Companies House

MR01(ef)

Registration of a Charge

Company name: **"K" LINE BULK SHIPPING (UK) LIMITED**

Company number: **04830352**

Received for Electronic Filing: **25/04/2014**

X36JYTWZ

Details of Charge

Date of creation: **23/04/2014**

Charge code: **0483 0352 0031**

Persons entitled: **SUMITOMO MITSUI TRUST BANK, LIMITED (ACTING THROUGH ITS LONDON BRANCH)**

Brief description: **ONE (1) 58,000 DWT BULK CARRIER VESSEL KNOWN AS "FALMOUTH BAY" WITH IMO NUMBER 9615779 THE CHARGE WILL CREATE A FIXED CHARGE OVER M.V. "FALMOUTH BAY".**

Contains negative pledge.

Authentication of Form

This form was authorised by: **a person with an interest in the registration of the charge.**

Authentication of Instrument

Certification statement: **I CERTIFY THAT SAVE FOR MATERIAL REDACTED PURSUANT TO S.859G OF THE COMPANIES ACT 2006 THE ELECTRONIC COPY INSTRUMENT DELIVERED AS PART OF THIS APPLICATION FOR REGISTRATION IS A CORRECT COPY OF THE ORIGINAL INSTRUMENT.**

Certified by: **NORTON ROSE FULBRIGHT LLP**

CERTIFICATE OF THE REGISTRATION OF A CHARGE

Company number: 4830352

Charge code: 0483 0352 0031

The Registrar of Companies for England and Wales hereby certifies that a charge dated 23rd April 2014 and created by "K" LINE BULK SHIPPING (UK) LIMITED was delivered pursuant to Chapter A1 Part 25 of the Companies Act 2006 on 25th April 2014 .

Given at Companies House, Cardiff on 25th April 2014

The above information was communicated by electronic means and authenticated by the Registrar of Companies under section 1115 of the Companies Act 2006

Companies House

THE OFFICIAL SEAL OF THE REGISTRAR OF COMPANIES

SAVILLE & Co

SCRIVENER NOTARIES

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Richard Saville
Sophie Milburn
Nicholas Thompson
Robert Kerss
Andrew MacNab
Christopher Higgins
(General Notary)

Eleonora Ceolin
(General Notary)

I certify that, save for material redacted pursuant to s.859G of the Companies Act 2006, this copy instrument is a correct copy of the original instrument.

Norton Rose Fulbright LLP

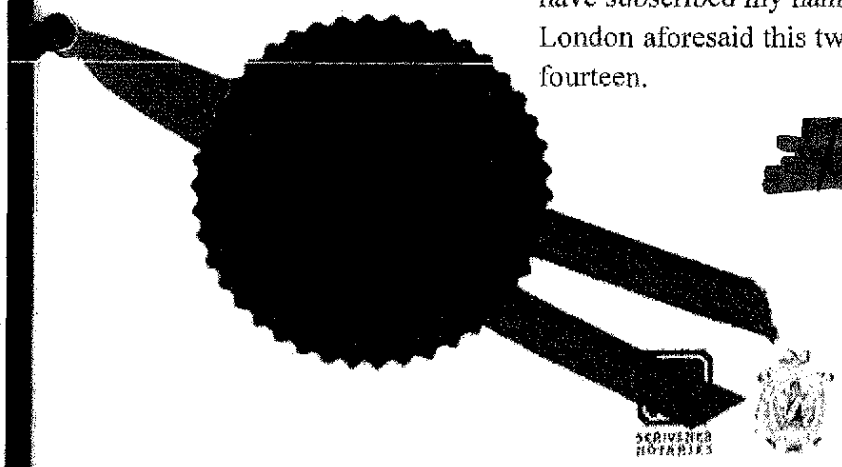
Sign & Dated 25/04/2014

TO ALL TO WHOM THESE PRESENTS SHALL COME, I [redacted] of the City of London NOTARY PUBLIC by royal authority duly admitted and sworn DO HEREBY CERTIFY that I was present and did see [redacted] as and for the act and deed of **"K" LINE BULK SHIPPING (UK) LIMITED** of London, England (hereinafter called the "Owner") seal and in due form of law sign and deliver the **first preferred Panamanian ship mortgage** hereunto annexed relating to the vessel **"FALMOUTH BAY"**, and that the signature thereto subscribed for and on behalf of the Owner is of the own, true and proper handwriting of the said [redacted] whose personal identity I attest and whose authority to sign for and on behalf of the Owner as its duly authorised attorney, under and by virtue of a power of attorney dated 26th September 2013, I the notary also certify;

AND I DO FURTHER CERTIFY that on the same day I was also present and did see [redacted] as and for the act and deed of **SUMITOMO MITSUI TRUST BANK, LIMITED** of Tokyo, Japan, here acting through its branch registered in London, England (hereinafter called the "Mortgagee"), seal and in due form of law sign and deliver the **acceptance of mortgage** at the end of the said annexed first preferred Panamanian ship mortgage and that the signature thereto subscribed for and on behalf of the Mortgagee is of the own, true, and proper handwriting of the said [redacted] whose personal identity I attest and whose authority to sign for and on behalf of the Mortgage as its duly authorised attorney, under and by virtue of a power of attorney dated 19th February 2013, I the notary likewise certify.

IN FAITH AND TESTIMONY WHEREOF I the said notary have subscribed my name and set and affixed my seal of office at London aforesaid this twenty third day of April two thousand and fourteen.

[redacted]



Dated 23rd April **2014**

"K" LINE BULK SHIPPING (UK) LIMITED

and

SUMITOMO MITSUI TRUST BANK, LIMITED
(acting through its London Branch)

FIRST PREFERRED PANAMANIAN SHIP MORTGAGE on m.v. "FALMOUTH BAY"

NORTON ROSE FULBRIGHT

Contents

Clause		Page
1	Definitions	1
2	Mortgage and charge	5
3	Covenants to pay and perform	5
4	Continuing security and other matters	6
5	Covenants	6
6	Powers of Mortgagee to protect security and remedy defaults	13
7	Powers of Mortgagee on Event of Default	14
8	Power of Mortgagee to appoint a receiver	15
9	Application of moneys	15
10	Remedies cumulative and other provisions	16
11	Costs and indemnity	16
12	Attorney	17
13	Further assurance	17
14	Law, jurisdiction and other provisions	18
15	Panamanian agents and representatives	18
16	Notices	18
17	Benefit of this Deed	19
Schedule 1 The Loan Agreement		20
Schedule 2 Information for the Purposes of Law 55 of 6 August 2008		21

THIS FIRST PREFERRED SHIP MORTGAGE is dated 23rd April 2014 and made **BETWEEN**:

(1) **"K" LINE BULK SHIPPING (UK) LIMITED** a company incorporated under the laws of England whose registered office is at 6th Floor, 200 Aldersgate Street, London EC1A 4HD, UK (the **Owner**); and

(2) **SUMITOMO MITSUI TRUST BANK, LIMITED** a company incorporated in Japan and registered at the Tokyo Legal Affairs Bureau and acting through its London Branch registered at 155 Bishopsgate, London EC2M 3XU with Companies House Registration Number: BR000405 (the **Mortgagee**).

WHEREAS:

(A) the Owner is the sole, absolute and unencumbered, legal and beneficial owner of the whole of the Ship described in clause 1.2;

(B) by a Loan Agreement dated 26 September 2013 (the **Loan Agreement**) and made between (1) the Owner, (therein referred to as the **Borrower**) and (2) the Mortgagee (therein referred to as the **Bank**) (a copy of the form of which Loan Agreement is annexed hereto as Schedule 1 and some of its terms are set out in Schedule 2) and which Loan Agreement and terms forms part hereof and in respect of which the terms and conditions thereof shall be considered as part hereof whenever reference is made thereto in this Mortgage document) the Bank agreed (inter alia) to advance by way of loan to the Owner, upon the terms and conditions therein contained, a loan of up to $27,600,000 (or the equivalent in the Alternative Currency) (therein referred to as the **Loan**);

(C) pursuant to the said Loan Agreement the Mortgagee advanced to the Owner (and the Owner is indebted to the Mortgagee in) a total principal amount of $27,600,000; and

(D) the Owner, in order to secure the repayment of the said principal amount and interest thereon, costs and expenses of collection, as well as sums resulting from the fluctuations of currencies or mediums of exchange and all other sums of money from time to time owing by the Owner to the Mortgagee under the said Loan Agreement, the Security Documents and the performance and observance of and compliance with all of the covenants, terms and conditions in this Mortgage and the said Loan Agreement and the Security Documents, has duly authorised the execution and delivery of this First Preferred Mortgage.

NOW THIS MORTGAGE WITNESSES AND IT IS HEREBY AGREED as follows:

1 Definitions

1.1 Defined expressions

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

1.2 Definitions

In this Mortgage unless the context otherwise requires:

Approved Brokers means such firm of insurance brokers, appointed by the Owner as may from time to time be approved in writing by the Mortgagee for the purposes of this Mortgage (such approval not to be unreasonably withheld);

Casualty Amount means one million Dollars ($1,000,000) (or the equivalent in any other currency);

Collateral Instruments means notes, bills of exchange, certificates of deposit and other negotiable and non-negotiable instruments, guarantees, indemnities and other assurances against financial loss and any other documents or instruments which contain or evidence an obligation (with or without security) to pay, discharge or be responsible directly or indirectly for, any indebtedness or liabilities of the Owner or any other person liable and includes any documents or instruments creating or evidencing a mortgage, charge (whether fixed or floating), pledge, lien, hypothecation, assignment, trust arrangement or security interest of any kind;

Environmental Incident means any Spill:

(a) from the Ship; or

(b) from any other vessel in circumstances where:

(i) the Ship, the Owner, or its operator or manager may be liable for Environmental Claims arising from the Spill (other than Environmental Claims arising and fully satisfied before the date of this Agreement); and/or

(ii) the Ship may be arrested or attached in connection with any such Environmental Claims;

Expenses means the aggregate at any relevant time (to the extent that the same have not been received or recovered by the Mortgagee) of:

(a) all losses, liabilities, costs, charges, expenses, damages and outgoings of whatever nature, (including, without limitation, Taxes, repair costs, registration fees and insurance premiums) suffered, incurred or paid by the Mortgagee in connection with the exercise of the powers referred to in or granted by the Loan Agreement or this Mortgage or any other of the Security Documents or otherwise payable by the Owner in accordance with clause 11; and

(b) interest on all such losses, liabilities, costs, charges, expenses, damages and outgoings from the date on which the same were suffered, incurred or paid by the Mortgagee until the date of receipt or recovery thereof (whether before or after judgement) at a rate per annum calculated in accordance with clause 3.3 of the Loan Agreement (as conclusively certified by the Mortgagee);

Insurances means all policies and contracts of insurance (which expression includes all entries of the Ship in a protection and indemnity or war risks association) which are from time to time during the Security Period in place or taken out or entered into by or for the benefit of the Owner (whether in the sole name of the Owner, or in the joint names of the Owner, and the Mortgagee or otherwise) in respect of the Ship or otherwise howsoever in connection with the Ship and all benefits thereof (including claims of whatsoever nature and return of premiums);

Loan means the total principal amount referred to in Recital (C) to be advanced by the Mortgagee to the Owner pursuant to the Loan Agreement or (as the context may require) the amount thereof at any time outstanding (in Dollars or any Alternative Currency);

Loan Agreement means the agreement dated 26 September 2013 mentioned in recital (B) hereto;

Loss Payable Clauses means the provisions regulating the manner of payment of sums receivable under the Insurances which are to be incorporated in the relevant insurance documents, such Loss Payable Clauses to be in the forms set out in schedule 1 to the General Assignment, or in such other forms as may from time to time be required or agreed in writing by the Mortgagee;

Mortgagee includes the successors in title and assignees of the Mortgagee;

Notice of Assignment of Insurances means a notice of assignment in the form set out in schedule 2 to the General Assignment or in such other form as may from time to time be required or agreed in writing by the Mortgagee;

