the aforementioned defects to be rectified before the next class drydocking survey, the Sellers shall be entitled to deliver the Vessel with these defects against a deduction from the Purchase Price of the estimated direct cost (of labour and materials) of carrying out the repairs to the satisfaction of the Classification Society, whereafter the Buyers shall have no further rights whatsoever in respect of the defects and/or repairs. The estimated direct cost of the repairs shall be the average of quotes for the repair work obtained from two reputable independent shipyards at or in the vicinity of the port of delivery, one to be obtained by each of the Parties within two (2) Banking Days from the date of the imposition of the condition/recommendation, unless the Parties agree otherwise. Should either of the Parties fail to obtain such a quote within the stipulated time then the quote duly obtained by the other Party shall be the sole basis for the estimate of the direct repair costs. The Sellers may not tender Notice of Readiness prior to such estimate having been established.

(iii) If the Vessel is to be drydocked pursuant to Clause 6(a)(ii) and no suitable dry-docking facilities are available at the port of delivery, the Sellers shall take the Vessel to a port where suitable drydocking facilities are available, whether within or outside the delivery range as per Clause 5(a). Once drydocking has taken place the Sellers shall deliver the Vessel at a port within the delivery range as per Clause 5(a) which shall, for the purpose of this Clause, become the new port of delivery. In such event the Cancelling Date shall be extended by the additional time required for the drydocking and extra steaming, but limited to a maximum of fourteen (14) days.

(b)* The Sellers shall place the Vessel in drydock at the port of delivery for inspection by the Classification Society of the Vessel's underwater parts below the deepest load line, the extent of the inspection being in accordance with the Classification Society's rules. If the rudder, propeller, bottom or other underwater parts below the deepest load line are found broken, damaged or defective so as to affect the Vessel's class, such defects shall be made good at the Sellers' cost and expense to the satisfaction of the Classification Society without condition/recommendation**. In such event the Sellers are also to pay for the costs and expenses in connection with putting the Vessel in and taking her out of drydock, including the drydock dues and the Classification Society's fees. The Sellers shall also pay for these costs and expenses if parts of the tailshaft system are condemned or found defective or broken so as to affect the Vessel's class. In all other cases, the Buyers shall pay the aforesaid costs and expenses, dues and fees.

(c) If the Vessel is drydocked pursuant to Clause 6(a)(ii) ~~or 6(b)~~ above:

(i) The Classification Society may require survey of the tailshaft system, the extent of the survey being to the satisfaction of the Classification surveyor. If such survey is not required by the Classification Society, the Buyers shall have the option to require the tailshaft to be drawn and surveyed by the Classification Society, the extent of the survey being in accordance with the Classification Society's rules for tailshaft survey and consistent with the current stage of the Vessel's survey cycle. The Buyers shall declare whether they require the tailshaft to be drawn and surveyed not later than by the completion of the inspection by the Classification Society. The drawing and refitting of the tailshaft shall be arranged by the Sellers. Should any parts of the tailshaft system be condemned or found defective so as to affect the Vessel's class, those parts shall be renewed or made good at the Sellers' cost and expense to the sat action of Classification Society without condition/recommendation**.

(ii) The costs and expenses relating to the survey of the tailshaft system Shall be borne by the Buyers unless the Classification Society requires such survey to be carried out or if parts of the system are condemned or found defective or broken so as to affect the Vessel's class, in which case the Sellers shall pay these costs and expenses.

(iii) The Buyers' representative(s) shall have the right to be present in the drydock, as

observer(s) only without interfering with the work or decisions of the Classification Society surveyor.

(iv) The Buyers shall have the right to have the underwater parts of the Vessel cleaned and painted at their risk, cost and expense without interfering with the Seller's or the Classification Society surveyor's work, if any, and without affecting the Vessel's timely delivery. If, however, the Buyers' work in drydock is still in progress when the Sellers have completed the work which the Sellers are required to do, the additional docking time needed to complete the Buyers' work shall be for the Buyers' risk, cost and expense. In the event that the Buyers' work required such additional time, the Sellers may upon completion of the Sellers' work tender Notice of Readiness for delivery whilst the Vessel is still in drydock and, notwithstanding Clause 5(a), the Buyers shall be obliged to take delivery in accordance with Clause 3 (Payment), whether the Vessel is in drydock or not.

** 6(a) and 6 (b) are alternatives; delete whichever is not applicable. In the absence of deletions, alternative 6 (a) shall apply.*

***Notes or memoranda, if any, in the surveyor's report which are accepted by the Classification Society without condition/recommendation are not to be taken into account.*

7. Spares, bunkers and other items

The Sellers shall deliver the Vessel to the Buyers with everything belonging to her on board and on shore. All spare parts and spare equipment including spare tail-end shaft(s) and/or spare propeller(s)/propeller blade(s), if any, belonging to the Vessel at the time of inspection used or unused, whether on board or not shall become the Buyers' property, ~~but spares on order are excluded~~. Forwarding charges, if any, shall be for the Buyers' account. The Sellers are not required to replace spare parts including spare tail-end shaft(s) if any and/or spare propeller(s)/propeller blade(s) if ~~which~~ are taken out of spare and used as replacement prior to delivery, but the replaced items shall be the property of the Buyers. Unused stores and provisions shall be included in the sale and be taken over by the Buyers without extra payment.

Library and forms exclusively for use in the Sellers' vessel(s) and captain's, officers' and crew's personal belongings including the slop chest are excluded from the sale without compensation, as well as the following additional items:

-1 PC with Vessel's e-mail,
-1 SATLINK PC-CITADEL EQUIPMENT ~~*(include list)*~~

Items on board which are on hire or owned by third parties, listed as follows, are excluded from the sale without compensation:

-Liferafts: 2x6 TOB + 2x16 TOB + 2x16 DL
-Gas Bottles Under lease: Total 21pcs
Temperature Sounding Tape: 1pc TPC-7 Tempature Sounding Gauge Tape
Sounding Tapes: 2pcs Calibrated Sounding Tapes~~*(include list)*~~

~~Items on board at the time of inspection which are on hire or owned by third parties, not listed above, shall be replaced or procured by the Sellers prior to delivery at their cost and expense.~~

The Buyers shall take over remaining bunkers (if any) and unused unbroached lubricating and hydraulic oils ~~and greases~~ in storage tanks which have not been passed through the engine system and sealed ~~and unopened~~ drums at Sellers net contract price (including any discounts) supported by invoices/vouchers. For the avoidance of doubt the bunkers remaining on board belongs to the charterers unless the Vessel is unemployed.

Luboils and Bunkers quantities survey to be mutually performed by the Sellers and the Buyers' representative Three (3) Banking Days before delivery. Then an agreed allowance for consumption for the period between the joint survey and the time of actual delivery of the Vessel to be subtracted from the figures during the joint survey.

Copies of the BDN (bunker delivery note) to be provided to Buyers on delivery.

The radio installation and navigation equipment shall be included in the Sale. Broached stores and provisions to be included in the Sale without extra payment.

~~and pay either:~~
~~**(a)** *the actual net price (excluding barging expenses) as evidenced by invoices or vouchers; or~~

~~**(b)** *the current net market price (excluding barging expenses) at the port and date of delivery of the Vessel or, if unavailable, at the nearest bunkering port~~

~~for the quantities taken over.~~

Payment under this Clause shall be made at the same time and place and in the same currency as the Purchase Price.

"inspection" in this Clause 7, shall mean the Buyers' inspection according to Clause 4(a) or 4(b) (Inspection), if applicable. If the Vessel is taken over without inspection, the date of this Agreement shall be the relevant date.

**(a) and (b) are alternatives, delete whichever is not applicable. In the absence of deletions alternative (a) shall apply.*

8. Documentation

The place of closing: **Athens**

A list of delivery documents to be drawn up and attached to this agreement as an addendum No.1. At the time of delivery the Sellers are to handover to the Buyers onboard manuals (excluding ISM/ISPS manuals)/drawings/records on board and ashore, which will be collected at Buyers' cost and arrangement.
Other certificates, excluding original certificates to be returned to competent authorities, but including the original certificate of class, which is on board the Vessel shall also be handed over to the Buyers, in which case the Buyers have the right to take copies of the original certificates.

~~**(a)** In exchange for payment of the Purchase Price the Sellers shall provide the Buyers with the following delivery documents listed in Clause 20:~~

~~**(i)** Legal Bill(s) of Sale in a form recordable in the Buyers' Nominated Flag State, transferring title of the Vessel and stating that the Vessel is free from all mortgages, encumbrances and maritime liens or any other debts whatsoever, duly notarially attested and legalised or apostilled, as required by the Buyers' Nominated Flag State;~~

~~**(ii)** Evidence that all necessary corporate, shareholder and other action has been taken by the Sellers to authorise the execution, delivery and performance of this Agreement;~~

~~**(iii)** Power of Attorney of the Sellers appointing one or more representatives to act on behalf of the Sellers in the performance of this Agreement, duly notarially attested and legalised or apostilled (as appropriate);~~

~~**(iv)** Certificate or Transcript of Registry issued by the competent authorities of the flag state on the date of delivery evidencing the Sellers' ownership of the Vessel and that the Vessel is free from registered encumbrances and mortgages, to be faxed or e-mailed by such authority to the closing meeting with the original to be sent to the Buyers as soon as possible after delivery of the Vessel;~~

~~**(v)** Declaration of Class or (depending on the Classification Society) a Class Maintenance Certificate issued within three (3) Banking Days prior to delivery confirming that the Vessel is in Class free of condition/recommendation;~~

~~**(vi)** Certificate of Deletion of the Vessel from the Vessel's registry or other official evidence of deletion appropriate to the Vessel's registry at the time of delivery, or, in the event that the registry does not as a matter of practice issue such documentation immediately a written undertaking by the Sellers to effect deletion from the Vessel's registry forthwith and provide a certificate or other official evidence of deletion to the Buyers promptly and latest within four (4) weeks after the Purchase Price has been paid and the Vessel has been delivered;~~

~~**(vii)** A copy of the Vessel's Continuous Synopsis Record certifying the date on which the Vessel ceased to be registered with the Vessel's registry, or, in the event that the registry does not as a matter of practice issue such certificate immediately, a written undertaking from the Sellers to provide the copy of this certificate promptly upon it being issued together with evidence of submission by the Sellers of a duly executed From 2 stating the date on which the Vessel shall cease to be registered with the Vessel's registry;~~

~~**(viii)** Commercial Invoice for the Vessel;~~

~~**(ix)** Commercial Invoice(s) for bunkers, lubricating and hydraulic oils and greases;~~

~~**(x)** A copy of the Sellers' letter to their satellite communication provider cancelling the Vessel's communication contract which is to be sent immediately after delivery of the~~

~~Vessel;~~

~~**(xi)** Any additional documents as may reasonably be required by the competent authorities of the Buyers' Nominated Flag State for the purpose of registering the Vessel, provided the Buyers notify the Sellers of any such documents as soon as possible after the date of this Agreement; and~~

~~**(xii)** The Sellers' letter of confirmation that to the best of their knowledge, the Vessel is not black listed by any nation or international organisation.~~

~~**(b)** At the time delivery the Buyers shall provide the Sellers with:~~

~~**(i)** Evidence that all necessary corporate, shareholder and other action has been taken by the Buyers to authorise the execution, delivery and performance of this Agreement; and~~

~~**(ii)** Power of Attorney of the Buyers appointing one or more representatives to act on behalf of the Buyers in the performance of this Agreement, duly notarially attested and legalised or apostilled (as appropriate).~~

(c) If any of the documents listed in Sub clauses (a) and (b) above are not in the English language they shall be accompanied by an English translation by an authorised translator or certified by a lawyer qualified to practice in the country of the translated language.

(d) The Parties shall to the extent possible exchange copies, drafts or samples of the documents listed in Sub-clause (a) and Sub-clause (b) above for review and comment by the other party not later than _____ *(state number of days)*, or if left blank, nine (9) days prior to the Vessel's intended date of readiness for delivery as notified by the Sellers pursuant to Clause 5(b) of this Agreement.

(e) Concurrent with the exchange of documents in Sub-clause (a) and Sub-clause (b) above, the Sellers shall also hand to the Buyers the classification certificate(s) as well as all plans, drawings and manuals, (excluding ISM/ISPS manuals), which are on board the Vessel. Other certificates which are on board the Vessel shall also be handed over to the Buyers unless the Sellers are required to retain same, in which case the Buyers have the right to take copies.

(f) Other technical documentation which may be in the Sellers' possession shall promptly after delivery be forwarded to the Buyers at their expense, if they so request. The Sellers may keep the Vessel's log books but the Buyers have the right to take copies of same.

(g) The Parties shall sign and deliver to each other a Protocol of Delivery and Acceptance confirming the date and time of delivery of the Vessel from the Sellers to the Buyers.