Outstanding Indebtedness means the aggregate of the Loan and all interest accrued and accruing thereon, the Expenses and all other sums of money from time to time owing to the Mortgagee, whether actually or contingently, under the Loan Agreement and the Security Documents or any of them (including costs and expenses of collection as well as sums resulting from fluctuations of currencies or mediums of exchange and all other amounts which are, by the relevant laws of the Republic of Panama, deemed to be secured by a mortgage on a Panamanian ship);

Owner includes the successors in title of the Owner;

Pollutant means and includes oil and its products, any other polluting, toxic or hazardous substance and any other substance whose release into the environment is regulated or penalised by Environmental Laws;

Requisition Compensation means all moneys or other compensation from time to time payable during the Security Period by reason of the Compulsory Acquisition of the Ship;

Security Period means the period commencing on the date hereof and terminating upon discharge by the Mortgagee of the security created by the Security Documents by payment of all moneys payable thereunder;

Ship means the vessel m.v. "FALMOUTH BAY", of the following dimensions and tonnages:

Length overall	194.00m
Breadth	32.26m
Depth	18.10m
Tons Gross	33,126.00
Tons Net	19,142.00

having International Call Sign 3FVI5 and more particularly described in the provisional Patent of Navigation Number 45639-PEXT the title of which vessel will be preliminarily registered before the preliminary registration of this Mortgage in the General Directorate of Public Registry of Titles and Encumbrances on Vessels of the Panama Maritime Authority and includes any interest therein and her engines, machinery, boats, tackle, outfit, spare gear, fuel, consumable or other stores, belongings and appurtenances whether on board or ashore and whether now owned or hereafter acquired and also any and all additions, improvements and replacements hereafter made in or to such vessel or any part thereof or in or to her equipment and appurtenances aforesaid;

Spill means any actual or threatened emission, spill, release or discharge of a Pollutant into the environment;

Total Loss means :

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

(b) the Compulsory Acquisition of the Ship; or

(c) the condemnation, capture, seizure, arrest, detention or confiscation of the Ship (other than where the same amounts to the Compulsory Acquisition of the Ship) by any Government Entity, or by persons acting or purporting to act on behalf of any Government Entity, unless the Ship be released and restored to the Owner from such condemnation, capture, seizure, arrest, detention or confiscation within thirty (30) days after the occurrence thereof; or

(d) the hijacking, theft or capture of the Ship by any other persons, unless such Ship be released and restored to the Owner from such hijacking, theft or capture within thirty (30) days after the occurrence thereof.

1.3 **Insurance terms**

In clause 5.1.1 hereof:

excess risks means the proportion (if any) of claims for general average, salvage and salvage charges and under the ordinary collision clause not recoverable in consequence of the value at which a vessel is assessed for the purpose of such claims exceeding her insured value;

protection and indemnity risks means the usual risks (including oil pollution) covered by a protection and indemnity association which is managed in London (including, without limitation, the proportion (if any) of any sums payable to any other person or persons in case of collision which are not recoverable under the hull and machinery policies by reason of the incorporation therein of Clause 8 of the Institute Time Clauses (Hulls) (1/11/95) or the Institute Amended Running Down Clause (1/10/71) or any equivalent provision); and

war risks includes those risks covered by the standard form of English marine policy with Institute War and Strikes Clauses (Time) (1/11/95) attached or similar cover.

1.4 **Headings**

Clause headings and the table of contents are inserted for convenience of reference only and shall be ignored in the interpretation of this Mortgage.

1.5 **Construction of certain terms**

In this Mortgage, unless the context otherwise requires:

1.5.1 references to clauses and schedules are to be construed as references to clauses of, and schedules to, this Mortgage and references to this Mortgage include its schedules;

1.5.2 references to (or to any specified provision of) this Mortgage or any other documents shall be construed as references to this Mortgage, that provision or that document as in force for the time being and as amended in accordance with the terms thereof or, as the case may be, with the agreement of the relevant parties;

1.5.3 words importing the plural shall include the singular and vice versa;

1.5.4 references to a person shall be construed as references to an individual, firm, company, corporation, unincorporated body of persons or any Government Entity;

1.5.5 references to a **guarantee** shall include references to an indemnity or other assurance against financial loss including, without limitation, an obligation to purchase assets or services as a consequence of a default by any other person to pay any Indebtedness and **guaranteed** shall be construed accordingly; and

1.5.6 references to statutory provisions shall be construed as references to those provisions as replaced or amended or re-enacted from time to time.

1.6 **Conflict with Loan Agreement**

This Mortgage shall be read together with the Loan Agreement and in the event of any conflict, the Loan Agreement shall prevail.

2 Mortgage and charge

2.1 In consideration of the advance by the Mortgagee to the Owner pursuant to the Loan Agreement of up to $27,600,000 (or the equivalent in the Alternative Currency) and pursuant to the Loan Agreement and in order to secure the repayment of such principal amount, together with interest, costs and expenses of collection, as well as sums resulting from the fluctuations of currencies or mediums of exchange as well as other sums agreed and which comprise the Outstanding Indebtedness and to secure the performance and observance of and compliance with the covenants, terms and conditions in this Mortgage and in the Loan Agreement and the other Security Documents contained, express or implied, the Owner hereby mortgages and charges to and in favour of the Mortgagee the Ship (and all the Owner's interest therein) to the intent that this Mortgage shall constitute in favour of the Mortgagee a first and absolute mortgage on the Ship in accordance with the provisions of Law 55 of 6 August 2008 of the Republic of Panama and of the pertinent provisions of the Civil Code and other laws of the Republic of Panama.

2.2 If the Mortgagee is satisfied that all the secured obligations described in clause 2.1 have been irrevocably and unconditionally discharged in full, that no Security Party has any further actual or contingent obligations under the Security Documents and that no payment by any Security Party or any discharge given by the Mortgagee is capable of being avoided or reduced because of insolvency or any similar event, the Mortgagee shall at the request and cost of the Owner release and discharge this Mortgage.

2.3 For the purpose of recording this First Preferred Mortgage and Article 260 of Law 55 of 6 August 2008 of the Republic of Panama, the total amount secured by this Mortgage is $27,600,000 and interest and performance of mortgage covenants. The date of maturity is the date falling on the last day of the month which is ten (10 years) from the Drawdown Date and the discharge amount is the same as the total amount. The dates for repayment of capital and the rates and dates for payment of interest are as set out in the Loan Agreement scheduled to this Mortgage.

3 Covenants to pay and perform

3.1 For the consideration aforesaid the Owner hereby covenants with the Mortgagee as follows:

3.1.1 the Owner will repay the Loan to the Mortgagee by the instalments, at the times and in the manner specified in the Loan Agreement;

3.1.2 the Owner will pay to the Mortgagee interest on the Loan at the rates, at the times and in the manner specified in the Loan Agreement;

3.1.3 the Owner will pay the full amount of all other moneys comprising the Outstanding Indebtedness as and when the same shall become due and payable in accordance with the terms of the Security Documents;

3.1.4 the Owner will pay interest at a rate per annum calculated in accordance with clause 3.3 of the Loan Agreement (as conclusively certified by the Mortgagee) on any moneys which are by this Mortgage expressed to be payable on demand and which are not paid forthwith on demand being made as from the date of demand until payment (both before and after any judgment) provided however that this provision shall not affect the right of the Mortgagee to receive that part of its Expenses as comprises interest from such date prior to demand being made as is referred to in the definition of Expenses; and

3.1.5 the Owner will keep, perform and observe the covenants and provisions of the Loan Agreement and any other Security Documents to which it is a party.

4 Continuing security and other matters

4.1 Continuing security

The security created by this Mortgage shall:

4.1.1 be held by the Mortgagee as a continuing security for the payment of the Outstanding Indebtedness and the performance and observance of and compliance with all of the covenants, terms and conditions contained in the Security Documents, express or implied, and the security so created shall not be satisfied by any intermediate payment or satisfaction of any part of the amount hereby and thereby secured (or by any settlement of accounts between the Owner or any other person who may be liable to the Mortgagee in respect of the Outstanding Indebtedness or any part thereof and the Mortgagee);

4.1.2 be in addition to, and shall not in any way prejudice or affect, and may be enforced by the Mortgagee without prior recourse to, the security created by any other of the Security Documents or by any present or future Collateral Instruments, right or remedy held by or available to the Mortgagee or any right or remedy of the Mortgagee thereunder; and

4.1.3 not be in any way prejudiced or affected by the existence of any of the other Security Documents or any such Collateral Instrument, rights or remedies or by the same becoming wholly or in part void, voidable or unenforceable on any ground whatsoever or by the Mortgagee dealing with, exchanging, varying or failing to perfect or enforce any of the same, or giving time for payment or performance or indulgence or compounding with any other person liable.

4.2 Rights additional

All the rights, powers and remedies vested in the Mortgagee hereunder shall be in addition to and not a limitation of any and every other right, power or remedy vested in the Mortgagee under the Loan Agreement, this Mortgage, the other Security Documents or any Collateral Instrument or at law and all the rights, powers and remedies so vested in the Mortgagee may be exercised from time to time and as often as the Mortgagee may deem expedient.

4.3 No enquiry

The Mortgagee shall not be obliged to make any enquiry as to the nature or sufficiency of any payment received by it under this Mortgage or to make any claim or take any action to collect any moneys or to enforce any rights or benefits to which the Mortgagee may at any time be entitled under this Mortgage.

4.4 Waiver of rights

The Owner hereby waives any rights under the provisions of the laws of a given country which require the Mortgagee to levy execution against the Owner or make any demand or claim against the Owner prior to the enforcement of rights under this Mortgage.

5 Covenants

5.1 The Owner further covenants with the Mortgagee and undertakes throughout the Security Period:

5.1.1 Insurance

(a) Insured risks, amounts and terms

to insure and keep the Ship insured free of cost and expense to the Mortgagee and in the sole name of the Owner or, if so required by the Mortgagee, in the joint names of the Owner and the Mortgagee (but without liability on the part of the Mortgagee for premiums or calls):

(i) against fire and usual marine risks (including, without limitation, hull and machinery, hull interest and freight, and excess risks) on an agreed value basis, in such amounts (but not in any event less than whichever shall be the greater of the market value of the Ship for the time being and one hundred and three per cent (103%) of the Loan) and upon such terms as shall from time to time be approved in writing by the Mortgagee;

(ii) against war risks, on an agreed value basis, in such amounts (but not in any event less than whichever shall be the greater of the market value of the Ship for the time being and one hundred and three per cent (103%) of the Loan) and upon such terms as shall from time to time be approved in writing by the Mortgagee;

(iii) against protection and indemnity risks (including pollution risks for the highest amount in respect of which cover is or may become available for ships of the same type, size, age and flag as the Ship) for the full value and tonnage of the Ship (as approved in writing by the Mortgagee) and upon such terms as shall from time to time be approved in writing by the Mortgagee; and

(iv) in respect of such other matters of whatsoever nature and howsoever arising in respect of which insurance would be maintained by a prudent owner of the Ship;

(b) **Approved brokers, insurers and associations**

to effect the insurances aforesaid in such currency as the Mortgagee may approve and through the Approved Brokers and with such insurance companies and/or underwriters as shall from time to time be approved in writing by the Mortgagee; provided however that the insurances against war risks and protection and indemnity risks may be effected by the entry of the Ship with such war risks and protection and indemnity associations as shall from time to time be approved in writing by the Mortgagee;

(c) **Fleet liens, set-off and cancellation**

if any of the insurances referred to in clause 5.1.1(a) form part of a fleet cover, to procure that the Approved Brokers shall undertake to the Mortgagee that they shall neither set off against any claims in respect of the Ship any premiums due in respect of other vessels under such fleet cover or any premiums due for other insurances, nor cancel the insurance for reason of non-payment of premiums for other vessels under such fleet cover or of premiums for such other insurances, and shall undertake to issue a separate policy in respect of the Ship if and when so requested by the Mortgagee;