9. Encumbrances

The Sellers warrant that the Vessel, at the time of delivery, is free from ~~all charters,~~ encumbrances, mortgages and maritime liens or any other debts whatsoever, and is not subject to Port State or other administrative detentions. The Sellers hereby undertake to indemnify the Buyers against all consequences of claims made against the Vessel which have been incurred prior to the time of delivery.

10. Taxes, fees and expenses

Any taxes, fees and expenses in connection with the purchase and registration in the Buyers' Nominated Flag State shall be for the Buyers' account, whereas similar charges in connection with the closing of the Sellers' register shall be for the Sellers' account.

11. Condition on delivery

The Vessel with everything belonging to her shall be at the Sellers' risk and expense until she is delivered to the Buyers, but subject to the terms and conditions of this Agreement she shall be delivered and taken over with everything belonging to her in the same condition as she was at the time of inspection, fair wear and tear excepted.

However, the Vessel shall be delivered ~~free of cargo and~~ free of stowaways with her present Class fully maintained without condition/recommendation*, and all survey cycles up to date and free of average damage affecting the Vessel's class, and with her classification certificates and national, international and trading certificates, as well as all other certificates the Vessel had at the time of inspection to be clean, valid and unextended until minimum 1st September 2018 without condition/recommendation* by the Classification Society or the relevant authorities at the time of delivery (except any recommendations/conditions already imposed on the Vessel prior inspection).

The number/condition of lashing materials as of delivery shall be substantially same when the Vessel was observe/inspected by the Buyers, fair wear and tear excepted. Condition of such lashing materials is based on OSHA requirement.
As to quantity, the Vessel is fitted with lashing as per inventory provided by the Sellers. The lashing will be considered Buyers' stock as from the time of delivery of the Vessel.

"inspection" in this Clause 11, shall mean the Buyers' inspection according to Clause 4(a) or 4(b) (Inspections), if applicable. If the Vessel is taken over without inspection, the date of this Agreement shall be the relevant date.

**Notes and memoranda, if any, in the surveyor's report which are accepted by the Classification Society without condition/recommendation are not to be taken into account.*

12. Name/markings
Latest upon ~~Upon~~ redelivery under the Charter Party the Buyers undertake to change the name of the Vessel and alter funnel markings.

13. Buyers' default
Should the Deposit not be lodged in accordance with Clause 2 (Deposit), the Sellers have the right to cancel this Agreement, and they shall be entitled to claim compensation for their losses and for all expenses incurred together with interest.

Should the Purchase Price not be paid in accordance with Clause 3 (Payment), the Sellers have the right to cancel this Agreement, in which case the Deposit together with interest earned, if any, shall be released to the Sellers. If the Deposit does not cover their loss, the Sellers shall be entitled to claim further compensation for their losses and for all expenses incurred together with interest.

14. Sellers' default
Should the Sellers fail to give Notice of Readiness in accordance with Clause 5(b) or fail to be ready to validly complete a legal transfer by the Cancelling Date the Buyers shall have the option of cancelling this Agreement. If after Notice of Readiness has been given but before the Buyers have taken delivery, the Vessel ceases to be physically ready for delivery and is not made physically ready again by the Cancelling Date and new Notice of Readiness given, the Buyers shall retain their option to cancel. In the event that the Buyers elect to cancel this Agreement, the Deposit together with interest earned, if any, shall be released to them immediately.

Should the Sellers fail to give Notice of Readiness by the Cancelling Date or fail to be ready to validly complete a legal transfer as aforesaid they shall make due compensation to the Buyers for their loss and for all expenses together with interest if their failure is due to proven negligence and whether or not the Buyers cancel this Agreement.

15. Buyers' representatives
After this Agreement has been signed by the Parties and the Deposit has been lodged, the Buyers have the right to place two (2) representatives on board the Vessel at their sole risk and expense until the time of delivery. One Buyers' superintendent to be allowed to attend the physical delivery/taking over the Vessel.

These representatives are on board for the purpose of familiarisation and in the capacity of observers only always under Master's discretion, and they shall not interfere in any respect with the operation of the Vessel. The ~~Buyers and the~~ Buyers' representatives shall sign the Sellers' P&L Club's standard letter of indemnity prior to their embarkation. Buyers shall pay to Sellers at the time of delivery USD 15 (United States Dollars Fifteen only) per day/per person as meal charge. Other charge, including communication if any, shall be paid by the Buyers at the time of delivery.

16. Law and Arbitration
(a) *This Agreement shall be governed by and construed in accordance with English law and 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.

The arbitration shall be conducted in accordance with the London Maritime Arbitrators Association (LMAA) Terms current at the time when the arbitration proceedings are commenced.

The reference shall be to three arbitrators. A party wishing to refer a dispute to arbitration shall appoint its arbitrator and send notice of such appointment in writing to the other party requiring the other party to appoint its own arbitrator within fourteen (14) calendar days of that notice and

stating that it will appoint its arbitrator as sole arbitrator unless the other party appoints its own arbitrator and gives notice that it has done so within the fourteen (14) days specified. If the other party does not appoint its own arbitrator and give notice that it has done so within the fourteen (14) days specified, the party referring a dispute to arbitration may, without the requirement of any further prior notice to the other party, appoint its arbitrator as sole arbitrator and shall advise the other party accordingly. The award of a sole arbitrator shall be binding on both Parties as if the sole arbitrator had been appointed by agreement.

In cases where neither the claim nor any counterclaim exceeds the sum of US$100,000 the arbitration shall be conducted in accordance with the LMAA Small Claims Procedure current at the time when the arbitration proceedings are commenced.

~~**(b)** *This Agreement shall be governed by and construed in accordance with Title 9 of the United States Code and the substantive law (not including the choice of law rules) of the State of New York and any dispute arising out of or in connection with this Agreement shall be referred to three (3) persons at New York, one to be appointed by each of the parties hereto, and the third by the two so chosen; their decision or that of any two of them shall be final, and for the purposes of enforcing any award, judgement may be entered on an award by any court of competent jurisdiction. The proceedings shall be conducted in accordance with the rules of the Society of Maritime Arbitrators, Inc.~~

~~In cases where neither the claim nor any counterclaim exceeds the sum of US$100,000 the arbitration shall be conducted in accordance with the Shortened Arbitration Procedure of the Society of Maritime Arbitrators, Inc.~~

~~**(c)** This Agreement shall be governed by and construed in accordance with the laws of _____ (*state place*) and any dispute arising out of or in connection with this Agreement shall be referred to arbitration at _____ (*state place*), subject to the procedures applicable there.~~

**16(a), 16(b) and 16(c) are alternatives; delete whichever is not applicable, In the absence of deletions, alternative 16(a) shall apply.*

17. Notices

All notices to be provided under this Agreement shall be in writing.

Contact details for recipients of notices are as follows:

For the Buyers: **c.brau@mpc-capital.com, r.frese@mpc-capital.com, j.flade@contchart.de**

For the sellers:

Likiep Shipping Company Inc.
c/o Steamship Shipbroking Enterprises Inc.
Ymittou 6, 17564 Palaio Faliro,
Athens, Greece
Tel: +30 210 9485 360
Fax: +30 210 9401 810
e-mail: info@stsei.com

18. Entire Agreement

The written terms of this Agreement comprise the entire agreement between the Buyers and the Sellers in relation to the sale and purchase of the Vessel and supersede all previous agreements whether oral or written between the Parties in relation thereto.

Each of the Parties acknowledges that in entering into this Agreement it has not relied on and shall have no right or remedy in respect of any statement, representation, assurance or warranty (whether or not made negligently) other than as is expressly set out in this Agreement.

Any terms implied into this Agreement by any applicable statute or law are hereby excluded to the extent that such exclusion can legally be made. Nothing in this Clause shall limit or exclude any liability for fraud.

19. Sanctions, Warranty Clause:

The Buyers warrant that neither the Buyers nor their nominee: under any sanction, prohibition, boycott or blacklist imposed by USA, any state, EU, UN and supranational or international organization, and the Buyers agree to indemnify the Sellers for any costs, damages or losses of whatsoever nature which the Sellers may suffer as a result of breach of this warranty.

The Sellers confirm that to the best of their knowledge neither they nor the Vessel are under any

sanction, prohibition, boycott or blacklist imposed by USA, any state, EU, UN and supranational or international organization, and that neither they nor the Vessel have engaged in any conduct (including any trade or any voyage) which is prohibited by any sanction, prohibition, boycott or blacklist imposed by USA, any state, EU, UN and supranational or international organization.

20. Vessels Manuals, Plans and Drawing etc.:

The Sellers shall, at the time of delivery, hand to the Buyers all classification certificates, as well as all manuals, plans, drawings, etc., which are not required to return to registry/ Class or relative authorities but except manuals which produced by Sellers, the Vessel and the ship management company. After delivery of the Vessel, at the Buyers request technical documentation which may be in the Sellers possession shall promptly be forwarded to the Buyers at the Buyers -cost. The Sellers may keep logbooks but the Buyers have the right to take copies of same at the Buyers cost.

21. Charter-Party

The vessels shall be delivered with the Time Charter as per provided overview and the following clause shall apply:

a) Sellers shall endeavor to procure that Buyers can take over the Time Charter. In such case, all rights and obligations pursuant to the Time Charter will be transferred from Sellers to Buyers at the moment when the Vessel is delivered/ take over by Buyers pursuant to this Agreement as evidenced in the Protocol of Delivery and Acceptance.

b) The Sellers, the Buyers and the Time Charterers shall sign a Novation Agreement (the Novation Agreement) evidencing the transfer of obligations/ rights in respect of the Time Charter. The wording of the Novation Agreement is to be mutually agreed by the Parties and the Time Charterers.

c) If by the earlier of the Notice of Readiness and the Cancelling Date (i) the Vessel has not been redelivered from the Time Charterer to the Sellers, and (ii) the Novation Agreement has not been executed by the Time Charterers, then Sellers must notify the Buyers in writing and propose an extension of the Cancelling Date by 60 days. Upon receipt of such notice, the Buyers shall have three (3) Banking Days to declare their option of either

i) cancelling this Agreement (with neither Party having any claim against each other) or

ii) accepting the new date as the Cancelling date, in which case they shall cooperate to enable sellers to exercise the rights under the (Sales Clause) of the Charter-Party before the new Cancelling Date.

If the Novation Agreement has not been executed by all parties thereto latest by the extended Cancellation Date, this Agreement shall be null and void without either Party having a claim against each other.

d) For any claims or rights of the Time Charterer resulting from any event or circumstances which have occurred -before the delivery of the Vessel from the Sellers to the Buyers (the Prior Delivery Claims), Sellers undertake to take over the handling of such Prior Delivery Claims and indemnify Buyers against all consequences of same as per clause 9 of this Agreement.

22. Confidentiality

All negotiations and eventual sale to be kept private and confidential between the parties involved, subject however to any disclosure requirement of the U.S. SEC and NASDAQ, Buyers and Sellers Bank or required by law. Should, however, details of the sale become known or reported on the market, neither the Buyers nor the Sellers shall have the right to withdraw from the sale or to fail fulfil the& obligations under this Agreement.

For and on behalf of the Sellers

/s/ Margarita Veniou
Name: Margarita Veniou
Title: Attorney-in-fact

For and on behalf of the Buyers

/s/ Tor Kildal
Name: Tor Kildal
Title: Chairman

MEMORANDUM OF AGREEMENT

Norwegian Shipbrokers' Association's
Memorandum of Agreement for sale and
purchase of ships. Adopted by BIMCO in 1956.
Code-name
SALEFORM 2012
Revised 1966, 1983 and 1986/87, 1993 and 2012

Dated: 28th February 2018

ORANGINA INC., TRUST COMPANY COMPLEX, AJELTAKE ROAD, AJELTAKE ISLAND, MAJURO, MARSHALL ISLANDS MH96960 ~~*(Name of sellers),*~~ hereinafter called the "Sellers", have agreed to sell, and
FBM Hylle 1 AS c/o Fearnley Business Management AS Grev Wedels plass 9, 151 Oslo ~~*(Name of buyers)*~~, hereinafter called the "Buyers", have agreed to buy:

Name of vessel: **M/V Centaurus**

IMO Number: **9401178**

Classification Society: **BV**

Class Notation: **AUT-UMS (SS), SYS-NEQ (SS), BWE, CLEANSHIP, ICE, INWATERSURVEY**

Year of Build: **7/2010** Builder/Yard: **Thyssen Nordseewerke GmbH**

Flag: **Marshall Islands** Place of Registration: **MAJURO** GT/NT: **36087/15774**

hereinafter called the "Vessel", on the following terms and conditions:

Definitions

"Banking Days" are days on which banks are open both in the country of the currency stipulated for the Purchase Price in Clause 1 (Purchase Price) and in the place of closing stipulated in Clause 8 (Documentation) and **Greece, London, Hamburg** *(add additional jurisdictions as appropriate).*

"Buyers' Nominated Flag State" means **TBA** *(state flag state).*

"Class" means the class notation referred to above.