(d) **Payment of premiums and calls**

punctually to pay all premiums, calls, contributions or other sums payable in respect of all such insurances and to produce all relevant receipts or other evidence of payment when so required by the Mortgagee;

(e) **Renewal**

at least 7 days before the relevant policies, contracts or entries expire, to notify the Mortgagee of the names of the brokers and/or the war risks and protection and indemnity associations proposed to be employed by the Owner or any other party for the purposes of the renewal of such insurances and of the amounts in which such insurances are proposed to be renewed and the risks to be covered and, subject to compliance with any requirements of the Mortgagee pursuant to this clause 5.1.1, to procure that appropriate instructions for the renewal of such insurances on the terms so specified are given to the Approved Brokers and/or to the approved war risks and protection and indemnity associations at least 5 days before the relevant policies, contracts or entries expire, and that the Approved Brokers and/or the approved war risks and protection and indemnity associations will at least 3 Banking Days before such expiry (or within such shorter period

as the Mortgagee may from time to time agree) confirm in writing to the Mortgagee as and when such renewals have been effected in accordance with the instructions so given;

(f) **Guarantees**

to arrange for the execution and delivery of such guarantees or indemnities as may from time to time be required by any protection and indemnity or war risks association;

(g) **Hull policy documents, notices, loss payable clauses and brokers' undertakings**

to deposit with the Approved Brokers (or procure the deposit of) all slips, cover notes, policies, certificates of entry or other instruments of insurance from time to time issued in connection with such of the insurances referred to in clause 5.1.1(a) as are effected through the Approved Brokers and procure that the interest of the Mortgagee shall be endorsed thereon by incorporation of the relevant Loss Payable Clause and, where the Insurances have been assigned to the Mortgagee, by means of a Notice of Assignment of Insurances (signed by the Owner and by any other assured who shall have assigned its interest in the Insurances to the Mortgagee) and that the Mortgagee shall be furnished with pro forma copies thereof and a letter or letters of undertaking from the Approved Brokers in such form as shall from time to time be required by the Mortgagee;

(h) **Associations' loss payable clauses, undertakings and certificates**

to procure that any protection and indemnity and/or war risks associations in which the Ship is for the time being entered shall endorse the relevant Loss Payable Clause either on the relevant certificate of entry or policy or in a letter of undertaking to be provided to the Mortgagee and shall furnish the Mortgagee with a copy of such certificate of entry or policy and a letter or letters of undertaking in such form as may from time to time be required by the Mortgagee;

(i) **Extent of cover and exclusions**

to take all necessary action and comply with all requirements which may from time to time be applicable to the Insurances (including, without limitation, the making of all requisite declarations within any prescribed time limits and the payment of any additional premiums or calls) so as to ensure that the Insurances are not made subject to any exclusions or qualifications to which the Mortgagee has not given its prior written consent and are otherwise maintained on terms and conditions from time to time approved in writing by the Mortgagee;

(j) **Correspondence with brokers and associations**

to provide to the Mortgagee, at the time of each such communication, copies of all written communications between the Owner and the Approved Brokers and approved war risks and protection and indemnity associations which relate to compliance with requirements from time to time applicable to the Insurances including, without limitation, all requisite declarations and payments of additional premiums or calls referred to in clause 5.1.1(i) above;

(k) **Independent report**

if so requested by the Mortgagee where there has, in the reasonable opinion of the Mortgagee, been a significant change in circumstances or the insurance arrangements or the status of any insurer or association which may, in the reasonable opinion of the Mortgagee, affect the interests of the Mortgagee, but at the cost of the Owner, to furnish the Mortgagee from time to time with a detailed report signed by an independent firm of marine insurance brokers appointed by the Mortgagee dealing with the insurances maintained on the Ship and stating the opinion of such firm as to the adequacy thereof;

(l) **Collection of claims**

to do all things necessary and provide all documents, evidence and information to enable the Mortgagee to collect or recover any moneys which shall at any time become due in respect of the Insurances;

(m) **Employment of Ship**

not to employ the Ship or suffer the Ship to be employed otherwise than in conformity with the terms of the Insurances (including any warranties express or implied therein) without first obtaining the consent of the insurers to such employment and complying with such requirements as to extra premium or otherwise as the insurers may prescribe; and

(n) **Application of recoveries**

to apply all sums receivable under the Insurances which are paid to the Owner in accordance with the Loss Payable Clauses in repairing all damage and/or in discharging the liability in respect of which such sums shall have been received;

5.1.2 **Ship's name and registration**

(a) not to change the name of the Ship and to procure that the Ship is permanently registered and matriculated within three (3) months of the date hereof by filing with or producing to the General Directorate of Public Registry of Titles and Encumbrances on Vessels of the Panama Maritime Authority and the Shipping Bureau (and any other appropriate authorities) of the Republic of Panama any and all such documents or things as they may require for such purpose and thereafter to keep the Ship registered as a Panamanian Ship;

(b) not to do or suffer to be done anything, or omit to do anything the doing or omission of which could or might result in such registration being forfeited or imperilled or which could or might result in the Ship being required to be registered under any other flag than the Panamanian flag; and

(c) not to register the Ship or permit its registration under any other flag without the prior written consent of the Mortgagee;

5.1.3 **Repair**

to keep the Ship in a good and efficient state of repair and to procure that all repairs to or replacement of any damaged, worn or lost parts or equipment are effected in such manner (both as regards workmanship and quality of materials) as not to diminish the value of the Ship;

5.1.4 ***Modification; removal of parts; equipment owned by third parties***

not without the prior written consent of the Mortgagee to, or suffer any other person to:

(a) make any modification to the Ship in consequence of which her structure, type or performance characteristics could or might be materially altered or her value materially reduced; or

(b) remove any material part of the Ship or any equipment the value of which is such that its removal from the Ship would materially reduce the value of the Ship without replacing the same with equivalent parts or equipment which are owned by the Owner free from Encumbrances; or

(c) install on the Ship any equipment owned by a third party which cannot be removed without causing damage to the structure or fabric of the Ship;

5.1.5 **Maintenance of class; compliance with regulations**

to maintain the Classification as the class of the Ship and to comply with and ensure that the Ship at all times complies with the provisions of all laws, regulations and requirements (statutory or otherwise) from time to time applicable to vessels registered under the laws and flag of the Republic of Panama or otherwise applicable to the Ship;

5.1.6 **Surveys**

to submit the Ship to continuous surveys and such periodical or other surveys as may be required for classification purposes and to supply to the Mortgagee copies of all survey reports issued in respect thereof;

5.1.7 **Inspection**

to ensure that the Mortgagee, by surveyors or other persons appointed by it for such purpose, may board the Ship at all reasonable times for the purpose of inspecting her and to afford all proper facilities for such inspections and for this purpose to give the Mortgagee reasonable advance notice of any intended drydocking of the Ship (whether for the purpose of classification, survey or otherwise). The cost of any such inspection following the occurrence of any Default shall be for the account of the Owner;

5.1.8 **Prevention of and release from arrest**

promptly to pay and discharge all debts, damages, liabilities and outgoings whatsoever which have given or may give rise to maritime, statutory or possessory liens on, or claims enforceable against, the Ship, its earnings or Insurances or any part thereof and, in the event of a writ or libel being filed against the Ship, its earnings or Insurances or any part thereof, or of any of the same being arrested, attached or levied upon pursuant to legal process or purported legal process or in the event of detention of the Ship in exercise or purported exercise of any such lien or claim as aforesaid, to procure the release of the Ship, earnings and Insurances from such arrest, detention, attachment or levy or, as the case may be, the discharge of the writ or libel forthwith upon receiving notice thereof by providing bail or procuring the provision of security or otherwise as the circumstances may require;

5.1.9 **Employment**

not to employ the Ship or permit her employment in any manner, trade or business which is forbidden by Panamanian law, or international law, or which is otherwise unlawful or illicit under the law of any relevant jurisdiction, or in carrying illicit or prohibited goods, or in any manner whatsoever which may render her liable to condemnation in a prize court, or to destruction, seizure, confiscation, penalty or sanctions and, in the event of hostilities in any part of the world (whether war be declared or not), not to employ the Ship or permit her employment in carrying any contraband goods, or to enter or trade to or to continue to trade in any zone which has been declared a war zone by any Government Entity or by the Ship's war risks insurers unless the Ship remains held covered, at the cost of the Owner, by the Ship's war risk insurers while in that zone to the satisfaction of the Mortgagee and the prior written consent of the Mortgagee is obtained;

5.1.10 **Information**

promptly to furnish the Mortgagee with all such information as it may from time to time require regarding the Ship, her employment, position and engagements, particulars of all towages and salvages, and copies of all charters and other contracts for her employment or otherwise howsoever concerning her;

5.1.11 **Notification of certain events**

to notify the Mortgagee forthwith by facsimile thereafter confirmed by letter of:

(a) any damage to the Ship requiring repairs the cost of which will or might exceed the Casualty Amount;

(b) any occurrence in consequence of which the Ship has or may become a Total Loss;

(c) any requisition of the Ship for hire;

(d) any requirement or recommendation made by any insurer or the Classification Society or by any competent authority which is not, or cannot be, complied with in accordance with its terms;

(e) any arrest or detention of the Ship (other than in respect of a frivolous or vexatious claim which will not, and does not, cause the Ship to be arrested or detained for a period exceeding seventy two (72) hours) or any exercise or purported exercise of a lien or other claim on the Ship or the Earnings or Insurances or any part thereof;

(f) any petition or notice of meeting to consider any resolution to wind-up the Owner (or any event analogous thereto under the laws of the place of its incorporation);

(g) the occurrence of any Default; or

(h) the occurrence of any material Environmental Claim against the Owner or the Ship or any incident, event or circumstance which may give rise to any such Environmental Claim;

5.1.12 **Payment of outgoings and evidence of payments**

promptly to pay all tolls, dues and other outgoings whatsoever in respect of the Ship, its earnings and its Insurances and to keep proper books of account in respect of the Ship and her Earnings and, as and when the Mortgagee may so require, to make such books available for inspection on behalf of the Mortgagee, and to furnish satisfactory evidence that the wages and allotments and the insurance and pension contributions of the Master and crew are being promptly and regularly paid and that all deductions from crew's wages in respect of any applicable tax liability are being properly accounted for and that the Master has no claim for disbursements other than those incurred by him in the ordinary course of trading on the voyage then in progress;

5.1.13 **Encumbrances**

not without the prior written consent of the Mortgagee (and then only subject to such conditions as the Mortgagee may impose) to create or purport or agree to create or permit to arise or subsist any Encumbrance (other than Permitted Liens) over or in respect of the Ship, any share or interest therein or in its earnings, the Insurances or Requisition Compensation or any part thereof or interest therein or any part of the property assigned in favour of the Mortgagee pursuant to the General Assignment otherwise than to or in favour of the Mortgagee;

5.1.14 **Sale or other disposal**

without the prior written consent of the Mortgagee (and then only subject to such terms as the Mortgagee may impose) not to sell, agree to sell, transfer, abandon or otherwise dispose of the Ship or any share or interest therein;

5.1.15 **Chartering**

not without the prior written consent of the Mortgagee and, if such consent is given, only subject to such conditions as the Mortgagee may impose, to let the Ship on demise charter for any period;

5.1.16 **Manager**

not without the prior written consent of the Mortgagee to appoint a manager of the Ship and procure that any future manager has duly executed and delivered a manager's undertaking in a form and substance satisfactory to the Mortgagee;