"Classification Society" means the Society referred to above.

"Deposit" shall have the meaning given in Clause 2 (Deposit)

"Deposit Holder" means **INCE & CO LLP, of Aldgate Tower, 2 Leman Street, London, E1 8QN** *(state name and location of Deposit Holder)* or, if left blank, the Sellers' Bank, which shall hold and release the Deposit in accordance with this Agreement.

"In writing" or "written" means a letter handed over from the Sellers to the Buyers or vice versa, a registered letter, e-mail or telefax.

"Parties" means the Sellers and the Buyers.

"Purchase Price" means the price for the Vessel as stated in Clause 1 (Purchase Price).

"Sellers' Account" means **ACCOUNT No: 05-25833-000, IBAN: DE57 2012 0000 0525 8330 00, SWIFT: BEGODEHH, ACCOUNT TYPE: CALL DEPOSIT, CURRENCY: USD** *(state details of bank account)* at the Sellers' Bank.
"Sellers' Bank" means **Joh. Berenberg, Gossler & Co. KG, Neuer Jungfernstieg 20, 20354 Hamburg, Germany. Correspondent Bank: JP MORGAN CHASE BANK, NEW YORK, SWIFT-CHASU33** *(state name of bank, branch and details)* or, if left blank, the bank notified by the Sellers to the Buyers for receipt of the balance of the Purchase Price.

"Time Charter" means the time charterparty between the Sellers as owners and CMA CGM as charterers dated 16th November 2016 as amended thereafter from time to time.
"Time Charterers" means CMA CGM.

1. Purchase Price
The Purchase Price is **USD 12,300,000 (United States Dollars Twelve Million Three Hundred Thousand only)** *(state currency and amount both in words and figures).*

2. Deposit
As security for the correct fulfilment of this Agreement the Buyers shall lodge a deposit of **20%** (**Twenty** per cent) or, if left blank, ~~10% (ten per cent),~~ of the Purchase Price (the "Deposit") in an interest bearing joint/escrow account for the Parties with the Deposit Holder within

three (3) Banking Days after the date that:

(i) this Agreement has been signed by the Parties and exchanged ~~in original~~ or by e-mail or telefax; and

(ii) the Deposit Holder has confirmed in writing to the Parties that the account has been opened.

The Deposit shall be released in accordance with joint written instructions of the Parties. Interest, if any, ~~shall~~ to be credited to the Buyers. Any fee charged for opening holding and releasing the said Deposit and facilitating the closing shall be borne equally by the Parties. The Parties shall provide to the Deposit Holder all necessary documentation to open and maintain the account without delay.

3. Payment

The 80 (Eighty) percent balance of the Purchase Price together with the 20 (Twenty) percent shall be paid/released in full free of bank charges to the Sellers' nominated account and bank on delivery of the Vessel concurrently with the Sellers providing to the Buyers with the agreed delivery documentation (which shall be agreed upon in an addendum to the MOA), and the Buyers and the Sellers signing of the protocol of delivery and acceptance, but not later than 3 (Three) banking days after the Vessel is in every respect physically ready for delivery in accordance with the terms and conditions of this agreement and valid notice of readiness has been given in accordance with clause 5 of this agreement. For the avoidance of any doubt, the balance of the Purchase Price and all other sums payable on delivery by the Buyers to the Sellers under this Agreement shall be paid in full free of bank charges via conditional payment by SWIFT MT199 and released to the Sellers nominated account under the aforementioned terms.

~~On delivery of the Vessel, but not later than three (3) Banking Days after the date that Notice of Readiness has been given in accordance with Clause 5 (Time and place of delivery and notices):~~

~~**(i)** the Deposit shall be released to the Sellers; and~~

~~**(ii)** the balance of the Purchase Price and all other sums payable on delivery by the Buyers to the Sellers under this Agreement shall be paid in full free of bank charges to the Sellers' Account.~~

4. Inspection

(a)* The Buyers have inspected and accepted the Vessel's classification records. The Buyers have also inspected the Vessel at~~/in~~ **Dar Es Salaam, Tanzania** ~~*(state place)*~~ on **21st February 2108** *(state date)* and have accepted the Vessel following this inspection. and the sale is outright and definite, subject only to the terms and conditions of this Agreement.

~~**(b)*** The Buyers shall have the right to inspect the Vessel's classification records and declare whether same are accepted or not within _____ *(state date/period).*~~

~~The Sellers shall make the Vessel available for inspection at/in _____ *(state place/range)* within _____ *(state date/period)*.~~

~~The Buyers shall undertake the inspection without undue delay to the Vessel. Should the Buyers cause undue delay they shall compensate the Sellers for the losses thereby incurred.~~

~~The Buyers shall inspect the Vessel without opening up and without cost to the Sellers.~~

~~During the inspection, the Vessel's dock and engine log books shall be made available for examination by the Buyers.~~

~~The sale shall become outright and definite, subject only to the terms and conditions of this Agreement, provided that the Sellers receive written notice of acceptance of the Vessel from the Buyers within seventy two (72) hours after completion of such inspection or after the date/last day of the period stated in~~ Line 59~~, whichever is earlier.~~

~~Should the Buyers fail to undertake the inspection as scheduled and/or notice of acceptance of the Vessel's classification records and/or of the Vessel not be received by the Sellers as aforesaid, the Deposit together with interest earned, if any, shall be released immediately to the~~

~~Buyers, whereafter this Agreement shall be null and void.~~

~~*4(a) and 4(b) are alternatives; delete whichever is not applicable. In the absence of deletions, alternative 4(a) shall apply.~~

5. Time and place of delivery and notices

(a) The Vessel shall be delivered and taken over safely afloat at a safe and accessible berth or anchorage at/in **within the Vessel's current trading Area (Sellers to advise ports/CPs)**~~(state place/range)~~ in the Sellers' option.

Notice of Readiness shall not be tendered before: **12th March 2018.** ~~(date)~~

Cancelling Date (see Clauses 5(c), 6 (a)(i), 6 (a)(iii) and 14): **27th April 2018.**

(b) The Sellers shall keep the Buyers well informed of the Vessel's itinerary and shall provide the Buyers with thirty (30), twenty (20), fifteen (15), ten (10), seven (7), five (5) and three (3) days' approximate notice of the date and port and two (2) and one (1) days definite notice of ~~the Sellers intend to tender Notice of Readiness and of the intended~~ date and place of delivery.

When the Vessel is at the place of delivery and physically ready for delivery in accordance with this Agreement, the Sellers shall give the Buyers a written Notice of Readiness for delivery.

(c) If the Sellers anticipate that, notwithstanding the exercise of due diligence by them, the Vessel will not be ready for delivery by the Cancelling Date they may notify the Buyers in writing stating the date when they anticipate that the Vessel will be ready for delivery and proposing a new Cancelling Date. Upon receipt of such notification the Buyers shall have the option of accepting the new date as the new cancelling date or proposing one new cancelling date.~~either cancelling this Agreement in accordance with Clause 14 (Sellers' Default) within three (3) Banking Days of receipt of the notice or of accepting the new date as the new Cancelling Date.~~ If the Buyers have not declared their option within three (3) Banking Days of receipt of the Sellers' notification or if the Buyers accept the new date, the date proposed in the Sellers' notification shall be deemed to be the new Cancelling Date and shall be substituted for the Cancelling Date stipulated in line 79.

If this Agreement is maintained with the new Cancelling Date all other terms and conditions hereof including those contained in Clauses 5(b) ~~and 5(d)~~ shall remain unaltered and in full force and effect.

~~**(d)** Cancellation, failure to cancel or acceptance of the new Cancelling Date shall be entirely without prejudice to any claim for damages the Buyers may have under Clause 14 (Sellers' Default) for the Vessel not being ready by the original Cancelling Date.~~

(e) Should the Vessel become an actual, constructive or compromised total loss before delivery the Deposit together with interest earned, if any, shall be released immediately to the Buyers whereafter this Agreement shall be null and void.

6. Divers Inspection / Drydocking
(a)*

(i) The Buyers shall have the option at their cost and expense to arrange for an underwater inspection by a diver approved by the Classification Society prior to the delivery of the Vessel in one of the suitable for such inspection ports, always within the Vessel's schedule. Such option shall be declared latest nine (9) days prior to the Vessels intended date of readiness for delivery as notified by the Sellers pursuant to Clause 5(b) of this Agreement. This inspection shall be carried out without undue delay and in the presence of a Classification Society surveyor arranged for by the Sellers and paid for by the Buyers. The Buyers representative(s) shall have the right to be present at the divers inspection as observer(s) only without interfering with the work or decisions of the Classification Society surveyor. The extent of the inspection and the conditions under which it is performed shall be to the satisfaction of the Classification Society. The Sellers may not tender NOR prior to the completion of the underwater inspection.

~~**(i)** The Buyers shall have the option at their cost and expense to arrange for an underwater inspection by a diver approved by the Classification Society prior to the delivery of the Vessel. Such option shall be declared latest nine (9) days prior to the Vessel's intended date of readiness for delivery as notified by the Sellers pursuant to Clause 5(b) of this Agreement. The Sellers shall at their cost and expense make the Vessel available for such inspection. This inspection shall be carried out without undue delay and in the presence of a Classification Society surveyor arranged for by the Sellers and paid for by the Buyers. The Buyers' representative(s) shall have the right to be present at the diver's inspection as observer(s) only without interfering with the work or decisions of the~~

~~Classification Society surveyor. The extent of the inspection and the conditions under which it is performed shall be to the satisfaction of the Classification Society. If the conditions at the place of delivery are unsuitable for such inspection, the Sellers shall at their cost and expense make the Vessel available at a suitable alternative place near to the delivery port, in which event the Cancelling Date shall be extended by the additional time required for such positioning and the subsequent re-positioning. The Sellers may not tender Notice of Readiness prior to completion of the underwater inspection.~~

(ii) If the rudder, propeller, bottom or other underwater parts below the deepest load line are found broken, damaged or defective so as to affect the Vessel's class, normal wear and tear excepted, and the Classification Society approves to postpone such repairs/rectification of recommendations/conditions until the next periodical drydocking, then the Vessel to be delivered without drydocking and repairs. The Sellers to make a cash settlement to the Buyers of the estimated direct cost (of labor and materials) of carrying out such repairs/rectification to the satisfaction of the Classification Society, whereafter the Buyers shall have no further rights whatsoever in respect of the defects and/or repairs. The estimated direct cost of the repairs shall be calculated on the basis of the average quotation for the repair work as received from two reputable independent shipyards, one obtained by each party within three (3) Banking Days from the date of imposition of the condition/recommendation, unless the parties agree otherwise. Should either of the parties fail to obtain such a quote within the stipulated time then the quote duly obtained by the other party shall be sole basis for the estimation of the costs. Said compensation to be deducted from the Purchase Price at the time of delivery. In case the settlement/repair amount is above USD 250,000 (United States Dollars Two Hundred Fifty Thousand Only), the Sellers shall have the option (not the obligation) to cancel the agreement. Should the costs exceed this maximum amount and the Sellers inform the Buyers of their intention to cancel this agreement then the Buyers shall have the option to accept the maximum amount as a lump sum compensation to be deducted from the Purchase Price in full and final settlement of all their claims in connection with the damage and take delivery of the Vessel as she is.

Such option to be declared by the Buyers within two (2) Banking Days after receipt of Sellers notification that they intend to cancel the agreement in accordance with this clause. In case that agreement is cancelled in accordance with the clause then the Deposit together with interest, if any, shall be released to the Buyers where after this agreement shall become null and void without either party having any claims against the other in relation to this agreement.

For the avoidance of doubt, any class condition(s)/recommendation(s) which were already imposed on the Vessel prior to inspection shall not be taken into consideration in view of this clause. The Sellers shall grant no further warranty and shall have no further liability with respect to the condition of the Vessel in excess of the stipulations of this clause and Clause 11. However, if such damage affect the Vessel's class and repairs/ rectification of recommendations/conditions cannot be postponed by Classification Society until the next periodical drydocking, then unless repairs can be carried out afloat to the satisfaction of the Classification Society, then the Sellers shall arrange for the Vessel to be drydocked at their expense for inspection by the Classification Society of the Vessel's underwater parts below the deepest load lin, the extent of the inspection being in accordance with the Classification Society rules. If the rubber, propeller, bottom or other underwater parts below the load line are found broken, damaged so as to affect Vessel's class, such defects shall be made good by the Sellers at their expense to the satisfaction of the Classification Society without recommendations/conditions. In such event the Sellers are to pay also for the cost of the underwater inspection and the Classification Society's attendance. In case the repair amount is above USD 500,000.-(United States Dollars Five Hundred Thousand Only), the Sellers shall have the option (not the obligation) to cancel the agreement. Should the costs exceed this maximum amount as a lump sum compensation to be deducted from the Purchase Price in full and final settlement of all their claims in correction with damage and take delivery of the Vessel as she is.