5.1.17 **Registration of Mortgage**

forthwith upon the execution of this Mortgage by or on behalf of the Owner and the acceptance thereof by or on behalf of the Mortgagee to procure the due and proper legalisation thereof and the registration thereof against the Ship by recording this Mortgage in the General Directorate of Public Registry of Titles and Encumbrances on Vessels of the Panama Maritime Authority pursuant to the pertinent legislation and other laws and requirements of the Republic of Panama within 90 days of the date hereof and, thereafter, to keep this Mortgage registered as a first preferred mortgage on the Ship under and in accordance with the laws of the Republic of Panama and for this purpose to execute and record in the General Directorate of Public Registry of Titles and Encumbrances on Vessels of the Panama Maritime Authority any and all such documents or things as may be necessary or desirable to preserve this Mortgage as a valid first preferred mortgage on the Ship and to deliver to the Mortgagee forthwith upon request all appropriate certificates evidencing that this Mortgage is duly registered as a first preferred mortgage on the Ship;

5.1.18 **Notice of Mortgage**

to place and at all times and places to retain a properly certified copy of this Mortgage (which shall form part of the Ship's documents) on board the Ship with her papers and cause such certified copy of this Mortgage to be exhibited to any and all persons having business with the Ship which might create or imply any commitment or encumbrance whatsoever on or in respect of the Ship (other than a lien for crew's wages and salvage) and to any representative of the Mortgagee and to place and keep prominently displayed in the navigation room and in the Master's cabin of the Ship a framed printed notice in plain type reading as follows:

"NOTICE OF MORTGAGE

This Ship is mortgaged by the Owner thereof, "K" Line Bulk Shipping (UK) Limited, of 6th Floor, 200 Aldersgate Street, London EC1A 4HD, UK to Sumitomo Mitsui Trust Bank, Limited acting for these purposes through its London branch at 3rd Floor, 155 Bishopsgate, London, EC2M 3XU pursuant to Law 55 of 6 August 2008 of the Republic of Panama and other pertinent legislation and pursuant also to the terms of the said Mortgage a certified copy of which is preserved with the Ship's papers. Therefore, neither the Owner, nor any charterer nor the Master of this Ship nor any other person has any right, power or authority to create, incur or permit to be imposed upon this Ship any commitments or encumbrances whatsoever other than for crew's wages and salvage";

5.1.19 **Conveyance on default**

where the Ship is (or is to be) sold in exercise of any power contained in this Mortgage, to execute, forthwith upon request by the Mortgagee, such form of conveyance of the Ship as the Mortgagee may require;

5.1.20 **Anti-drug abuse**

without prejudice to clause 5.1.9, to take all necessary and proper precautions to prevent any infringements of the Anti-Drug Abuse Act of 1986 of the United States of America or any similar legislation applicable to the Ship in any jurisdiction in or to which the Ship shall be employed or located or trade or which may otherwise be applicable to the Ship and/or the Owner and, if the Mortgagee shall so require, to enter into a "Carrier Initiative Agreement" with the United States Customs Service and to procure that such agreement (or any similar agreement hereafter introduced by any Government Entity of the United States of America) is maintained in full force and effect and performed by the Owner;

5.1.21 **Compliance with Environmental Laws**

(a) to comply with, and use all reasonable and proper endeavours to procure that all Environmental Affiliates of the Owner comply with, all Environmental Laws in relation to the Ship including, without limitation, requirements relating to manning, submission of oil spill response plans, designation of qualified individuals and establishing and establishment of financial responsibility and to obtain and comply with, and use all reasonable and proper endeavours to procure that all Environmental Affiliates of the Owner obtain and comply with, all Environmental Approvals in relation to the Ship and establishment of financial responsibility and to obtain and comply with, and procure that all Environmental Affiliates of the Owner obtain and comply with, all Environmental Approvals in relation to the Ship;

(b) to notify the Mortgagee as soon as reasonably practicable by fax (thereafter confirmed by letter) of:

(i) the making of any Environmental Claim against the Owner or the Ship; or

(ii) the occurrence of any Environmental Incident which may give rise to any such Environmental Claims;

(c) to keep the Mortgagee regularly and punctually informed in writing, and in reasonable detail, of the nature of, and response to, any such Environmental Incident and the defence to any such Environmental Claim.

6 Powers of Mortgagee to protect security and remedy defaults

6.1 **Protective action**

The Mortgagee shall, without prejudice to its other rights, powers and remedies under any of the Security Documents, be entitled (but not bound) at any time, and as often as may be necessary, to take any such action as it may in its discretion think fit for the purpose of protecting or maintaining the security created by this Mortgage and the other Security Documents, and all Expenses attributable thereto shall be payable by the Owner on demand.

6.2 **Remedy of defaults**

Without prejudice to the generality of the provisions of clause 6.1:

6.2.1 if the Owner fails to comply with any of the provisions of clause 5.1.1 the Mortgagee shall be entitled (but not bound) to effect and thereafter to maintain all such insurances upon the Ship as in its discretion it may think fit in order to procure the compliance with such provisions or alternatively, to require the Ship (at the Owner's risk) to remain in, or to proceed to and remain in, a port designated by the Mortgagee until such provisions are fully complied with;

6.2.2 if the Owner fails to comply with any of the provisions of clauses 5.1.3, 5.1.5 or 5.1.6, the Mortgagee shall be entitled (but not bound) to arrange for the carrying out of such repairs, changes or surveys as it may deem expedient or necessary in order to procure the compliance with such provisions; and

6.2.3 if the Owner fails to comply with any of the provisions of clause 5.1.8 the Mortgagee shall be entitled (but not bound) to pay and discharge all such debts, damages, liabilities and outgoings as are therein mentioned and/or to take any such measures as it may deem expedient or necessary for the purpose of securing the release of the Ship in order to procure the compliance with such provisions

and the Expenses attributable to the exercise by the Mortgagee of any such powers shall be payable by the Owner to the Mortgagee on demand.

7 Powers of Mortgagee on Event of Default

7.1 Powers

Upon the happening of any Event of Default, the Mortgagee shall become forthwith entitled by notice given to the Owner in accordance with the provisions of clause 11.2 of the Loan Agreement to declare the Outstanding Indebtedness to be due and payable immediately or in accordance with such notice whereupon the Outstanding Indebtedness shall become so due and payable and (whether or not the Mortgagee shall have given any such notice) the Mortgagee shall become forthwith entitled as and when it may see fit, to put into force and exercise all or any of the rights, powers and remedies possessed by it as mortgagee of the Ship or otherwise (whether at law, by virtue of this Mortgage or otherwise) and in particular (without limiting the generality of the foregoing):

7.1.1 to exercise all the rights and remedies in foreclosure or otherwise given to mortgagees by the provisions of Article 272 of the Maritime Commerce Law of the Republic of Panama and/or all applicable laws of the Republic of Panama or any other jurisdiction;

7.1.2 to take possession of the Ship and the Mortgagee shall not be under any duty to render accounts to the Owner during the time when the Ship is in the possession of the Mortgagee and the Owner hereby waives its rights in respect thereof;

7.1.3 to require that all policies, contracts, certificates of entry and other records relating to the Insurances (including details of and correspondence concerning outstanding claims) be delivered forthwith to such adjusters and/or brokers and/or other insurers as the Mortgagee may nominate;

7.1.4 to collect, recover, compromise and give a good discharge for, all claims then outstanding or thereafter arising under the Insurances or any of them or in respect of the Ship, her Earnings or Requisition Compensation or any part thereof, and to take over or institute (if necessary using the name of the Owner) all such proceedings in connection therewith as the Mortgagee in its absolute discretion thinks fit, and, in the case of the Insurances, to permit any brokers through whom collection or recovery is effected to charge the usual brokerage therefor;

7.1.5 to discharge, compound, release or compromise claims in respect of the Ship, its Insurances or Requisition Compensation or any part thereof which have given or may give rise to any charge or lien or other claim on the Ship, its Insurances or Requisition Compensation or any part thereof or which are or may be enforceable by proceedings against the Ship, its Insurances or Requisition Compensation or any part thereof;

7.1.6 to sell the Ship or any share or interest therein (but subject to the Mortgagee giving at least twenty (20) calendar days' prior notice that he intends to sell the Ship (such notice to be given to the Owner and to each mortgagee of the Ship whose mortgage is registered at the General Directorate of Public Registry of Titles and Encumbrances on Vessels of the Panama Maritime Authority) and otherwise in accordance with Article 272 of the Maritime Commerce Law of the Republic of Panama) with or without the benefit of any charterparty, and free from any claim by the Owner (whether in admiralty, in equity, at law or by statute) by public auction or private contract, at such place and upon such terms as the Mortgagee in its absolute discretion may determine, with power to postpone any such sale, and without being answerable for any loss occasioned by such sale or resulting from postponement thereof and with power, where the Mortgagee purchases the Ship, to make payment of the sale price by making an equivalent reduction in the amount of the Outstanding Indebtedness in the manner referred to in clause 9.1;

7.1.7 to manage, insure, maintain and repair the Ship, and to employ, sail or lay up the Ship in such manner and for such period as the Mortgagee, in its absolute discretion, deems expedient accounting only for net profits arising from any such employment;

7.1.8 to recover from the Owner on demand all Expenses incurred or paid by the Mortgagee in connection with the exercise of the powers (or any of them) referred to in this clause 7.1;

7.1.9 to exercise all other rights, remedies and powers available to mortgagees by virtue of Article 272 or Article 273 of the Maritime Commerce Law of the Republic of Panama.

7.2 **Dealings with Mortgagee**

Upon any sale of the Ship or any share or interest therein by the Mortgagee pursuant to clause 7.1.6, or pursuant to clause 12.1, the purchaser shall not be bound to see or enquire whether the Mortgagee's power of sale has arisen in the manner provided in this Mortgage and the sale shall be deemed to be within the power of the Mortgagee and the receipt of the Mortgagee for the purchase money shall effectively discharge the purchaser who shall not be concerned with the manner of application of the proceeds of sale or be in any way answerable therefor and the sale shall operate to divest the Owner of all right, title and interest of any nature whatsoever in the Ship and to bar any such interest of the Owner, and all persons claiming through or under the Owner.

8 Power of Mortgagee to appoint a receiver

8.1 The Mortgagee may, at any time after this Mortgage has become enforceable, appoint in writing, under the hand of any officer or officers of the Mortgage or under the seal of the Mortgagee, any person, whether an officer of the Mortgagee or not, to be Receiver or Receiver and manager (each of which is referred to below as a "Receiver") of the property hereby charged or any part thereof and may in like manner, from time to time, remove any Receiver so appointed and appoint another in his stead.

8.2 A Receiver so appointed shall be the agent of the Owner, who shall be solely liable for his remuneration, costs, charges and expenses and for his acts and defaults. Such Receiver shall have all the powers conferred by the (U.K.) Law of Property Act 1925, without the restrictions contained in Sections 93 and 103 of that Act, together with all the powers conferred by the (U.K.) Insolvency Act 1986, and, in addition, shall have the power, on behalf of and at the cost of the Owner, to do or omit to do anything which the Owner could do or omit to do in relation to the property hereby charged, and to exercise all the rights, powers and remedies of the Mortgagee under this Mortgage, for which purpose the benefit of all the immunities and limitations of liability conferred on the Mortgagee by this Mortgage shall extend to the Receiver and his servants and agents.

8.3 Any Receiver so appointed shall be entitled to remuneration appropriate to the work and responsibilities involved, upon the basis of charging adopted by the Receiver in accordance with the current practices of his firm, without being limited to the maximum rate specified in Section 109(6) of the (U.K.) Law of Property Act 1925.

8.4 The Mortgagee shall be under no liability to the Receiver for his remuneration, costs, charges or expense or otherwise.

9 Application of moneys

9.1 **Application**

All moneys received by the Mortgagee in respect of sale of the Ship or any share or interest therein or in respect of the employment of the Ship pursuant to the provisions of clause 7.1.7 (or otherwise pursuant to the provisions of this Mortgage) and all moneys received and retained by the Mortgagee in respect of the Insurances pursuant to this Mortgage shall be held by it upon trust in the first place to pay or make good the Expenses and the balance shall be applied by the Mortgagee in the manner specified in clause 14.1 of the Loan Agreement.

9.2 **Shortfall**

In the event that the balance referred to in clause 9.1 is insufficient to pay in full the whole of the Outstanding Indebtedness, the Mortgagee shall be entitled to collect the shortfall from the Owner or any other person liable therefor.

10 Remedies cumulative and other provisions

10.1 No implied waivers; remedies cumulative

No failure or delay on the part of the Mortgagee to exercise any right, power or remedy vested in it under the Loan Agreement or this Mortgage or any of the other Security Documents shall operate as a waiver thereof, nor shall any single or partial exercise by the Mortgagee of any right, power or remedy nor the discontinuance, abandonment or adverse determination of any proceedings taken by the Mortgagee to enforce any right, power or remedy preclude any other or further exercise thereof or proceedings to enforce the same or the exercise of any other right, power or remedy, nor shall the giving by the Mortgagee of any consent to any act which by the terms of this Mortgage requires such consent prejudice the right of the Mortgagee to give or withhold consent to the doing of any other similar act. The remedies provided in the Loan Agreement, this Mortgage and the other Security Documents are cumulative and are not exclusive of any remedies provided by law.

10.2 Delegation

The Mortgagee shall be entitled, at any time and as often as may be expedient, to delegate all or any of the powers and discretions vested in it by the Loan Agreement, or this Mortgage (including the power vested in it by virtue of clause 12) or any of the other Security Documents in such manner, upon such terms, and to such persons as the Mortgagee in its absolute discretion may think fit.

10.3 Incidental powers

The Mortgagee shall be entitled to do all acts and things incidental or conducive to the exercise of any of the rights, powers or remedies possessed by it as mortgagee of the Ship (whether at law, under this Mortgage or otherwise) and in particular (but without prejudice to the generality of the foregoing), upon becoming entitled to exercise any of its powers under clause 7.1, the Mortgagee shall be entitled to discharge any cargo on board the Ship (whether the same shall belong to the Owner or any other person) and to enter into such other arrangements respecting the Ship, her insurances, management, maintenance, repair, classification and employment in all respects as if the Mortgagee was the owner of the Ship, but without being responsible for any loss incurred as a result of the Mortgagee doing or omitting to do any such acts or things as aforesaid.

11 Costs and indemnity

11.1 Costs

The Owner shall pay to the Mortgagee on demand on a full indemnity basis all properly incurred expenses or liabilities of whatsoever nature (including legal fees, fees of insurance advisers, printing, out-of-pocket expenses, stamp duties, registration fees and other duties or charges) together with any value added tax or similar tax payable in respect thereof, incurred by the Mortgagee in connection with the exercise or enforcement of, or preservation of any rights under, the Security Documents or any of them or otherwise in respect of the Outstanding Indebtedness and the security therefor, or in connection with the preparation, completion, execution or registration of the Loan Agreement, this Mortgage or any of the other Security Documents.

11.2 Mortgagee's indemnity

The Owner hereby agrees and undertakes to indemnify the Mortgagee against all losses, actions, claims, expenses, demands, obligations and liabilities whatever and whenever arising which may now or hereafter be incurred by the Mortgagee or by any manager, agent, officer or employee for whose liability, act or omission the Mortgagee may be answerable in respect of, in relation to, or in connection with anything done or omitted in the exercise of the powers contained in this Mortgage or otherwise in connection with such powers or with this Mortgage or with the Ship, its Requisition Compensation and Insurances or otherwise howsoever in relation

to, or in connection with, any of the matters dealt with in the Loan Agreement, this Mortgage or any of the other Security Documents.

12 Attorney

12.1 Power

By way of security, the Owner hereby irrevocably appoints the Mortgagee to be its attorney generally for and in the name and on behalf of the Owner, and as the act and deed or otherwise of the Owner:

12.1.1 to sell the Ship or any share or interest therein (subject to the Mortgagee giving at least twenty (20) calendar days' prior notice that he intends to sell the Ship, such notice to be given to the Owner and to each mortgagee of the Ship whose mortgage is registered at the General Directorate of Public Registry of Titles and Encumbrances on Vessels of the Panama Maritime Authority) with or without the benefit of any charterparty and free from any claim by the Owner (whether in admiralty, in equity, at law or by statute) by public auction or private contract, at such place and upon such terms as the Mortgagee in its absolute discretion may determine, with power to postpone any such sale and without being answerable for any loss occasioned by such sale or resulting from postponement thereof and with power, where the Mortgagee purchases the Ship, to make payment of the sale price by making an equivalent reduction in the amount of the Outstanding Indebtedness in the manner referred to in clause 9.1; and

12.1.2 to execute, seal and deliver and otherwise perfect and do all such deeds, assurances, agreements, instruments, acts and things which may be required for the full exercise of all or any of the rights, powers or remedies conferred by the Loan Agreement, this Mortgage or any of the other Security Documents, or which may be deemed proper in or in connection with all or any of the purposes aforesaid (including, without prejudice to the generality of the foregoing, the execution and delivery of a bill of sale of the Ship).

The power of attorney hereby conferred shall be a general power of attorney and the Owner ratifies and confirms, and agrees to ratify and confirm, any deed, assurance, agreement, instrument, act or thing which the Mortgagee may execute or do pursuant thereto. Provided however that such power shall not be exercisable by or on behalf of the Mortgagee until the happening of an Event of Default which is continuing.

12.2 Dealings with attorney

The exercise of such power by or on behalf of the Mortgagee shall not put any person dealing with the Mortgagee upon any enquiry as to whether any Event of Default has happened, nor shall such person be in any way affected by notice that no such Event of Default has happened, and the exercise by the Mortgagee of such power shall be conclusive evidence of the Mortgagee's right to exercise the same.

12.3 Filings

The Owner hereby irrevocably appoints the Mortgagee to be its attorney in its name and on its behalf and as its act and deed or otherwise of it, to agree the form of and to execute and do all deeds, instruments, acts and things in order to file, record, register or enrol this Mortgage in any court, public office or elsewhere which the Mortgagee may in its discretion consider necessary or advisable, now or in the future, to ensure the legality, validity, enforceability or admissibility in evidence thereof.

13 Further assurance

The Owner hereby further undertakes at its own expense from time to time to execute, sign, perfect, do and (if required) register every such further assurance, document, act or thing as in the opinion of the Mortgagee may be necessary or desirable for the purpose of more effectually mortgaging and charging the Ship or perfecting the security constituted or intended to be

constituted by this Mortgage and any of the other Security Documents or contemplated by the Loan Agreement.

14 Law, jurisdiction and other provisions

14.1 Law

This Mortgage shall be construed and enforceable in accordance with the laws of the Republic of Panama.

14.2 Submission to jurisdiction

For the benefit of the Mortgagee, the parties hereto irrevocably agree that any legal action or proceedings in connection with this Mortgage may be brought in the English courts or in the courts of any other country chosen by the Mortgagee, each of which shall have jurisdiction to settle any disputes arising out of, or in connection with, this Mortgage. The Owner irrevocably and unconditionally submits to the jurisdiction of the English courts, and the courts of any country chosen by the Mortgagee. The submission to such jurisdiction shall not (and shall not be construed so as to) limit the right of the Mortgagee to take proceedings against the Owner in any other court of competent jurisdiction nor shall the taking of proceedings in any one or more jurisdictions preclude the taking of proceedings in any other jurisdiction, whether concurrently or not.

14.3 Severability of provisions

If any provision in the Loan Agreement, this Mortgage or any of the other Security Documents be or becomes invalid or unenforceable under any applicable law the provisions thereof and hereof shall in all other respects remain in full force and effect and the provision in question shall be ineffective to the extent (but only to the extent) of its disconformity with the requirement of the applicable law and if it is competent to the parties to waive any requirements which would otherwise operate as aforesaid those requirements are hereby waived to the extent permitted by such law to the end that the Loan Agreement, this Mortgage and each of the other Security Documents shall be valid, binding and enforceable in accordance with their respective terms.

14.4 English text prevails

If any inconsistency shall arise between the English and Spanish texts of this Mortgage, the English text thereof shall prevail.

15 Panamanian agents and representatives

15.1 Owner's representatives

The Owner's representatives and agents in Panama are Messrs. Morgan & Morgan lawyers of Panama City, Republic of Panama.

15.2 Special power of attorney

The Owner and the Mortgagee each confer a special power of attorney with right of substitution upon Messrs. Morgan & Morgan lawyers of Panama City, Republic of Panama and/or any partner in that firm empowering such firm or any such partner to take all necessary steps to record this instrument of mortgage in the appropriate registry of the Republic of Panama.

16 Notices

The provisions of clause 16.1 of the Loan Agreement shall apply mutatis mutandis in respect of any certificate, notice, demand or other communication given or made under this Mortgage.

17 Benefit of this Deed

This Deed shall be binding upon the Owner and its successors in title and shall enure for the benefit of the Mortgagee and its successors in title, Assignees and Transferees. The Owner expressly acknowledges and accepts the provisions of clause 15 of the Loan Agreement and agrees that any person in favour of whom an assignment or transfer is made in accordance with such clause shall be entitled to the benefit of this Deed. Subject to the foregoing provisions of this clause 17, no term of this Deed is enforceable by a person who is not a party to it.

IN WITNESS whereof the Owner has executed this Mortgage as a Deed the day and year first above written

Schedule 1
The Loan Agreement

Dated 26 September 2013

"K" LINE BULK SHIPPING (UK) LIMITED (1)

as Borrower

SUMITOMO MITSUI TRUST BANK, LIMITED (2)
(acting through its London Branch)

as the Bank

LOAN AGREEMENT
relating to a secured amortising multicurrency loan facility of up to $27,600,000

NORTON ROSE FULBRIGHT

Contents

Clause		Page
1	Purpose and definitions	1
2	The Commitment and the Loan	9
3	Interest and Interest Periods	10
4	Currencies	11
5	Repayment and prepayment	13
6	Fees and Expenses	15
7	Payments and taxes; accounts and calculations	16
8	Representations and warranties	18
9	Undertakings	22
10	Conditions	25
11	Events of Default	25
12	Indemnities	29
13	Unlawfulness and increased costs	30
14	Security, set-off and pro-rata payments	32
15	Assignment, transfer and lending office	32
16	Notices and other matters	34
17	Governing law and jurisdiction	35
Schedule 1 Form of Drawdown Notice		36
Schedule 2 Documents and evidence required as conditions precedent		37

THIS AGREEMENT is dated 26 September 2013 and made between:

(1) **"K" LINE BULK SHIPPING (UK) LIMITED** as borrower (the **Borrower**);

(2) **SUMITOMO MITSUI TRUST BANK, LIMITED (acting through its London Branch)** as lender (the **Bank**).

IT IS AGREED as follows:

1 Purpose and definitions

1.1 Purpose

This Agreement sets out the terms and conditions upon and subject to which the Bank agrees, to make available to the Borrower a secured amortising loan facility of up to $27,600,000 (or the equivalent amount in the Alternative Currency) to be used for the purpose of assisting the Borrower in financing part of the cost of the construction and acquisition of the **Ship**.