Such option to be declared by the Buyers within two (2) Banking Days after receipt of Sellers notification that they intend to cancel the agreement in accordance with this clause. In case that agreement is cancelled in accordance with this clause then the Deposit together with interest, if any, shall be released to the Buyers where after this agreement shall become null and void without either party having any claims against the other in relation to agreement.

then (1) unless repairs can be carried out afloat to the satisfaction of the Classification Society, the Sellers shall arrange for the Vessel to be drydocked at their expense for inspection by the Classification Society of the Vessel's underwater parts below the deepest load line, the extent of the inspection being in accordance with the Classification Society's rules (2) such defects shall be made good by the Sellers at their cost and expense to the satisfaction of the Classification Society without condition/recommendation** and (3) the Sellers shall pay for underwater inspection and the Classification Society's attendance.

Notwithstanding anything to the contrary in this Agreement, if the Classification Society do not require the aforementioned defects to be rectified before the next class drydocking survey, the Sellers shall be entitled to deliver the Vessel with these defects against a deduction from the Purchase Price of the estimated direct cost (of labour and materials) of carrying out the repairs to the satisfaction of the Classification Society, whereafter the Buyers shall have no further rights whatsoever in respect of the defects and/or repairs. The estimated direct cost of the repairs shall be the average of quotes for the repair work obtained from two reputable independent shipyards at or in the vicinity of the port of delivery, one to be obtained by each of the Parties within two (2) Banking Days from the date of the imposition of the condition/recommendation, unless the Parties agree otherwise. Should either of the Parties fail to obtain such a quote within the stipulated time then the quote duly obtained by the other Party shall be the sole basis for the estimate of the direct repair costs. The Sellers may not tender Notice of Readiness prior to such estimate having been established.

(iii) If the Vessel is to be drydocked pursuant to Clause 6(a)(ii) and no suitable dry-docking facilities are available at the port of delivery, the Sellers shall take the Vessel to a port where suitable drydocking facilities are available, whether within or outside the delivery range as per Clause 5(a). Once drydocking has taken place the Sellers shall deliver the Vessel at a port within the delivery range as per Clause 5(a) which shall, for the purpose of this Clause, become the new port of delivery. In such event the Cancelling Date shall be extended by the additional time required for the drydocking and extra steaming, but limited to a maximum of fourteen (14) days.

(b)* The Sellers shall place the Vessel in drydock at the port of delivery for inspection by the Classification Society of the Vessel's underwater parts below the deepest load line, the extent of the inspection being in accordance with the Classification Society's rules. If the rudder, propeller, bottom or other underwater parts below the deepest load line are found broken, damaged or defective so as to affect the Vessel's class, such defects shall be made good at the Sellers' cost and expense to the satisfaction of the Classification Society without condition/recommendation**. In such event the Sellers are also to pay for the costs and expenses in connection with putting the Vessel in and taking her out of drydock, including the drydock dues and the Classification Society's fees. The Sellers shall also pay for these costs and expenses if parts of the tailshaft system are condemned or found defective or broken so as to affect the Vessel's class. In all other cases, the Buyers shall pay the aforesaid costs and expenses, dues and fees.

(c) If the Vessel is drydocked pursuant to Clause 6(a)(ii) ~~or~~ 6~~(b)~~) above:

(i) The Classification Society may require survey of the tailshaft system, the extent of the survey being to the satisfaction of the Classification surveyor. If such survey is not required by the Classification Society, the Buyers shall have the option to require the tailshaft to be drawn and surveyed by the Classification Society, the extent of the survey being in accordance with the Classification Society's rules for tailshaft survey and consistent with the current stage of the Vessel's survey cycle. The Buyers shall declare whether they require the tailshaft to be drawn and surveyed not later than by the completion of the inspection by the Classification Society. The drawing and refitting of the tailshaft shall be arranged by the Sellers. Should any parts of the tailshaft system be condemned or found defective so as to affect the Vessel's class, those parts shall be renewed or made good at the Sellers' cost and expense to the sat action of Classification Society without condition/recommendation**.

(ii) The costs and expenses relating to the survey of the tailshaft system Shall be borne by the Buyers unless the Classification Society requires such survey to be carried out or if parts of the system are condemned or found defective or broken so as to affect the Vessel's class, in which case the Sellers shall pay these costs and expenses.

(iii) The Buyers' representative(s) shall have the right to be present in the drydock, as

observer(s) only without interfering with the work or decisions of the Classification Society surveyor.

(iv) The Buyers shall have the right to have the underwater parts of the Vessel cleaned and painted at their risk, cost and expense without interfering with the Seller's or the Classification Society surveyor's work, if any, and without affecting the Vessel's timely delivery. If, however, the Buyers' work in drydock is still in progress when the Sellers have completed the work which the Sellers are required to do, the additional docking time needed to complete the Buyers' work shall be for the Buyers' risk, cost and expense. In the event that the Buyers' work required such additional time, the Sellers may upon completion of the Sellers' work tender Notice of Readiness for delivery whilst the Vessel is still in drydock and, notwithstanding Clause 5(a), the Buyers shall be obliged to take delivery in accordance with Clause 3 (Payment), whether the Vessel is in drydock or not.

** 6(a) and 6 (b) are alternatives; delete whichever is not applicable. In the absence of deletions, alternative 6 (a) shall apply.*

***Notes or memoranda, if any, in the surveyor's report which are accepted by the Classification Society without condition/recommendation are not to be taken into account.*

7. Spares, bunkers and other items

The Sellers shall deliver the Vessel to the Buyers with everything belonging to her on board and on shore. All spare parts and spare equipment including spare tail-end shaft(s) and/or spare propeller(s)/propeller blade(s), if any, belonging to the Vessel at the time of inspection used or unused, whether on board or not shall become the Buyers' property, ~~but spares on order are excluded~~. Forwarding charges, if any, shall be for the Buyers' account. The Sellers are not required to replace spare parts including spare tail-end shaft(s) if any and/or spare propeller(s)/propeller blade(s) if ~~which~~ are taken out of spare and used as replacement prior to delivery, but the replaced items shall be the property of the Buyers. Unused stores and provisions shall be included in the sale and be taken over by the Buyers without extra payment.

Library and forms exclusively for use in the Sellers' vessel(s) and captain's, officers' and crew's personal belongings including the slop chest are excluded from the sale without compensation, as well as the following additional items:

-1 PC with Vessel's e-mail,
-1 SATLINK PC-CITADEL EQUIPMENT ~~*(include list)*~~

Items on board which are on hire or owned by third parties, listed as follows, are excluded from the sale without compensation:

-Liferafts: 2x6 TOB + 2x16 TOB + 2x16 DL
-Gas Bottles Under lease: Total 23pcs~~*(include list)*~~

~~Items on board at the time of inspection which are on hire or owned by third parties, not listed above, shall be replaced or procured by the Sellers prior to delivery at their cost and expense.~~

The Buyers shall take over remaining bunkers (if any) and unused unbroached lubricating and hydraulic oils ~~and greases~~ in storage tanks which have not been passed through the engine system and sealed ~~and unopened~~ drums at Sellers net contract price (including any discounts) supported by invoices/vouchers. For the avoidance of doubt the bunkers remaining on board belongs to the charterers unless the Vessel is unemployed.

Luboils and Bunkers quantities survey to be mutually performed by the Sellers and the Buyers' representative Three (3) Banking Days before delivery. Then an agreed allowance for consumption for the period between the joint survey and the time of actual delivery of the Vessel to be subtracted from the figures during the joint survey.

Copies of the BDN (bunker delivery note) to be provided to Buyers on delivery.

The radio installation and navigation equipment shall be included in the Sale. Broached stores and provisions to be included in the Sale without extra payment.

~~and pay either:~~

~~**(a)** *the actual net price (excluding barging expenses) as evidenced by invoices or vouchers; or~~

~~**(b)** *the current net market price (excluding barging expenses) at the port and date of delivery~~

~~of the Vessel or, if unavailable, at the nearest bunkering port~~

~~for the quantities taken over.~~

Payment under this Clause shall be made at the same time and place and in the same currency as the Purchase Price.

"inspection" in this Clause 7, shall mean the Buyers' inspection according to Clause 4(a) or 4(b) (Inspection), if applicable. If the Vessel is taken over without inspection, the date of this Agreement shall be the relevant date.

**(a) and (b) are alternatives, delete whichever is not applicable. In the absence of deletions alternative (a) shall apply.*

8. Documentation

The place of closing: **Athens**

A list of delivery documents to be drawn up and attached to this agreement as an addendum No.1. At the time of delivery the Sellers are to handover to the Buyers onboard manuals (excluding ISM/ISPS manuals)/drawings/records on board and ashore, which will be collected at Buyers' cost and arrangement.
Other certificates, excluding original certificates to be returned to competent authorities, but including the original certificate of class, which is on board the Vessel shall also be handed over to the Buyers, in which case the Buyers have the right to take copies of the original certificates.

~~**(a)** In exchange for payment of the Purchase Price the Sellers shall provide the Buyers with the following delivery documents listed in Clause 20:~~

~~**(i)** Legal Bill(s) of Sale in a form recordable in the Buyers' Nominated Flag State, transferring title of the Vessel and stating that the Vessel is free from all mortgages, encumbrances and maritime liens or any other debts whatsoever, duly notarially attested and legalised or apostilled, as required by the Buyers' Nominated Flag State;~~

~~**(ii)** Evidence that all necessary corporate, shareholder and other action has been taken by the Sellers to authorise the execution, delivery and performance of this Agreement;~~

~~**(iii)** Power of Attorney of the Sellers appointing one or more representatives to act on behalf of the Sellers in the performance of this Agreement, duly notarially attested and legalised or apostilled (as appropriate);~~

~~**(iv)** Certificate or Transcript of Registry issued by the competent authorities of the flag state on the date of delivery evidencing the Sellers' ownership of the Vessel and that the Vessel is free from registered encumbrances and mortgages, to be faxed or e-mailed by such authority to the closing meeting with the original to be sent to the Buyers as soon as possible after delivery of the Vessel;~~

~~**(v)** Declaration of Class or (depending on the Classification Society) a Class Maintenance Certificate issued within three (3) Banking Days prior to delivery confirming that the Vessel is in Class free of condition/recommendation;~~

~~**(vi)** Certificate of Deletion of the Vessel from the Vessel's registry or other official evidence of deletion appropriate to the Vessel's registry at the time of delivery, or, in the event that the registry does not as a matter of practice issue such documentation immediately a written undertaking by the Sellers to effect deletion from the Vessel's registry forthwith and provide a certificate or other official evidence of deletion to the Buyers promptly and latest within four (4) weeks after the Purchase Price has been paid and the Vessel has been delivered;~~

~~**(vii)** A copy of the Vessel's Continuous Synopsis Record certifying the date on which the Vessel ceased to be registered with the Vessel's registry, or, in the event that the registry does not as a matter of practice issue such certificate immediately, a written undertaking from the Sellers to provide the copy of this certificate promptly upon it being issued together with evidence of submission by the Sellers of a duly executed From 2 stating the date on which the Vessel shall cease to be registered with the Vessel's registry;~~

~~**(viii)** Commercial Invoice for the Vessel;~~

~~**(ix)** Commercial Invoice(s) for bunkers, lubricating and hydraulic oils and greases;~~

~~**(x)** A copy of the Sellers' letter to their satellite communication provider cancelling the Vessel's communication contract which is to be sent immediately after delivery of the~~

~~Vessel;~~

~~**(xi)** Any additional documents as may reasonably be required by the competent authorities of the Buyers' Nominated Flag State for the purpose of registering the Vessel, provided the Buyers notify the Sellers of any such documents as soon as possible after the date of this Agreement; and~~

~~**(xii)** The Sellers' letter of confirmation that to the best of their knowledge, the Vessel is not black listed by any nation or international organisation~~

~~**(b)** At the time delivery the Buyers shall provide the Sellers with:~~

~~**(i)** Evidence that all necessary corporate, shareholder and other action has been taken by the Buyers to authorise the execution, delivery and performance of this Agreement; and~~

~~**(ii)** Power of Attorney of the Buyers appointing one or more representatives to act on behalf of the Buyers in the performance of this Agreement, duly notarially attested and legalised or apostilled (as appropriate).~~

(c) If any of the documents listed in Sub clauses (a) and (b) above are not in the English language they shall be accompanied by an English translation by an authorised translator or certified by a lawyer qualified to practice in the country of the translated language.

(d) The Parties shall to the extent possible exchange copies, drafts or samples of the documents listed in Sub-clause (a) and Sub-clause (b) above for review and comment by the other party not later than _____ *(state number of days)*, or if left blank, nine (9) days prior to the Vessel's intended date of readiness for delivery as notified by the Sellers pursuant to Clause 5(b) of this Agreement.