1.2 Definitions

In this Agreement, unless the context otherwise requires:

Affiliate means a Subsidiary or holding company (as described in Section 1159 of the Companies Act 2006) of a person and any other Subsidiary of that holding company;

Agreed Exchange Rate has the meaning ascribed thereto in the definition of Equivalent Amount;

Alternative Currency means Yen so long as such currency is freely transferable, freely convertible into Dollars and dealt with on the London Interbank Market and, in respect of all payments to be made under any of the Security Documents in such Alternative Currency, means immediately freely transferable cleared funds in that Alternative Currency;

Assignee has the meaning ascribed thereto in clause 15.3;

Bank includes its successors in title, Assignees and Transferees;

Banking Day means a day on which dealings in deposits in Dollars are carried on in the London Interbank Market or, in relation to any date for payment or purchase of the Alternative Currency, a day on which dealings in deposits in Dollars are carried on in the London Interbank Market and a day (other than Saturday or Sunday) on which banks are open for business in London, Tokyo and New York City (or any other relevant place of payment under clause 7) and (if any calculation in respect of, or transfer or payment of funds in Dollars and/or, as the case may be, the Alternative Currency is required to be made on such day) the principal financial centre for Dollars or, as the case may be, the Alternative Currency;

Basel II Accord means the "International Convergence of Capital Measurement and Capital Standards, a Revised Framework" published by the Basel Committee on Banking Supervision in June 2004 in the form existing on the date of this Agreement;

Basel II Approach means, in relation to the Bank, either the Standardised Approach or the relevant Internal Ratings Based Approach (each as defined in the Basel II Accord) adopted by the Bank (or any of its Affiliates) for the purposes of implementing or complying with the Basel II Accord;

Basel II Regulation means:

(a) any law or regulation in force as at the date hereof implementing the Basel II Accord; or

(b) any Basel II Approach adopted by a Bank;

but excludes any law or regulation implementing the Basel III Accord save and to the extent that such law or regulation is a re-enactment of any law or regulation referred to in paragraph (a) of this definition;

Basel III Accord means, together, "Basel III: A global regulatory framework for more resilient banks and banking systems" and "Basel III: International framework for liquidity risk measurement, standards, and monitoring" both published by the Basel Committee on Banking Supervision on 16th December 2010;

Borrower means "K" Line Bulk Shipping (UK) Limited of 6th Floor, 200 Aldersgate Street, London EC1A 4HD and includes its successors in title;

Builder means Kawasaki Heavy Industries, Ltd. 1-1, Higashi-Kawasaki-cho 3-chome, Chuo-ku, Kobe, Japan;

Casualty Amount has the meaning given to such expression in the General Assignment;

Classification means, in relation to the Ship, the classification NS* MNS* with the Classification Society or such other classification as the Bank shall, at the request of the Borrower, have agreed in writing shall be treated as the Classification for the Ship for the purposes of the Security Documents;

Classification Society means, in relation to the Ship, Nippon Kaiji Kyokai or such other classification society which the Bank shall, at the request of the Borrower, have agreed in writing shall be treated as the Classification Society for the Ship for the purposes of the Security Documents;

Commitment means twenty seven million six hundred thousand Dollars ($27,600,000) as reduced, cancelled or suspended by any relevant term of this Agreement;

Compulsory Acquisition means requisition for title or other compulsory acquisition, requisition, appropriation, expropriation, deprivation, forfeiture or confiscation for any reason of the Ship by any Government Entity or other competent authority, whether de jure or de facto, but shall exclude requisition for use or hire not involving requisition of title;

Cost of Funds means, in relation to a particular period, the rate quoted by the Bank at which the Bank was able in accordance with its normal practices to acquire deposits in Dollar or, as the case may be and which by virtue of clause 4.3 can not be applicable in respect of the first Interest Period under this Agreement, in the Alternative Currency for a period equal to such period at or about 11 a.m. on the second Banking Day before the first day of such period or in relation to the first Interest Period under this Agreement, the first Banking Day before the first day of such period or, if the Bank has made a determination pursuant to clause 4.2(b), such later time (not being later than 1 pm on the first day of such period) as the Bank may determine;

Default means any Event of Default or any event or circumstance which with the giving of notice or lapse of time or the satisfaction of any other condition (or any combination thereof) would constitute an Event of Default;

Delivery means the delivery of the Ship to, and acceptance of the Ship by, the Borrower from the Builder pursuant to the Shipbuilding Contract;

Delivery Date means the date upon which Delivery occurs;

DOC means a document of compliance issued to an Operator in accordance with rule 13 of the ISM Code;

Dollars and **$** mean the lawful currency of the United States of America and in respect of all payments to be made under any of the Security Documents mean funds which are for same day settlement in the New York Clearing House Interbank Payments System (or such other U.S. dollar funds as may at the relevant time be customary for the settlement of international banking transactions denominated in U.S. dollars);

Dollar amount means (a) in relation to the Loan which is to be wholly drawn down in Dollars, the amount in Dollars so drawn down and (b) in relation to the Loan where it is to be re-advanced pursuant to clause 4.4 in the Alternative Currency, the amount in Dollars which would have been outstanding had such Loan been originally drawn down in, and remained outstanding at all times in, Dollars, as reduced by any repayment or prepayment under this Agreement

Drawdown Date means such Banking Day falling not later than the Termination Date, on which the Loan is, or is to be, drawn down and which is expected to be on the date falling on the Delivery Date;

Drawdown Notice means a notice substantially in the terms of Schedule 1;

Encumbrance means any mortgage, charge (whether fixed or floating), pledge, lien, hypothecation, assignment, trust arrangement or security interest or other encumbrance of any kind securing any obligation of any person or any type of preferential arrangement (including without limitation title transfer and/or retention arrangements having a similar effect);

Environmental Affiliate means any agent or employee of the Borrower or any person having a contractual relationship with the Borrower in connection with the Ship or its operation or the carriage of cargo and/or passengers thereon and/or the provision of goods and/or services on or from the Ship;

Environmental Approval means any consent, authorisation, licence or approval of any governmental or public body or authorities or courts applicable to the Ship or its operation or the carriage of cargo and/or passengers thereon and/or the provision of goods and/or services on or from the Ship required under any Environmental Law;

Environmental Claim means any and all enforcement, clean-up, removal or other governmental or regulatory actions or orders instituted or completed pursuant to any Environmental Law or any Environmental Approval together with claims made by any third party relating to damage, contribution, loss or injury, resulting from any actual or threatened emission, spill, release or discharge of a Material of Environmental Concern from the Ship;

Environmental Laws means all national, international and state laws, rules, regulations, treaties and conventions applicable to the Ship pertaining to the pollution or protection of human health or the environment including, without limitation, the carriage of Materials of Environmental Concern and actual or threatened emissions, spills, releases or discharges of Materials of Environmental Concern;

Equivalent Amount means, as at any date, the equivalent in one currency of an amount in another currency as converted at either the rate determined by the Bank to be the spot rate of exchange ruling in the London Foreign Exchange Market for the purchase of the former currency with the

latter currency at or about 11:00am on the second Banking Day before such date or at the rate (the **Agreed Exchange Rate**) agreed by the Bank and the Borrower for such date;

Event of Default means any of the events or circumstances described in clause 11.1;

Flag State means the Republic of Panama or such other state or territory designated in writing by the Bank at the request of the Borrower, as being the **Flag State** of the Ship for the purposes of the Security Documents;

General Assignment means the general assignment collateral to the Mortgage executed or (as the context may require) to be executed by the Borrower in favour of the Bank in the agreed form;

Government Entity means and includes (whether having a distinct legal personality or not) any national or local government authority, board, commission, department, division, organ, instrumentality, court or agency and any association, organisation or institution of which any of the foregoing is a member or to whose jurisdiction any of the foregoing is subject or in whose activities any of the foregoing is a participant;

Indebtedness means any obligation for the payment or repayment of money, whether as principal or as surety and whether present or future, actual or contingent;

Insurances has the meaning given to such expression in the General Assignment;

Interest Payment Date means the last day of an Interest Period;

Interest Period means in relation to the Loan, each period for the calculation of interest in respect of the Loan ascertained in accordance with clause 3.2 and, in respect of default interest, clause 3.3;

ISM Code means the International Safety Management Code for the Safe Operations of Ships and for Pollution Prevention constituted pursuant to Resolution A 741 (18) of the International Maritime Organisation and incorporated into the Safety of Life at Sea Convention and includes any amendments or extensions thereto and any regulation issued pursuant thereto;

ISPS Code means the International Ship and Port Facility Security Code constituted pursuant to resolution A924(22) of the International Maritime Organisation (**IMO**) adopted by a Diplomatic conference of the IMO on Maritime Security on 13 December 2002 and now set out in Chapter XI-2 of the Safety of Life at Sea Convention (SOLAS) 1974 (as amended) which took effect on 1 July 2004;

ITA means the Income Tax Act 2007;

Loan means the principal amount borrowed by the Borrower on the Drawdown Date or the principal amount owing to the Bank under this Agreement at any relevant time;

Margin means either:

(a) zero point nine two five per cent (0.925%) per annum where on the first day of the relevant Interest Period the outstanding Loan is denominated in Dollar and no request to convert the Loan into the Alternative Currency during that Interest Period has been made pursuant to clause 4.1, or

(b) if the outstanding Loan is, on the first day of the relevant Interest Period, denominated in the Alternative Currency and no request to convert the Loan into Dollar during that Interest Period has been made pursuant to clause 4.1, zero point seven five per cent (0.75%) per annum;

Material of Environmental Concern means and includes pollutants, contaminants, toxic substances, oil as defined in the United States Oil Pollution Act of 1990 and all hazardous substances as defined in the United States Comprehensive Environmental Response, Compensation and Liability Act 1980;

Maturity Date means the final Repayment Date;

month means a period beginning in one calendar month and ending in the next calendar month on the day numerically corresponding to the day of the calendar month on which it started, provided that (i) if the period started on the last Banking Day in a calendar month or if there is no such numerically corresponding day, it shall end on the last Banking Day in such next calendar month and (ii) if such numerically corresponding day is not a Banking Day, the period shall end on the next following Banking Day in the same calendar month but if there is no such Banking Day it shall end on the preceding Banking Day and "months" and "monthly" shall be construed accordingly;

Mortgage means the first preferred mortgage of the Ship executed or (as the context may require) to be executed by the Borrower in favour of the Bank in the agreed form;

Operator means any person who is from time to time during the Security Period concerned in the operation of the Ship and falls within the definition of **Company** set out in rule 1.1.2 of the ISM Code;

Parent means Kawasaki Kisen Kaisha, Ltd. of 8 Kaigandori, Chuo-ku, Kobe 650-0024, Japan;

Permitted Encumbrance means any Encumbrance in favour of the Bank created pursuant to the Security Documents and Permitted Liens;

Permitted Liens means:

(a) any ship repairer's or outfitter's possessory lien for a sum not (except with the prior written consent of the Bank or where the cost of the relevant work is covered by the Ship's insurances or is required for the purpose of maintaining the Ship's classification) exceeding the Casualty Amount;

(b) any lien on the Ship for master's, officer's or crew's wages outstanding in the ordinary course of trading;

(c) any lien for salvage;

(d) liens arising in the ordinary course of trading by statute or by operation of law in respect of obligations which are not overdue or which are being contested in good faith by appropriate proceedings (and for the payment of which adequate reserves have been provided) so long as any such proceedings or the continued existence of such lien do not involve any likelihood of the sale, forfeiture or loss of, or of any interest in, the Ship;

(e) liens securing liabilities for Taxes against which adequate reserves have been provided so long as the continued existence of such liabilities does not involve any likelihood of the sale, forfeiture or loss of, or of any interest in, the Ship;

Protocol of Delivery and Acceptance means the protocol of delivery and acceptance to be signed by or on behalf of the Builder and the Borrower evidencing delivery and acceptance of the Ship pursuant to the Shipbuilding Contract;

Qualifying Lender means a lender which is beneficially entitled to the interest payable to it under any of the Security Documents and is:

(a) a lender:

(i) which is a bank (as defined for the purpose of section 879 ITA) making an advance under a Security Document; or

(ii) in respect of an advance made under a Security Document, that was a bank (as defined for the purpose of section 879 ITA) at the time that that advance was made,

and which is within the charge to United Kingdom corporation tax as respects any payments of interest made in respect of that advance;

(b) a UK Lender; or

(c) a Treaty Lender;

Registry means the offices of the Panamanian Consulate in London;

Related Company of a person means any Subsidiary of such person, any company or other entity of which such person is a Subsidiary and any Subsidiary of any such company or entity;

Relevant Jurisdiction means any jurisdiction in which or where any Security Party is incorporated, resident, domiciled, has a permanent establishment, carries on, or has a place of business or is otherwise effectively connected;

Repayment Dates means, subject to clause 7.3, the date falling on the last day of the month which falls three (3) months after the Drawdown Date and each of the forty (40) dates falling at three (3) monthly intervals thereafter;

Requisition Compensation has the meaning given to such expression in the General Assignment;