(e) Concurrent with the exchange of documents in Sub-clause (a) and Sub-clause (b) above, the Sellers shall also hand to the Buyers the classification certificate(s) as well as all plans, drawings and manuals, (excluding ISM/ISPS manuals), which are on board the Vessel. Other certificates which are on board the Vessel shall also be handed over to the Buyers unless the Sellers are required to retain same, in which case the Buyers have the right to take copies.

(f) Other technical documentation which may be in the Sellers' possession shall promptly after delivery be forwarded to the Buyers at their expense, if they so request. The Sellers may keep the Vessel's log books but the Buyers have the right to take copies of same.

(g) The Parties shall sign and deliver to each other a Protocol of Delivery and Acceptance confirming the date and time of delivery of the Vessel from the Sellers to the Buyers.

9. Encumbrances

The Sellers warrant that the Vessel, at the time of delivery, is free from ~~all charters,~~ encumbrances, mortgages and maritime liens or any other debts whatsoever, and is not subject to Port State or other administrative detentions. The Sellers hereby undertake to indemnify the Buyers against all consequences of claims made against the Vessel which have been incurred prior to the time of delivery.

10. Taxes, fees and expenses

Any taxes, fees and expenses in connection with the purchase and registration in the Buyers' Nominated Flag State shall be for the Buyers' account, whereas similar charges in connection with the closing of the Sellers' register shall be for the Sellers' account.

11. Condition on delivery

The Vessel with everything belonging to her shall be at the Sellers' risk and expense until she is delivered to the Buyers, but subject to the terms and conditions of this Agreement she shall be delivered and taken over with everything belonging to her in the same condition as she was at the time of inspection, fair wear and tear excepted.

However, the Vessel shall be delivered ~~free of cargo and~~ free of stowaways with her present Class fully maintained without condition/recommendation*, and all survey cycles up to date and free of average damage affecting the Vessel's class, and with her classification certificates and national, international and trading certificates, as well as all other certificates the Vessel had at the time of inspection to be clean, valid and unextended until minimum 1st September 2018 without condition/ recommendation* by the Classification Society or the relevant authorities at the time of delivery (except any recommendations/conditions already imposed on the Vessel prior inspection.).

The number/condition of lashing materials as of delivery shall be substantially same when the Vessel was observe/inspected by the Buyers, fair wear and tear excepted. Condition of such lashing materials is based on OSHA requirement.
As to quantity, the Vessel is fitted with lashing as per inventory provided by the Sellers. The lashing will be considered Buyers' stock as from the time of delivery of the Vessel.

"inspection" in this Clause 11, shall mean the Buyers' inspection according to Clause 4(a) or 4(b) (Inspections), if applicable. If the Vessel is taken over without inspection, the date of this Agreement shall be the relevant date.

**Notes and memoranda, if any, in the surveyor's report which are accepted by the Classification Society without condition/recommendation are not to be taken into account.*

12. Name/markings
Latest upon ~~Upon~~ redelivery under the Charter Party the Buyers undertake to change the name of the Vessel and alter funnel markings.

13. Buyers' default
Should the Deposit not be lodged in accordance with Clause 2 (Deposit), the Sellers have the right to cancel this Agreement, and they shall be entitled to claim compensation for their losses and for all expenses incurred together with interest.

Should the Purchase Price not be paid in accordance with Clause 3 (Payment), the Sellers have the right to cancel this Agreement, in which case the Deposit together with interest earned, if any, shall be released to the Sellers. If the Deposit does not cover their loss, the Sellers shall be entitled to claim further compensation for their losses and for all expenses incurred together with interest.

14. Sellers' default
Should the Sellers fail to give Notice of Readiness in accordance with Clause 5(b) or fail to be ready to validly complete a legal transfer by the Cancelling Date the Buyers shall have the option of cancelling this Agreement. If after Notice of Readiness has been given but before the Buyers have taken delivery, the Vessel ceases to be physically ready for delivery and is not made physically ready again by the Cancelling Date and new Notice of Readiness given, the Buyers shall retain their option to cancel. In the event that the Buyers elect to cancel this Agreement, the Deposit together with interest earned, if any, shall be released to them immediately.

Should the Sellers fail to give Notice of Readiness by the Cancelling Date or fail to be ready to validly complete a legal transfer as aforesaid they shall make due compensation to the Buyers for their loss and for all expenses together with interest if their failure is due to proven negligence and whether or not the Buyers cancel this Agreement.

15. Buyers' representatives
After this Agreement has been signed by the Parties and the Deposit has been lodged, the Buyers have the right to place two (2) representatives on board the Vessel at their sole risk and expense until the time of delivery. One Buyers' superintendent to be allowed to attend the physical delivery/taking over the Vessel.

These representatives are on board for the purpose of familiarisation and in the capacity of observers only always under Master's discretion, and they shall not interfere in any respect with the operation of the Vessel. The ~~Buyers and the~~ Buyers' representatives shall sign the Sellers' P&L Club's standard letter of indemnity prior to their embarkation. Buyers shall pay to Sellers at the time of delivery USD 15 (United States Dollars Fifteen only) per day/per person as meal charge. Other charge, including communication if any, shall be paid by the Buyers at the time of delivery.

16. Law and Arbitration
(a) *This Agreement shall be governed by and construed in accordance with English law and 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.

The arbitration shall be conducted in accordance with the London Maritime Arbitrators Association (LMAA) Terms current at the time when the arbitration proceedings are commenced.

The reference shall be to three arbitrators. A party wishing to refer a dispute to arbitration shall

appoint its arbitrator and send notice of such appointment in writing to the other party requiring the other party to appoint its own arbitrator within fourteen (14) calendar days of that notice and stating that it will appoint its arbitrator as sole arbitrator unless the other party appoints its own arbitrator and gives notice that it has done so within the fourteen (14) days specified. If the other party does not appoint its own arbitrator and give notice that it has done so within the fourteen (14) days specified, the party referring a dispute to arbitration may, without the requirement of any further prior notice to the other party, appoint its arbitrator as sole arbitrator and shall advise the other party accordingly. The award of a sole arbitrator shall be binding on both Parties as if the sole arbitrator had been appointed by agreement.

In cases where neither the claim nor any counterclaim exceeds the sum of US$100,000 the arbitration shall be conducted in accordance with the LMAA Small Claims Procedure current at the time when the arbitration proceedings are commenced.

~~**(b)** *This Agreement shall be governed by and construed in accordance with Title 9 of the United States Code and the substantive law (not including the choice of law rules) of the State of New York and any dispute arising out of or in connection with this Agreement shall be referred to three (3) persons at New York, one to be appointed by each of the parties hereto, and the third by the two so chosen; their decision or that of any two of them shall be final, and for the purposes of enforcing any award, judgement may be entered on an award by any court of competent jurisdiction. The proceedings shall be conducted in accordance with the rules of the Society of Maritime Arbitrators, Inc.~~

~~In cases where neither the claim nor any counterclaim exceeds the sum of US$100,000 the arbitration shall be conducted in accordance with the Shortened Arbitration Procedure of the Society of Maritime Arbitrators, Inc.~~

~~**(c)** This Agreement shall be governed by and construed in accordance with the laws of _____ (*state place*) and any dispute arising out of or in connection with this Agreement shall be referred to arbitration at _____ (*state place*), subject to the procedures applicable there.~~

**16(a), 16(b) and 16(c) are alternatives; delete whichever is not applicable, In the absence of deletions, alternative 16(a) shall apply.*

17. Notices

All notices to be provided under this Agreement shall be in writing.

Contact details for recipients of notices are as follows:

For the Buyers: **c.brau@mpc-capital.com, r.frese@mpc-capital.com, j.flade@contchart.de**

For the sellers:

Orangina Inc.
c/o Steamship Shipbroking Enterprises Inc.
Ymittou 6, 17564 Palaio Faliro,
Athens, Greece
Tel: +30 210 9485 360
Fax: +30 210 9401 810
e-mail: info@stsei.com

18. Entire Agreement

The written terms of this Agreement comprise the entire agreement between the Buyers and the Sellers in relation to the sale and purchase of the Vessel and supersede all previous agreements whether oral or written between the Parties in relation thereto.

Each of the Parties acknowledges that in entering into this Agreement it has not relied on and shall have no right or remedy in respect of any statement, representation, assurance or warranty (whether or not made negligently) other than as is expressly set out in this Agreement.

Any terms implied into this Agreement by any applicable statute or law are hereby excluded to the extent that such exclusion can legally be made. Nothing in this Clause shall limit or exclude any liability for fraud.

19. Sanctions, Warranty Clause:

The Buyers warrant that neither the Buyers nor their nominee: under any sanction, prohibition, boycott or blacklist imposed by USA, any state, EU, UN and supranational or international organization, and the Buyers agree to indemnify the Sellers for any costs, damages or losses of whatsoever nature which the Sellers may suffer as a result of breach of this

warranty.

The Sellers confirm that to the best of their knowledge neither they nor the Vessel are under any sanction, prohibition, boycott or blacklist imposed by USA, any state, EU, UN and supranational or international organization, and that neither they nor the Vessel have engaged in any conduct (including any trade or any voyage) which is prohibited by any sanction, prohibition, boycott or blacklist imposed by USA, any state, EU, UN and supranational or international organization.

20. Vessels Manuals, Plans and Drawing etc.:

The Sellers shall, at the time of delivery, hand to the Buyers all classification certificates, as well as all manuals, plans, drawings, etc., which are not required to return to registry/ Class or relative authorities but except manuals which produced by Sellers, the Vessel and the ship management company. After delivery of the Vessel, at the Buyers request technical documentation which may be in the Sellers possession shall promptly be forwarded to the Buyers at the Buyers -cost. The Sellers may keep logbooks but the Buyers have the right to take copies of same at the Buyers cost.

21. Charter-Party

The vessels shall be delivered with the Time Charter as per provided overview and the following clause shall apply:

a) Sellers shall endeavor to procure that Buyers can take over the Time Charter. In such case, all rights and obligations pursuant to the Time Charter will be transferred from Sellers to Buyers at the moment when the Vessel is delivered/ take over by Buyers pursuant to this Agreement as evidenced in the Protocol of Delivery and Acceptance.

b) The Sellers, the Buyers and the Time Charterers shall sign a Novation Agreement (the Novation Agreement) evidencing the transfer of obligations/ rights in respect of the Time Charter. The wording of the Novation Agreement is to be mutually agreed by the Parties and the Time Charterers.

c) If by the earlier of the Notice of Readiness and the Cancelling Date (i) the Vessel has not been redelivered from the Time Charterer to the Sellers, and (ii) the Novation Agreement has not been executed by the Time Charterers, then Sellers must notify the Buyers in writing and propose an extension of the Cancelling Date by 60 days. Upon receipt of such notice, the Buyers shall have three (3) Banking Days to declare their option of either

i) cancelling this Agreement (with neither Party having any claim against each other) or

ii) accepting the new date as the Cancelling date, in which case they shall cooperate to enable sellers to exercise the rights under the (Sales Clause) of the Charter-Party before the new Cancelling Date.

If the Novation Agreement has not been executed by all parties thereto latest by the extended Cancellation Date, this Agreement shall be null and void without either Party having a claim against each other.

d) For any claims or rights of the Time Charterer resulting from any event or circumstances which have occurred -before the delivery of the Vessel from the Sellers to the Buyers (the Prior Delivery Claims), Sellers undertake to take over the handling of such Prior Delivery Claims and indemnify Buyers against all consequences of same as per clause 9 of this Agreement.

22. Confidentiality

All negotiations and eventual sale to be kept private and confidential between the parties involved, subject however to any disclosure requirement of the U.S. SEC and NASDAQ, Buyers and Sellers Bank or required by law. Should, however, details of the sale become known or reported on the market, neither the Buyers nor the Sellers shall have the right to withdraw from the sale or to fail fulfil the& obligations under this Agreement.

For and on behalf of the Sellers	For and on behalf of the Buyers
/s/ Margarita Veniou	/s/ Tor Kildal
Name: Margarita Veniou	Name: Tor Kildal
Title: Attorney-in-fact	Title: Chairman

Exhibit 4.33

Norwegian Shipbrokers' Association's
Memorandum of Agreement for sale and
purchase of ships. Adopted by BIMCO in 1956.
Code-name
SALEFORM 2012
Revised 1996, 1983 and 1986/8, 1993 and 2012.

MEMORANDUM OF AGREEMENT

Dated: ***16th May 2017***

Contract No.: 17SCYL/45513MH

UTIRIK SHIPPING COMPANY INC., Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands MH96960 ~~(Name of sellers)~~ hereinafter called the "Sellers", have agreed to sell, and

TRAWIND (NINGBO) SHIPPING LOGISTIC CO., LTD., Room 204, No.377 building, Ci Hu Ren Jia, Ci Cheng Town, Jiang Bei District, Ningbo City, China ~~(Name of buyers),~~ hereinafter called the "Buyers",

Import Agent: China Communications Import & Export Co., Ltd with its registered office at 6/F, China Merchants Tower, No.118 Jianguo Lu, Chaoyang Dist. Beijing, P.R. China to act as the Buyers' Import Agent (hereinafter called the "Import Agent")

have agreed to buy:

Name of vessel: ***m/v DOUKATO***

IMO Number: ***9227285***

Classification Society: ***Bureau Veritas***

Class Notation: ***I+Hull+Mach unrestricted NAV+AUT-UMS, inwatersurvey***

Year of Build: ***2002____*** Builder/Yard: ***Samsung Heavy Industries Co., Ltd, Koje, South Korea***

Flag: ***Marshall Islands*** Place of Registration: ***Majuro_*** GT/NT: ***40,085 / 24,319***

hereinafter called the "Vessel", on the following terms and conditions:

Definitions
"Banking Days" are days on which banks are open both in the country of the currency stipulated for the Purchase Price in Clause 1 (Purchase Price) and in the place of closing stipulated in Clause 8 (Documentation)***, China, Greece, United Kingdom*** and ***Germany.*** (~~*add additional jurisdictions as appropriate).*~~

"Buyers' Nominated Flag State" means ***P.R. China.*** (~~*state flag state*~~).

"Class" means the class notation referred to above.

"Classification Society" means the Society referred to above.

"Deposit" shall have the meaning given in Clause 2 (Deposit)

"Deposit Holder" means ***Ince & Co Singapore LLP*** (~~*state name and location of Deposit Holder*~~) ~~or, if left blank, the Sellers' Bank~~, which shall hold and release the Deposit in accordance with this Agreement.

"In writing" or "written" means a letter handed over from the Sellers to the Buyers or vice verse, a registered letter, e-mail or telefax.

"Parties" means the Sellers and the Buyers.

"Purchase Price" means the price for the Vessel as stated in Clause 1 (Purchase Price).

"Sellers' Account" means ***Account No.:05-25422-002, IBAN: DE09 2012 0000 0525 4220 02, SWIFT: BEGODEHH, CURRENCY: USD, CORRESPONDENT BANK: JP MORGAN CHASE BANK, NEW YORK, SWIFT- CHASUS33*** ~~*(state details of bank account)*~~ at the Sellers' Bank.

"Sellers' Bank" means ***BERENBERG, Neuer Jungfernstieg 20, 20354 Hamburg, Germany*** ~~*(state name of bank, branch and details)* or, if left blank, the bank notified by the Sellers to the Buyers~~ for receipt of the balance of the Purchase Price.

1. Purchase Price

The Purchase Price is ***US$ 6,150,000.- (United States Dollars Six Million One Hundred and Fifty Thousand)*** ~~*(state currency and amount both in words and figures).*~~ ***Steamship Shipbroking Enterprises Inc. brokerage commission is covered on a yearly basis directly from the Sellers.***

2. Deposit

As security for the correct fulfilment of this Agreement the Buyers shall lodge a deposit of ***15 %*** (***fifteen*** per cent) ~~or, it left blank, 10% (ten per cent),~~ of the Purchase Price (the "Deposit") in an interest bearing ***joint / escrow*** account for the Parties with the Deposit Holder ***via the Buyers' Import Agent as advance payment*** within ***four*** (***4***) ~~three (3)~~ Banking Days after the date that:

(i) this Agreement has been signed by the Parties and exchanged ~~in original or~~ by e-mail ~~or telefax~~; and

(ii) the Deposit Holder has confirmed in writing to the Parties that the ***joint / escrow*** account has been opened.

The Deposit shall be released in accordance with joint written instructions of the Parties.
Interest, if any, shall be credited to the Buyers. Any fee charged for ***opening the joint account,*** holding and releasing the Deposit ***and closing fees charged by the Deposit Holder*** shall be borne equally by the Parties. The Parties shall provide to the Deposit Holder all necessary documentation to open and maintain the account without delay.

3. Payment

On delivery of the Vessel, but not later than three (3) Banking Days after the date that Notice of Readiness has been given in accordance with Clause 5 (Time and place of delivery and notices):

(i) the Deposit shall be released to the Sellers, and;

(ii) the balance of the Purchase Price and all other sums payable on delivery by the Buyers to the Sellers under this Agreement shall be paid in full free of bank charges to the Sellers' Account ***via the Buyers' Import Agent by MT103/199, such funds to be held by Sellers' Bank in trust/suspense for the Buyers and only to credit them to Sellers' Account upon presentation of:***
i) a Release Letter duly signed by the Buyers and the Sellers; and
ii) an original or scanned copy of the executed Protocol of Delivery and Acceptance by Sellers' and Buyers' authorized representatives.

4. Inspection

(a)* The Buyers ***appointed CCS surveyor who, on behalf of the Buyers, has inspected the Vessel at Singapore on 28th April, 2017 and approved the Vessel and waived her class records inspection, which are therefore accepted as they were at the time of the inspection. After the Deposit is lodged as per Clause 2 of this Agreement, the Buyers' surveyors have the right to inspect the Vessel at Singapore before her departure but the sale is outright and definite, subject only to the terms and conditions of this Agreement.***
~~have inspected and accepted the Vessel's classification records. The Buyers~~
~~have also inspected the Vessel at/in (*state place*) on (*state date*) and have accepted the Vessel following this inspection and the sale is outright and definite, subject only to the terms and conditions of this Agreement.~~

~~**(b)*** The Buyers shall have the right to inspect the Vessel's classification records and declare whether same are accepted or not within (*state date/period*).~~

~~The Sellers shall make the Vessel available for inspection at/in (*state place/range*) within (*state date/period*).~~

~~The Buyers shall undertake the inspection without undue delay to the Vessel. Should the Buyers cause undue delay they shall compensate the Sellers for the losses thereby incurred.~~

~~The Buyers shall inspect the Vessel without opening up and without cost to the Sellers.~~

~~During the inspection, the Vessel's dock and engine log books shall be made available for examination by the Buyers.~~

~~The sale shall become outright and definite, subject only to the terms and conditions of this Agreement, provided that the Sellers receive written notice of acceptance of the Vessel from the Buyers within seventy two (72) hours after completion of such inspection or after the date/last day of the period stated in Line 59, whichever is earlier.~~

~~Should the Buyers fail to undertake the inspection as scheduled and/or notice of acceptance of the Vessel's classification records and/or of the Vessel not be received by the Sellers as aforesaid, the Deposit together with interest earned, if any, shall be released immediately to the Buyers, whereafter this Agreement shall be null and void.~~

~~*4(a) and 4(b) are alternatives, delete whichever is not applicable. In the absence of deletions, alternative 4(a) shall apply.*~~

5. Time and place of delivery and notices

(a) The Vessel shall be delivered and taken over safely afloat at a safe and accessible berth or anchorage ***in the Sellers' option*** ~~at/~~ in ***Shanhaiguan Shipyard, Qinhuangdao, China.*** ~~(*state place/range*) in the Sellers' option.~~

Notice of Readiness shall not be tendered before: ***19th May 2017 to 16th June 2017*** ~~(date)~~ Cancelling Date (see Clauses 5(c), 6 (a)(i), 6(a) (iii) and 14): ***16th June 2017 (hereinafter called "Cancelling Date") in the Buyers' option.***

(b) The Sellers shall keep the Buyers well informed of the Vessel's itinerary and shall provide the Buyers with ~~twenty (20),~~ ten (10), ***seven (7),*** five (5), ~~and~~ **three (3)** ***and two (2)*** days' notice of the ***approximate estimated and one (1) day definite notice of the*** date the Sellers intend to tender Notice of Readiness and of the intended place of delivery.

When the Vessel is at the place of delivery and ***in every respect*** physically ready for delivery in accordance with this Agreement, ***during the working time at the delivery place,*** the Sellers shall give the Buyers a written Notice of Readiness for delivery.

(c) If the Sellers anticipate that, notwithstanding the exercise of due diligence by them, the Vessel will not be ready for delivery by the Cancelling Date they may notify the Buyers in writing stating the date when they anticipate that the Vessel will be ready for delivery and proposing a new Cancelling Date. Upon receipt of such notification the Buyers shall have the option of either cancelling this Agreement in accordance with Clause 14 (Sellers' Default) within three (3) Banking Days of receipt of the notice or of accepting the new date as the new Cancelling Date.
If the Buyers have not declared their option within three (3) Banking Days of receipt of the Sellers' notification or if the Buyers accept the new date, the date proposed in the Sellers' notification shall be deemed to be the new Cancelling Date and shall be substituted for the Cancelling Date stipulated in line 79.

If this Agreement is maintained with the new Cancelling Date all other terms and conditions hereof including those contained in Clauses 5(b) and 5(d) shall remain unaltered and in full force and effect

~~**(d)** Cancellation, failure to cancel or acceptance of the new Cancelling Date shall be entirely without prejudice to any claim for damages the Buyers may have under Clause 14 (Sellers' Default) for the Vessel not being ready by the original Cancelling Date.~~

(*de*) Should the Vessel become an actual, constructive or compromised total loss before delivery the Deposit together with interest earned, if any, shall be released immediately to the Buyers whereafter this Agreement shall be null and void.

6.Divers Inspection / Drydocking

(a)*

(i) The ***Vessel is to be delivered without drydocking, and the*** Buyers ~~shall~~ have the option at their cost and expense to arrange for an underwater inspection ***during her stay at Singapore*** by a diver approved by the Classification Society prior to the delivery of the Vessel. Such option shall be declared latest ***ten (10)*** ~~nine (9)~~ days prior to the Vessel's intended date of readiness for delivery as notified by the Sellers pursuant to Clause 5(b) of this Agreement. The Sellers shall at their cost and expense make the Vessel available for such inspection. This inspection shall be carried out without undue delay and in the presence of a Classification Society surveyor arranged for by the Sellers and paid for by the Buyers. The Buyers' representative***(s)*** ~~.~~) shall have the right to be present at the diver's inspection as observer(s) only without interfering with the work or decisions of the Classification Society surveyor. The extent of the inspection and the conditions under which it is performed shall be to the satisfaction of the Classification Society. If the conditions at the place of delivery are unsuitable for such inspection, the Sellers shall at their cost and expense make the Vessel available at a suitable alternative place near to the delivery port, in which event the Cancelling Date shall be extended by the additional time required for such positioning and the subsequent re-positioning The Sellers may not tender Notice of Readiness prior to completion of the underwater inspection.

(ii) If the rudder, propeller, bottom or other underwater parts below the deepest load line are found broken, damaged or defective so as to affect the Vessel's class Class to impose a condition of class ***by way of imposing one or more Class condition(s)/recommendation(s), normal wear and tear excepted (the "Damage"), the Sellers will in their option and sole discretion either (i) repair the Vessel to the satisfaction of the Classification Society without condition or recommendation or (ii) deliver the Vessel with the Damage against a deduction from the Purchase Price in the amount of the estimated directs costs (of labour and materials unless the Classification Society does not require the Damage to be rectified before the Vessel's next scheduled drydocking survey) of carrying out the repairs to the satisfaction of the Classification Society without condition/ recommendation ('the Costs'), where after the Buyers shall have no further rights whatsoever in respect of the Damage and/or repairs. The Costs shall be the average of quotes for the cost obtained from two*** (2) ***reputable independent shipyards at or in the vicinity of the port of delivery, one (1) to be obtained by each of the Parties within two (2) Banking Days from the date of the imposition of the condition(s)/ recommendation(s), unless the Parties agree otherwise. Should either of the Parties fail to obtain such a quote within the stipulated time then the quote duly obtained by the other party shall be the sole basis for the estimation of the Costs. The Sellers may not tender Notice of Readiness prior to such estimate having been established. The Cancelling Date shall be extended by the additional time required to obtain the quotes for the Costs. If the Costs of the Damage as per above are estimated to be above the amount of US$ 100,000.-- (United States Dollars One Hundred Thousand) (the "Maximum Amount") then the Sellers shall have the option (but, for the avoidance of doubt, not the obligation) to cancel this Agreement. Should the Costs exceed the Maximum Amount and the Sellers inform the Buyers of their intention to cancel this Agreement then the Buyers shall have the right to accept the Maximum Amount as a lumpsum compensation to be deducted from the Purchase Price in full and final settlement of all their claims in connection with the Damage and take delivery of the Vessel as she is. Such option to be declared by the Buyers within two (2) Banking Days after receipt of Sellers notification that they intend to cancel the Agreement in accordance with this clause. In case this Agreement is cancelled in accordance with this clause then the Deposit together with interest, if' any, shall he released to the Buyers where after this Agreement shall become null and void without either Party having any claims against the other in relation to this Agreement. For the avoidance of doubt, any class***

condition(s)/recommendation(s) which were already imposed on the Vessel prior to inspection shall not be taken into consideration in view of this clause. The Sellers shall grant no further warranty and shall have no further liability with respect to the condition of the Vessel in excess of the stipulations of this clause.