Restricted Companies means the Borrower, its Related Companies and the other Security Parties and their respective Related Companies;

Security Documents means this Agreement, the Mortgage, the General Assignment and any other documents as may have been or shall from time to time after the date of this Agreement be executed to guarantee and/or secure all or any part of the Loan, interest thereon and other moneys from time to time owing by the Borrower pursuant to this Agreement (whether or not any such document also secures moneys from time to time owing pursuant to any other document or agreement);

Security Parties means the Borrower and any other person who may at any time be a party to any of the Security Documents (other than the Bank) and **Security Party** means any of them;

Security Period means the period commencing on the date hereof and terminating upon the discharge by the Bank of the security created by the Security Documents by payment of moneys payable thereunder or, if later, the Maturity Date;

Ship means the 58,000 dwt bulk carrier vessel to be known during construction by the Builder as hull number 1694 and to be provisionally registered in the ownership of the Borrower through the Registry under the laws and flag of the Republic of Panama with the name "FALMOUTH BAY" and includes any share or interest therein and her hull, machinery, engines, boats, tackle, outfit, fittings, equipment, spare gear, fuel, consumable and other stores, belongings and appurtenances whether

on board or ashore and whether now owned or hereafter acquired and all additions, improvements, renewals, replacements and substitutions hereafter made in or to the said vessel or any part thereof and/or the said equipment;

Shipbuilding Contract means the shipbuilding contract dated 14 December 2010 between the Builder and the Borrower;

SMC means a safety management certificate to be issued in respect of the Ship in accordance with rule 13 of the ISM Code;

Subsidiary of (a) a person incorporated outside England and Wales means any company or entity directly or indirectly controlled by such person, and for this purpose "control" means either the ownership of more than 50 per cent of the voting share capital (or equivalent rights of ownership) of such company or entity or the power to direct its policies and management, whether by contract or otherwise and (b) a person incorporated in England and Wales means (i) a subsidiary within the meaning of section 1159 Companies Act 2006 and (ii) for the purposes of clauses 9.1.5 and 9.1.7 only, a subsidiary undertaking within the meaning of section 1162 Companies Act 2006;

Taxes includes all present and future taxes, levies, imposts, duties, fees or charges of whatever nature together with interest thereon and penalties in respect thereof and **Taxation** shall be construed accordingly;

Termination Date means 30 June 2014 or such later date as the Bank may agree in writing;

Total Loss means:

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

(b) the Compulsory Acquisition of the Ship; or

(c) the condemnation, capture, seizure, arrest, detention or confiscation of the Ship (other than where the same amounts to the Compulsory Acquisition of the Ship) by any Government Entity, or by persons acting or purporting to act on behalf of any Government Entity, unless the Ship be released and restored to the Borrower from such condemnation, capture, seizure, arrest, detention or confiscation within thirty (30) days after the occurrence thereof; or

(d) the hijacking, theft or capture of the Ship by any other persons unless the Ship be released and restored to the Borrower from such hijacking, theft or capture within thirty (30) days after the occurrence thereof;

Transferee has the meaning ascribed thereto in clause 15.4;

Treaty Lender means a lender which:

(a) is treated as a resident of a Treaty State for the purpose of the Treaty;

(b) does not carry on a business in the United Kingdom through a permanent establishment with which that Lender's participation in the Loan is effectively connected; and

(c) is entitled to the benefit of the Treaty;

Treaty State means a jurisdiction having a double taxation treaty (a **Treaty**) with the United Kingdom which makes provision for full exemption from tax imposed by the United Kingdom on interest;

UK Lender means a lender which is:

(a) a company resident in the United Kingdom for United Kingdom tax purposes;

(b) a partnership each member of which is:

(i) a company so resident in the United Kingdom; or

(ii) a company not so resident in the United Kingdom which carries on a trade in the United Kingdom through a permanent establishment and which brings into account in computing its chargeable profits (for the purposes of section 19 of the Corporation Tax Act 2009) the whole of any share of interest payable in respect of that advance that falls to it by reason of Part 17 of the Corporation Tax Act 2009; or

(c) a company not so resident in the United Kingdom which carries on a trade in the United Kingdom through a permanent establishment and which brings into account interest payable in respect of that advance in computing the chargeable profits (for the purposes of section 19 of the Corporation Tax Act 2009) of that company;

Up-front Fee Letter means a letter dated on or about the date of this Agreement between the Bank and the Borrower setting out the up-front fee referred to in clause 6.1;

Yen and **JPY** mean the lawful currency for the time being of Japan and in respect of all payments to be made under any of the Security Documents in Yen mean immediately available, freely transferable cleared funds; and

Yen Amount means in relation to the Loan which is to be wholly drawn down in Yen, the amount in Yen so drawn down.

1.3 Headings

Clause headings and the table of contents are inserted for convenience of reference only and shall be ignored in the interpretation of this Agreement.

1.4 Construction of certain terms

In this Agreement, unless the context otherwise requires:

1.4.1 references to clauses and Schedules are to be construed as references to clauses of, and schedules to, this Agreement and references to this Agreement include its schedules;

1.4.2 references to (or to any specified provision of) this Agreement or any other document shall be construed as references to this Agreement, that provision or that document as in force for the time being and as amended in accordance with terms thereof, or, as the case may be, with the agreement of the relevant parties;

1.4.3 references to a **regulation** include any present or future regulation, rule, directive, requirement, request or guideline (whether or not having the force of law) of any agency, authority, central bank or government department or any self-regulatory or other national or supra-national authority and includes (without limitation) any Basel II Regulation and any regulation relating to the Basel III Accord;

1.4.4 words importing the plural shall include the singular and vice versa;

1.4.5 references to a time of day are to London time;

1.4.6 references to a person shall be construed as references to an individual, firm, company, corporation, unincorporated body of persons or any Government Entity;

1.4.7 references to a **guarantee** include references to an indemnity or other assurance against financial loss including, without limitation, an obligation to purchase assets or services as a consequence of a default by any other person to pay any Indebtedness and "guaranteed" shall be construed accordingly; and

1.4.8 references to any enactment shall be deemed to include references to such enactment as re-enacted, amended or extended; and

1.4.9 any reference to a document being in the agreed form shall be read and construed as referring to such document in the form thereof which has been signed by the parties thereto or attached for identification purposes to a certificate signed by the parties to this Agreement or their respective legal counsel on their behalf.

1.5 Agreed forms

In this Agreement, any document expressed to be "in the agreed form" means a document in a form agreed by (and for the purposes of identification signed by or on behalf of) the Borrower and the Bank or (in the case of any of the other Security Documents) a document in the form actually executed by both relevant Security Party or relevant Security Parties and the Bank.

1.6 Rights of third parties

No term of this Agreement is enforceable under the Contract (Rights of Third Parties) Act 1999 by a person who is not a party to this Agreement.

2 The Commitment and the Loan

2.1 Agreement to lend

The Bank, relying upon each of the representations and warranties in clause 8, agrees to make available to the Borrower upon and subject to the terms of this Agreement, a secured amortising loan facility in an amount equal to the Commitment.

2.2 Drawdown

Subject to the terms and conditions of this Agreement, the Loan shall be advanced in full and in one amount on the Drawdown Date following receipt by the Bank from the Borrower of a Drawdown Notice not later than 10 a.m. on the third Banking Day before the proposed Drawdown Date. A Drawdown Notice shall be effective on actual receipt by the Bank and, once given, shall, subject as provided in clause 3.5.1, be irrevocable.

2.3 Amount

The principal amount of the Loan specified in the Drawdown Notice for borrowing on the Drawdown Date shall, subject to the terms and conditions of this Agreement, be $27,600,000.

2.4 Availability

Upon receipt of a Drawdown Notice complying with the terms of this Agreement and, subject to the provisions of clause 10, on the Drawdown Date the Bank shall make available the Loan in accordance with clause 7.2. The Borrower acknowledges that payment of the Loan in accordance

with clause 7.2 shall satisfy the obligation of the Bank to make available the Commitment to the Borrower under this Agreement.

2.5 The Maturity Date and termination of Commitment

Without prejudice to any other provision of this Agreement, the Commitment shall be reduced to zero on the Maturity Date.

If the Loan is not drawn down by the Termination Date, the Commitment shall be automatically cancelled on the Termination Date.

2.6 Application of proceeds

Without prejudice to the Borrower's obligations under clause 9.1.3, the Bank shall not have any responsibility for the application of the proceeds of the Loan by the Borrower.

3 Interest and Interest Periods

3.1 Normal interest rate

The Borrower shall pay interest on the Loan in the currency in which the Loan is outstanding in respect of each Interest Period relating thereto on each Interest Payment Date at the rate per annum determined by the Bank to be the aggregate of the Margin and the Cost of Funds for such Interest Period.

3.2 Interest Periods

Each Interest Period shall have a duration of three (3) months. The first Interest Period in respect of the Loan shall commence on the Drawdown Date and each subsequent Interest Period shall commence on the last day of the previous Interest Period.

3.3 Default interest

If the Borrower fails to pay any sum (including, without limitation, any sum payable pursuant to this clause 3.3) on its due date for payment under any of the Security Documents, the Borrower shall pay interest on such sum on demand from the due date up to the date of actual payment (as well after as before judgment) at a rate determined by the Bank pursuant to this clause 3.3. The period beginning on such due date and ending on such date of payment shall be divided into successive periods of not more than three (3) months as selected by the Bank each of which (other than the first, which shall commence on such due date) shall commence on the last day of the preceding such period. The rate of interest applicable to each such period shall be the aggregate (as determined by the Bank) of (a) one per cent (1%) per annum, (b) the Margin and (c) the Cost of Funds, in each case for such period provided that if such unpaid sum is an amount of principal which became due and payable, by reason of a declaration by the Bank under clause 11.2.2 or a prepayment pursuant to clauses 5.3, 5.5 or 13.1, on a date other than an Interest Payment Date relating thereto, the first such period selected by the Bank shall be of a duration equal to the period between the due date of such principal sum and such Interest Payment Date and interest shall be payable on such principal sum during such period at a rate of one per cent (1%) per annum above the rate applicable thereto immediately before it shall have become so due and payable. Default interest shall be due and payable on the last day of each such period as determined by the Bank or, if earlier, on the date on which the sum in respect of which such default interest is accruing shall actually be paid and each such day shall, for the purposes of this Agreement, be treated as an Interest Payment Date.

3.4 Notification of Interest Periods and interest rate

The Bank shall notify the Borrower promptly of the duration of each period for the calculation of default interest and of each rate of interest determined by it under this clause 3.

3.5 Market disruption; non-availability

3.5.1 If and whenever, at any time prior to the commencement of any Interest Period:

(a) the Bank shall have determined (which determination shall, in the absence of manifest error, be conclusive) that adequate and fair means do not exist for ascertaining the Cost of Funds during such Interest Period; or

(b) the Bank shall have determined (which determination shall, in the absence of manifest error, be conclusive) that deposits in Dollars or, as the case may be, in the Alternative Currency are not available to the Bank in the London Interbank Market in the ordinary course of business in sufficient amounts to fund the Loan for such Interest Period,

the Bank shall forthwith give notice (a **Determination Notice**) thereof to the Borrower. A Determination Notice shall contain particulars of the relevant circumstances giving rise to its issue. After the giving of any Determination Notice the undrawn amount (if any) of the Commitment shall not be borrowed until notice to the contrary is given to the Borrower by the Bank.

3.5.2 During the period of ten (10) days after any Determination Notice has been given by the Bank under clause 3.5.1, the Bank shall certify an alternative basis (the **Substitute Basis**) for maintaining the Loan. The Substitute Basis may (without limitation) include alternative interest periods, alternative currencies or alternative methods of calculating the rate of interest but shall include a margin above the cost of funds to the Bank equivalent to the Margin. Each Substitute Basis so certified shall be binding upon the Borrower and shall take effect in accordance with its terms from the date specified in the Determination Notice until such time as the Bank notifies the Borrower that none of the circumstances specified in clause 3.5.1 continues to exist whereupon the normal Interest rate fixing provisions of this Agreement shall apply.