~~, then (1) unless~~

~~repairs can be carried out afloat to the Classification Society, the Sellers shall arrange for the Vessel to be drydocked at their expense for inspection by the Classification Society of the Vessel's underwater parts below the deposit load line, the extent of the inspection being in accordance with the Classification Society's rules (2) such defects shall be made good by the Sellers at their cost and expense to the satisfaction of the Classification Society without condition/recommendation"~~ ~~and (3) the Sellers shall pay for the underwater inspection and the Classification Society's attendance.~~

~~Notwithstanding anything to the contrary in this Agreement, if the Classification Society do not require the aforementioned defects to be rectified before the next class drydocking survey, the Sellers shall be entitled to deliver the Vessel with these defects against a deduction from the Purchase Price of the estimated direct cost (of labour and materials of carrying out the repairs to the satisfaction of the Classification Society, whereafter the Buyers shall have no further rights whatsoever in respect of the defects and/or repairs. The estimated direct cost of the repairs shall be the average of quotes for the repair work obtained from two reputable independent shipyards at or in the vicinity of the port of delivery, one to be obtained by each of the Parties within two (2) Banking Days from the date of the imposition of the condition/recommendation, unless the Parties agree otherwise. Should either of the Parties fail to obtain such a quote within the stipulated time then the quote duly obtained by the other Party shall be the sole basis for the estimate of the direct repair costs. The Sellers may not tender Notice of Readiness prior to such estimate having been established.~~

~~**(iii)** If the Vessel is to be drydocked pursuant to Clause 6(a)(ii) and no suitable dry docking facilities are available at the port of delivery, the Sellers shall take the Vessel to a port where suitable drydocking facilities are available, whether within or outside the delivery range as per Clause 5(a). Once drydocking has taken place the Sellers shall deliver the Vessel at a port within the delivery range as per Clause 5(a) which shall, for the purpose of this Clause, become the new port of delivery. In such event the Cancelling Date shall be extended by the additional time required for the drydocking and extra steaming, but limited to a maximum of fourteen (14) days.~~

~~**(b)*** The Sellers shall place the Vessel in drydock at the port of delivery for inspection by the Classification Society of the Vessel's underwater parts below the deepest load line, the extent of the inspection being in accordance with the Classification Society's rules. If the rudder, propeller, bottom or other underwater parts below the deepest load line are found broken, damaged or defective so as to affect the Vessel's class, such defects shall be made good at the Sellers' cost and expense to the satisfaction of the Classification Society without condition/recommendation"~~. ~~In such event the Sellers are also to pay for the costs and expenses in connection with putting the Vessel in and taking her out of drydock, including the drydock dues and the Classification Society's fees. The Sellers shall also pay for these costs and expenses if parts of the tailshaft system are condemned or found defective or broken so as to affect the Vessel's class. In all other cases, the Buyers shall pay the aforesaid costs and expenses, dues and fees.~~

~~**(c)** If the Vessel is drydocked pursuant to Clause 6 (a) (ii) or 6 (b) above:~~

~~**(i)** The Classification Society may require survey of the tailshaft system, the extent of the survey being to the satisfaction of the Classification surveyor. If such survey is not required by the Classification Society, the Buyers shall have the option to require the tailshaft to be drawn and surveyed by the Classification Society, the extent of the survey being in accordance with the Classification Society's rules for tailshaft survey and consistent with the current stage of the Vessel's survey cycle. The Buyers shall declare whether they require the tailshaft to be drawn and surveyed not later than by the completion of the inspection by the Classification Society. The drawing and refitting of the tailshaft shall be arranged by the Sellers. Should any parts of the tailshaft system be condemned or found defective so as to affect the Vessel's class, those parts shall be renewed or made good at the Sellers' cost and expense to the satisfaction of Classification Society without condition/recommendation**.~~

~~**(ii)** The costs and expenses relating to the survey of the tailshaft system shall be borne by the Buyers unless the Classification society requires such survey to be carried out or if parts of the system are condemned or found defective or broken so as to affect the Vessel's class, in which case the Sellers shall pay these costs and expenses.~~

~~**(iii)** The Buyers' representative (s) shall have the right to be the present in the drydock, as observes(s) only without interfering with the work or decisions of the Classification Society surveyor.~~

~~**(iv)** The Buyers shall have the right to have the underwater parts of the Vessel cleaned and painted at their risk, cost and expenses without interfering with the Sellers' or the Classification Society surveyor's work, if any, and without affecting the Vessel's timely delivery. If, however, the Buyers' work in drydock is still in progress when the Sellers have completed the work which the Sellers are required to do, the additional docking time needed to complete the Buyers' work shall be for the Buyers' risk, cost and expenses. In the event that Buyers' work requires such additional time, the Sellers may upon completion of the Sellers' work tender Notice of Readiness for delivery whilst the Vessel is still in drydock and, notwithstanding Clause 5 (a), the Buyers shall be obliged to take delivery in accordance with Clause 3 (Payment), whether the Vessel is in drydock or not.~~

~~*G (a) and G (b) are alternatives; delete whichever is not applicable. In the absence of deletions, alternative G (a) shall apply.~~

***Notes or memoranda, if any, in the surveyor's report which are accepted by the Classification society without condition/recommendation are not to be taken into account.*

7. Spares, bunkers and other items

The Sellers shall deliver the Vessel to the Buyers with everything belonging to her on board.
~~and on shore~~. All spare parts and spare equipment ~~including spare tail-end shaft(s) and/or spare propeller(s)/propeller blade(s), if any~~, belonging to the Vessel at the time of inspection used or unused, whether on board or not shall become the Buyers' property ***without extra payment.*** ~~, but spares on order are excluded. Forwarding charges, if any, shall be for the Buyers' account. The Sellers are not required to replace spare parts including spare tail-end shaft(s) and spare propeller(s)/propeller blade(s) which are taken out of spare and used as replacement prior to delivery, but the replaced items shall be the property of the Buyers. Unused stores and provisions shall be included in the sale and be taken over by the Buyers without extra payment.~~

Library and forms exclusively for use in the Sellers' ***V*** ~~v~~essel ~~(s)~~ and captain's, officers' and crew's personal belongings including the slop chest are excluded from the sale without compensation, as well as the following additional items: ~~*(include list)*~~
1 PC Bridge
1 PC Master's office
1 PC Chief Engineer's office
1 SATLINK Business Network

Items on board which are on hire or owned by third parties, listed as follows, are excluded from the sale without compensation: ~~*(include list)*~~
1. Gas bottles (Oxygen /Acetylene/Freon) from Drew Marine, total 7pcs empty
2. Gas bottles (Oxygen/Acetylene/Freon) from Drew Marine, total 3pcs full

~~Items on board at the time of inspection which are on hire or owned by third parties, not listed above, shall be replaced or procured by the Sellers prior to delivery at their cost and expense.~~

The Buyers shall take over ***all*** remaining bunkers ***on board*** and unused unbroached lubricating and hydraulic oils and greases in storage tanks and unopened sealed drums and pay ~~either.~~

~~**(a)** *~~the ***Vessel's*** actual net price (excluding barging expenses) as evidenced by invoices or vouchers~~; or~~

~~**(b)** *the current net market price (excluding barging expenses) at the port and date of delivery of the Vessel or, if unavailable, at the nearest bunkering port,~~

for the quantities taken over.

The quantities of bunkers and unused lubricating oils remaining on board at the time of delivery shall be established by joint survey by the Sellers and the Buyers' representatives on board the Vessel at least one (1) day prior to the expected date of delivery. Then an agreed allowance for consumption for the period between the joint survey and the time of physical delivery of the Vessel to be subtracted from the figures found during the joint survey. However, approximate bunker quantities on delivery to be declared by the Sellers to the Buyers latest jive (5) Banking Days prior to the expected date of delivery. For the Buyers import requirement, the quantities of bunkers shall be less than 10% (ten per cent) of the bunker tank capacity totally.

Payment under this Clause shall be made at the same time and place and in the same currency as the Purchase Price.

"inspection" in this Clause 7, shall mean the Buyers' inspection according to Clause 4(a). ~~or 4(b) (Inspection), if applicable. If the Vessel is taken over without inspection, the date of this Agreement shall be the relevant date.~~

~~*(a) and (b) are alternatives, delete whichever is not applicable. In the absence of deletions alternative (a) shall apply.~~

8. Documentation

The place of closing: ***in the Deposit Holder's office in Singapore.***

~~**(a)** In exchange for payment of the Purchase Price the Sellers shall provide the Buyers with the following delivery documents~~ ***to be mutually agreed and which to form part of an Addendum to this Agreement which form integral part of this Agreement.***

~~**(i)** Legal Bill(s) of Sale in a form recordable in the Buyers' Nominated Flag State, transferring title of the Vessel and stating that the Vessel is free from all mortgages, encumbrances and maritime liens or any other debts whatsoever, duly notarially attested and legalised or apostilled, as required by the Buyers' Nominated Flag State;~~

~~**(ii)** Evidence that all necessary corporate, shareholder and other action has been taken by the Sellers to authorise the execution, delivery and performance of this Agreement;~~

~~**(iii)** Power of Attorney of the Sellers appointing one or more representatives to act on behalf of the Sellers in the performance of this Agreement, duly notarially attested and legalised or apostilled (as appropriate);~~

~~**(iv)** Certificate or Transcript of Registry issued by the competent authorities of the flag state on the date of delivery evidencing the Sellers' ownership of the Vessel and that the Vessel is free from registered encumbrances and mortgages, to be faxed or e-mailed by such authority to the closing meeting with the original to be sent to the Buyers as soon as possible after delivery of the Vessel;~~

~~**(v)** Declaration of Class or (depending on the Classification Society) a Class Maintenance Certificate issued within three (3) Banking Days prior to delivery confirming that the Vessel is in Class free of condition/recommendation;~~

~~**(vi)** Certificate of Deletion of the Vessel from Vessel's registry or other official evidence of deletion appropriate to the Vessel's registry at the time of delivery, or, in the event that the registry does not as a matter of practice issue such documentation immediately, a written undertaking by the Sellers to effect deletion from the Vessel's registry forthwith and provide a certificate or other official evidence of deletion to the Buyers promptly and latest within four (4) weeks after the Purchase Price has been paid and the Vessel has been delivered;~~

~~**(vii)** A copy of the Vessel's Continuous Synopsis Record certifying the date on which the Vessel ceased to be registered with the Vessel's registry, or, in the event that the registry does not as a matter of practice issue such certificate immediately, a written undertaking~~

from the Sellers to provide the copy of this certificate promptly upon it being issued together with evidence of submission by the Sellers of a duly executed Form 2 stating the date on which the Vessel shall cease to be registered with the Vessel's registry;

(viii) Commercial Invoice for the Vessel;

(ix) Commercial Invoice(s) for bunkers, lubricating and hydraulic oils and greases;

(x) A copy of the Sellers' letter to their satellite communication provider cancelling the Vessel's communications contract which is to be sent immediately after delivery of the Vessel;

(xi) Any additional documents as may reasonably be required by the competent authorities of the Buyers' Nominated Flag State for the purpose of registering the Vessel, provided the Buyers notify the Sellers of any such documents as soon as possible after the date of this Agreement; and

(xii) The Sellers' letter of confirmation that to the best of their knowledge, the Vessel is not black listed by any nation or international organisation.

(b) At the time of delivery the Buyers shall provide the Sellers with:

(i) Evidence that all necessary corporate, shareholder and other action has been taken by the Buyers to authorise the execution, delivery and performance of this Agreement; and

(ii) Power of Attorney of the Buyers appointing one or more representatives to act on behalf of the Buyers in the performance of this Agreement, duly notarially attested and legalised or apostilled (as appropriate).

(c) If any of the documents listed in Sub clauses (a) and (b) above are not in the English language they shall be accompanied by an English translation by an authorised translator or certified by a lawyer qualified to practice in the country of the translated language.

(d) The Parties shall to the extent possible exchange copies, drafts or samples of the documents listed in Sub-clause (a) and Sub-clause (b) above for review and comment by the other party not later than (*state number of days*), or if left blank, nine (9) days prior to the Vessel's intended date of readiness for delivery as notified by the Sellers pursuant to Clause 5(b) of this Agreement.

(e) Concurrent with the exchange of documents in Sub-clause (a) and Sub-clause (b) above, the Sellers shall also hand to the Buyers the classification certificate(s) as well as all plans, drawings and manuals, (excluding ISM/ISPS manuals), which are on board the Vessel. Other certificates which are on board the Vessel shall also be handed over to the Buyers unless the Sellers are required to retain same, in which case the Buyers have the right to take copies.

(f) Other technical documentation which may be in the Sellers' possession shall promptly after delivery be forwarded to the Buyers at their expense, if they so request. The Sellers may keep the Vessel's log books but the Buyers have the right to take copies of same.

(g) The Parties shall sign and deliver to each other a Protocol of Delivery and Acceptance confirming the date and time of delivery of the Vessel from the Sellers to the Buyers.

9. Encumbrances

The Sellers warrant that the Vessel, at the time of delivery, is free from all charters, encumbrances, mortgages and maritime liens or any other debts whatsoever, and is not subject to Port State or other administrative detentions. The Sellers hereby undertake to indemnify the Buyers against all consequences of claims made against the Vessel which have been incurred prior to the time of delivery.

10. Taxes, fees and expenses

Any taxes, fees and expenses in connection with the purchase and registration in the Buyers' Nominated Flag State shall be for the Buyers' account, whereas similar charges in connection with the closing of the Sellers' register shall be for the Sellers' account. ***Local taxes, fees and tonnage dues at the place of delivery shall be for Buyers' account.***

11. Condition on delivery

The Vessel with everything belonging to her shall be at the Sellers' risk and expense until she is delivered to the Buyers, but subject to the terms and conditions of this Agreement she shall be delivered ***to the Buyers*** and taken over ***substantially in the same condition as when inspected by CCS*** ~~as she was at the time of inspection,~~ fair wear and tear excepted.

However, the Vessel shall be delivered ~~free of cargo and free of stowaways~~ with her ***present*** Class maintained ***and as per the attached Class Printout dated 28.04.2017.***
Three (3) working days prior to the time of delivery the Sellers shall provide a Class Confirmation Certificate to the Buyers. The Vessel's International, National, Class and Trading Certificates valid at least at the time of delivery
~~without condition/ recommendation*, free of average damage affecting the Vessel's class, and with her classification certificates and national certificates, as well as all other certificates the Vessel had at the time of inspection, valid and unextended without condition/ recommendation* by the Classification Society or the relevant authorities at the time of delivery.~~

"inspection" in this Clause 11, shall mean the Buyers' inspection according to Clause 4(a) ~~or 4(b) (Inspections), if applicable. If the Vessel is taken over without inspection, the date of this Agreement shall be the relevant date.~~

**Notes and memoranda, if any, in the surveyor's report which are accepted by the Classification Society without condition/recommendation are not to be taken into account.*

12. Name/markings

Upon delivery the Buyers undertake to change the name of the Vessel and alter funnel markings.

13. Buyers' default

Should the Deposit not be lodged in accordance with Clause 2 (Deposit), the Sellers have the right to cancel this Agreement, and they shall be entitled to claim compensation for their losses and for all expenses incurred together with interest.
Should the Purchase Price not be paid in accordance with Clause 3 (Payment), the Sellers have the right to cancel this Agreement, in which case the Deposit together with interest earned, if any, shall be released to the Sellers. If the Deposit does not cover their loss, the Sellers shall be entitled to claim further compensation for their losses and for all expenses incurred together with interest.

14. Sellers' default

Should the Sellers fail to give Notice of Readiness in accordance with Clause 5(b) or fail to be ready to validly complete a legal transfer by the Cancelling Date the Buyers shall have the option of cancelling this Agreement. If after Notice of Readiness has been given but before the Buyers have taken delivery, the Vessel ceases to be physically ready for delivery and is not made physically ready again by the Cancelling Date and new Notice of Readiness given, the Buyers shall retain their option to cancel. In the event that the Buyers elect to cancel this Agreement, the Deposit together with interest earned, if any, shall be released to them immediately.

Should the Sellers fail to give Notice of Readiness by the Cancelling Date or fail to be ready to validly complete a legal transfer as aforesaid they shall make due compensation to the Buyers for their loss and for all expenses together with interest if their failure is due to proven negligence and whether or not the Buyers cancel this Agreement.

15. Buyers' representatives

After this Agreement has been signed by the Parties and the Deposit has been lodged, the Buyers have the right to place ***up to maximum*** two (2) representatives on board the Vessel at their sole risk and expense ***until the time of delivery***.

These representatives are on board for the purpose of familiarisation and in the capacity of observers only, and ***always under Master's discretion, and*** they shall not interfere in any respect with the operation ***of the crew and/or*** ~~of~~ the Vessel. The ~~Buyers and the~~ Buyers' representatives shall sign the Sellers' ~~P&I Club's standard~~ letter of indemnity ***in the form of the Seller's P&I Club*** prior to their embarkation.

The Buyers shall pay to the Sellers at the time of delivery US$15.- (United States Dollars Fifteen) per day per person as meal charge. Other charge including communication, if any, shall be paid by the Buyers at the time of delivery.
The Sellers crew to demonstrate the normal operation of the Vessel to the Buyers crew at least two (2) hours after the Vessel's delivery.

16. Law and Arbitration

**(a) ***This Agreement shall be governed by and construed in accordance with English law and 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.

The arbitration shall be conducted in accordance with the London Maritime Arbitrators Association (LMAA) Terms current at the time when the arbitration proceedings are commenced.

The reference shall be to three arbitrators. A party wishing to refer a dispute to arbitration shall appoint its arbitrator and send notice of such appointment in writing to the other party requiring the other party to appoint its own arbitrator within fourteen (14) calendar days of that notice and stating that it will appoint its arbitrator as sole arbitrator unless the other party appoints its own arbitrator and gives notice that it has done so within the fourteen (14) days specified. If the other party does not appoint its own arbitrator and give notice that it has done so within the fourteen (14) days specified, the party referring a dispute to arbitration may, without the requirement of any further prior notice to the other party, appoint its arbitrator as sole~~rbitrator~~ ***arbitrator***
and shall advise the other party accordingly. The award of a sole arbitrator shall be binding on both Parties as if the sole arbitrator had been appointed by agreement.

In cases where neither the claim nor any counterclaim exceeds the sum of US$100,000 the arbitration shall be conducted in accordance with the LMAA Small Claims Procedure current at the time when the arbitration proceedings are commenced.

~~**(b) ***This Agreement shall be governed by and construed in accordance with Title 9 of the United States Code and the substantive low (not including the choice of law rules) of the State of New York and any dispute arising out of or in connection with this Agreement shall be referred to three (3) persons at New York, one to be appointed by each of the parties hereto, and the third by the two so chosen; their decision or that of any two of them shall be final, and for the purposes of enforcing any award, judgment may be entered on an award by any court of competent jurisdiction. The proceedings shall be conducted in accordance with the rules of the Society of Maritime Arbitrators, Inc.~~

~~In cases where neither the claim nor any counterclaim exceeds the sum of US$ 100,000 the arbitration shall be conducted in accordance with the Shortened Arbitration Procedure of the Society of Maritime Arbitrators, Inc.~~

~~**(c)** This Agreement shall be governed by and construed in accordance with the laws of (*state place*) and any dispute arising out of or in connection with this Agreement shall be referred to arbitration at (*state place*), subject to the procedures applicable there.~~

~~** 16(a), 16(b) and 16(c) are alternatives; delete whichever is not applicable. In the absence of deletions, alternative 16(a) shall apply.*~~

17. Notices

All notices to be provided under this Agreement shall be in writing.

Contact details for recipients of notices are as follows:

For the Buyers: ***TRAWIND (NINGBO) SHIPPING LOGISTIC CO., LTD.***
c/o Dalian Trawing Shipping Co. Ltd.
FL4, No.l Times Plaza, No.27 Mingze Street, Zhongshan Dist., Dalian, China
Tel:+86 411 82813088 fax:+86 411 82822883
Email: liuxinghua88@l26.com

always with copy to: yutaotao@lotalco.com ; snp@,totako.com

For the Sellers: ***UTIRIK SHIPPING COMPANY INC.***
c/o Steamship Shipbroking Enterprises Inc.
Ymittou 6, 17564 Palaio Faliro, Athens, Greece
Tel: +30 210 9485 360 - Fax: +30 210 9401 810
e-mail: info@stsei.com

always with copy to:
snpcont@howerobinson.com
snpfixtures@howerobinson.com

18. Entire Agreement

The written terms of this Agreement comprise the entire agreement between the Buyers and the Sellers in relation to the sate and purchase of the Vessel and supersede all previous agreements whether oral or written between the Parties in relation thereto.

Each of the Parties acknowledges that in entering into this Agreement it has not relied on and shall have no right or remedy in respect of any statement, representation, assurance or warranty (whether or not made negligently) other than as is expressly set out in this Agreement.

Any terms implied into this Agreement by any applicable statute or law are hereby excluded to the extent that such exclusion can legally be made. Nothing in this Clause shall limit or exclude any liability for fraud.

19. Delivery voyage

Further to Clauses 13 and 14 above (Buyers' default, Sellers' default) and in the event of the cancellation of this Agreement for whatsoever reason, any and all expenses incurred by Sellers for the delivery voyage of the Vessel from Singapore to Qinhuangdao area shall not be refundable to Buyers from the amount of the Deposit, from which they shall be deducted in the case that the Deposit is to be returned to Buyers pursuant to this Agreement and the total amount of the aforementioned expenses incurred by Sellers will be released separately to the Sellers' nominated bank account in full net of all bank charges upon receipt of the notice of cancellation of the Agreement by Sellers and Buyers.

20. Confidentiality

All negotiations are to be kept private and confidential between the parties involved, subject however to any disclosure requirement of the U.S. SEC and NASDAQ, Buyers' and Sellers' Bank or required by law. Should, however, details of the sale become known or reported on the market, neither the Buyers nor the Sellers shall have the right to withdraw from the sale or the right to fail to fulfil their obligations under this Agreement.

For and on behalf of Sellers	For and of behalf of the Buyers
/s/ Andreas Nikolaos Michalopoulos	/s/ Liu Xing Hua
Name: Andreas Nikolaos Michalopoulos	Name: Liu Xing Hua
Title: Director and Treasurer	Title: Attorney-in-fact

Exhibit 8.1

List of Subsidiaries as at December 31, 2017

Name of Subsidiary	**Place of Incorporation**
Likiep Shipping Company Inc.	Marshall Islands
Orangina Inc.	Marshall Islands
Rongerik Shipping Company Inc.	Marshall Islands
Utirik Shipping Company Inc.	Marshall Islands
Eluk Shipping Company Inc.	Marshall Islands
Oruk Shipping Company Inc.	Marshall Islands
Jabor Shipping Company Inc.	Marshall Islands
Delap Shipping Company Inc.	Marshall Islands
Dud Shipping Company Inc.	Marshall Islands
Unitized Ocean Transport Limited	Marshall Islands
Mago Shipping Company Inc.	Marshall Islands
Kapa Shipping Company Inc.	Marshall Islands
Meck Shipping Company Inc.	Marshall Islands
Langor Shipping Company Inc.	Marshall Islands

Exhibit 12.1

CERTIFICATION OF THE PRINCIPAL EXECUTIVE OFFICER

I, Symeon Palios, certify that:

1. I have reviewed this annual report on Form 20-F of Diana Containerships 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 16, 2018

/s/ Symeon Palios
Symeon Palios
Chief Executive Officer (Principal Executive Officer)

Exhibit 12.2

CERTIFICATION OF THE PRINCIPAL FINANCIAL OFFICER

I, Andreas Michalopoulos, certify that:

1. I have reviewed this annual report on Form 20-F of Diana Containerships 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 16, 2018

/s/ Andreas Michalopoulos
Andreas Michalopoulos
Chief Financial Officer and Treasurer (Principal Financial Officer)

Exhibit 13.1

PRINCIPAL EXECUTIVE OFFICER CERTIFICATION
PURSUANT TO 18 U.S.C. SECTION 1350

In connection with this Annual Report of Diana Containerships Inc. (the "Company") on Form 20-F for the year ended December 31, 2017 as filed with the Securities and Exchange Commission (the "SEC") on or about the date hereof (the "Report"), I, Symeon Palios, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

A signed original of this written statement has been provided to the Company and will be retained by the Company and furnished to the SEC or its staff upon request.

Date: March 16, 2018

/s/ Symeon Palios
Symeon Palios
Chief Executive Officer (Principal Executive Officer)

Exhibit 13.2

PRINCIPAL FINANCIAL OFFICER CERTIFICATION
PURSUANT TO 18 U.S.C. SECTION 1350

In connection with this Annual Report of Diana Containerships Inc. (the "Company") on Form 20-F for the year ended December 31, 2017 as filed with the Securities and Exchange Commission (the "SEC") on or about the date hereof (the "Report"), I, Andreas Michalopoulos, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

A signed original of this written statement has been provided to the Company and will be retained by the Company and furnished to the SEC or its staff upon request.

Date: March 16, 2018

/s/ Andreas Michalopoulos
Andreas Michalopoulos
Chief Financial Officer and Treasurer (Principal Financial Officer)

Exhibit 15.1

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the following Registration Statements:

(1) Registration Statement on Form F-3 (File No. 333-216944) of Diana Containerships Inc.
(2) Registration Statement on Form F-3 (File No. 333-215748) of Diana Containerships Inc.

, and the related Prospectuses of our reports dated March 16, 2018, with respect to the consolidated financial statements of Diana Containerships Inc., and the effectiveness of internal control over financial reporting of Diana Containerships Inc., included in this Annual Report (Form 20-F) for the year ended December 31, 2017.

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

Athens, Greece
March 16, 2018