4 Currencies

4.1 Selection of currencies

Subject to clause 4.2, if the Borrower so requests at any time after the drawdown of the Loan, by notice received by the Bank not later than 10 am on the fourth (4th) Banking Day before the beginning of an Interest Period in respect of the Loan, the Loan may on the first day of such Interest Period be converted into the Alternative Currency (or, if the outstanding Loan was denominated in the Alternative Currency during its immediately preceding Interest Period, into Dollars). If no such request is received by the Bank, the Loan will remain outstanding in the currency in which it was outstanding during its immediately preceding Interest Period.

4.2 Limit on currencies; non-availability

The Loan may not be converted into or remain outstanding in the Alternative Currency if (a) the Bank notifies the Borrower not later than 3 pm on the second (2nd) Banking Day before the beginning of the relevant Interest Period that deposits of the Alternative Currency are not readily available to the Bank in an amount comparable with the Loan or (b) the Bank determines (which determination shall be conclusive) at any time prior to 10 am (local time in the place of payment) on the first day of the relevant Interest Period that by reason of any change in currency availability, currency exchange rates or exchange controls it is or will be impracticable for the Loan to be

converted into or remain outstanding in the Alternative Currency. Accordingly, in such event the Loan shall remain outstanding in or be converted into Dollars.

4.3 Currency amounts on drawdown

The Loan shall be advanced to the Borrower in full in Dollars on the Drawdown Date and the Borrower shall not be entitled to request that the Loan be drawn down in the Alternative Currency.

4.4 Currency amount on conversion

Subject to clauses 4.5, 4.6 and 4.8, on the first day of each Interest Period in respect of the Loan (other than the first such Interest Period and other than an Interest Period where, during the immediately preceding Interest Period, the Loan was outstanding in Dollars and where the Loan is to remain outstanding in Dollars) the Bank shall have an obligation to re-advance to the Borrower:

(a) the Equivalent Amount in the Alternative Currency of the Dollar Amount of the Loan (if the Loan is to be converted into, or remain outstanding in, the Alternative Currency); or

(b) the Dollar Amount of the Loan (if the Loan, where it has been converted into and remains outstanding in the Alternative Currency, is to be converted into Dollars),

in each case, as at such date (with the aggregate amount which the Bank is thus obliged to re-advance being hereinafter called the **continuing balance**).

4.5 Repayment of existing balance

The obligation of the Bank to re-advance the continuing balance shall not arise until the Loan is repaid in full in the amount and in the currency in which the same was outstanding during such immediately preceding Interest Period (such amount being hereinafter called the **existing balance**).

4.6 Advance and repayment of excess

The obligations of the Bank and the Borrower under clauses 4.4 and 4.5 are notional only save to the extent that the continuing balance exceeds the existing balance (or the Equivalent Amount thereof in the currency of the continuing balance), in which case the Bank shall, subject to clause 10.2, re-advance the amount of such excess. If the existing balance (or the Equivalent Amount thereof in the currency of the continuing balance) exceeds the continuing balance, the Borrower shall repay the amount of such excess.

4.7 Notional obligations

Where the obligations of the Bank and the Borrower under clauses 4.4 and 4.5 are notional only, those obligations shall be deemed to be satisfied by the Bank making appropriate adjustments in the principal amount of the Loan in the accounts referred to in clause 7.9 and the Bank shall be deemed irrevocably to be instructed to apply in the manner aforesaid so much of the continuing balance as is required to satisfy the said notional obligations of the Borrower to repay the existing balance.

4.8 Continuation of Loan in the Alternative Currency

Where the Loan is on any Interest Payment Date outstanding in the Alternative Currency then:

4.8.1 the Bank shall be entitled to calculate the Equivalent Amount in Dollars of the amount of such Alternative Currency outstanding as at such Interest Payment Date;

4.8.2 if such Equivalent Amount in Dollars exceeds one hundred and ten per cent. (110%) of the Dollar Amount of the Loan as at such Interest Payment Date, the Borrower shall, if requested by the Bank, be obliged to prepay such excess and the Loan will, notwithstanding clauses 4.4 and 4.5, remain outstanding in the Alternative Currency for the next following Interest Period in an amount equivalent to the existing balance less the amount of any repayment or prepayment to be made on the relevant Interest Payment Date; and

4.8.3 if such Equivalent Amount in Dollar does not exceed one hundred and ten per cent. (110%) of the Dollar Amount of the Loan as at such Interest Payment Date, the Loan will, notwithstanding clauses 4.4 and 4.5, remain outstanding in the Alternative Currency for the next following Interest Period in an amount equivalent to the existing balance on the relevant Interest Payment Date.

4.8.4 For the purpose of this clause 4.8, "existing balance" means the amount of the Loan in the Alternative Currency as at the relevant Interest Payment Date.

4.9 Incidental costs and expenses

All costs and expenses incidental to any currency conversion pursuant to this clause shall be borne by the Borrower.

4.10 Calculation of Equivalent Amount

In the event the Bank and the Borrower agree an Agreed Exchange Rate for the purposes of determining the Equivalent Amount for an Interest Period, such agreement shall be confirmed in writing by the Bank to the Borrower (but failure to do shall not invalidate such agreement) and such agreement shall be irrevocable and shall be to the exclusion of any other method of calculating such Equivalent Amount for such Interest Period.

5 Repayment and prepayment

5.1 Repayment

The Borrower shall repay the Loan by forty (40) instalments, one such instalment to be repaid on each of the Repayment Dates. Subject to the provisions of this Agreement, the amount of each such instalment (other than the last instalment) shall be $460,000 or, as the case may be, the Equivalent Amount in the Alternative Currency, calculated in accordance with clause 5.8 and the amount of the last instalment shall be $9,660,000 or, as the case may be, the Equivalent Amount in the Alternative Currency, calculated in accordance with clause 5.8. If the Commitment is not drawn in full, then each of the repayment instalments shall be reduced proportionately.

5.2 Voluntary prepayment

Subject to clause 5.6, the Borrower may prepay the Loan in whole or in part (being $500,000 or any larger sum which is an integral multiple of $100,000 or, if the Loan has been converted into and remains outstanding as at the date of such prepayment in the Alternative Currency, their Equivalent Amount in the Alternative Currency calculated in accordance with clause 5.8) on any Interest Payment Date without premium or penalty but subject to payment of any amounts referred to in clause 5.5 including, without limitation, any amounts payable under clause 12.1. No amounts prepaid may be re-borrowed under this Agreement.

5.3 Additional voluntary prepayment

The Borrower may also prepay the Loan, without premium or penalty, but without prejudice to its obligations under clauses 3.5, 5.5, 7.5, 12.1 and 13.2 in the event that:

5.3.1 the Borrower shall have become obliged to pay additional amounts in respect of the Loan under clauses 3.5 or 13.2; or

5.3.2 a Substitute Basis applies by virtue of clause 3.5.2.

Upon any notice of such prepayment being given, the Commitment shall be reduced to zero.

5.4 Prepayment on a Total Loss

5.4.1 On the Ship becoming a Total Loss the obligation of the Bank to advance the Loan shall immediately cease and the Commitment shall be reduced to zero. If the Ship becomes a Total Loss after Delivery, on the date falling one hundred and eighty (180) days after the date on which the Ship became a Total Loss or, if earlier, on the date upon which the insurance proceeds in respect of such Total Loss are, or Requisition Compensation (as defined in the General Assignment) is, received by the Borrower (or the Bank pursuant to the Security Documents), the Borrower shall prepay the Loan.

5.4.2 For the purpose of this clause 5.4, a Total Loss shall be deemed to have occurred:

(a) in the case of an actual total loss of the Ship on the actual date and at the time the Ship was lost or, if such date is not known, on the date on which the Ship was last reported;

(b) in the case of a constructive total loss of the Ship, upon the date and at the time notice of abandonment of the Ship is given to the insurers of the Ship for the time being (provided a claim for total loss is admitted by such insurers) or, if such insurers do not admit such a claim, at the date and at the time at which a total loss is subsequently adjudged by a competent court of law to have occurred or, if earlier, the date falling six (6) months after the date on which notice of abandonment of the Ship is given to such insurers;

(c) in the case of a compromised or arranged total loss, on the date upon which a binding agreement as to such compromised or arranged total loss has been entered into by the insurers of the Ship;

(d) in the case of Compulsory Acquisition, on the date upon which the relevant requisition of title or other compulsory acquisition occurs;

(e) in the case of condemnation, capture, seizure, arrest, detention or confiscation of the Ship (other than where the same amounts to Compulsory Acquisition of the Ship) by any Government Entity, or by persons purporting to act on behalf of any Government Entity, which deprives the Borrower of the use of the Ship for more than thirty days, upon the expiry of the period of thirty (30) days after the date upon which the relevant condemnation, capture, seizure, arrest, detention or confiscation occurred; and

(f) in the case of hijacking, theft or capture of the Ship by any other persons, which deprives the Borrower of the use of the Ship for more than thirty (30) days, upon the expiry of the period of thirty (30) days after the date upon which the relevant hijacking, theft or capture occurred,

provided that, for the purposes of sub-clauses (v) and (vi) above, there shall be no deemed Total Loss if the Ship has not been recognised as a Total Loss by the insurers and the Ship

is restored to the use of the Borrower prior to the date on which prepayment of the Loan is required to be made in accordance with clause 5.4.1.

5.5 Amounts payable on prepayment

Any prepayment of all or part of the Loan under this Agreement shall be made together with:

5.5.1 accrued interest on the amount to be prepaid to the date of such prepayment (calculated, in the case of any prepayment of the Loan pursuant to clause 5.3.2 and in respect of the period during which the relevant Substitute Basis has applied by virtue of clause 3.5.2, at a rate per annum equal to the aggregate of (i) the Margin and (ii) the cost to the Bank of funding the Loan for such period);

5.5.2 any additional amount payable under clause 7.6 or 13.2; and

5.5.3 all other sums payable by the Borrower to the Bank under this Agreement or any of the other Security Documents including, without limitation, any amounts payable under clause 12.

5.6 Notice of prepayment

No prepayment may be effected under clause 5.2 unless the Borrower shall have given the Bank at least seven (7) Banking Days' notice of its intention to make such prepayment. Every notice of prepayment shall be effective only on actual receipt by the Bank, shall be irrevocable, shall specify the amount to be prepaid and shall oblige the Borrower to make such prepayment on the date specified. No amounts prepaid may be re-borrowed under this Agreement. The Borrower may not prepay the Loan or any part thereof save as expressly provided by this Agreement.

5.7 Application of partial prepayments

All voluntary and mandatory partial prepayments shall be applied in reducing each of the repayment instalments specified in clause 5.1 in inverse order of their due dates for payment.

5.8 Currency amounts repayable

Each repayment or prepayment of the Loan under this Agreement shall be made in the currency in which the Loan was outstanding immediately prior to such repayment or prepayment and, when the Loan is denominated in the Alternative Currency, shall be an amount equal to the Equivalent Amount in the Alternative Currency as at the relevant date of repayment or prepayment.

6 Fees and Expenses

6.1 Up-front Fee

The Borrower shall pay to the Bank an up-front fee in the amount and at the time agreed in the Up-Front Fee Letter.

6.2 Expenses

The Borrower shall pay to the Bank on a full indemnity basis on demand all expenses (including legal, printing and out-of-pocket expenses and, in the case of legal fees, in accordance with the agreement of the Bank and the Borrower) incurred by the Bank:

6.2.1 in connection with the negotiation, preparation, execution and, where relevant, registration of the Security Documents and of any amendment or extension of or the granting of any waiver or consent under, or release or reassignment of, any of the Security Documents; and

6.2.2 in contemplation of, or otherwise in connection with, the enforcement of, or preservation of any rights under, any of the Security Documents, or otherwise in respect of the moneys owing under any of the Security Documents,

together with interest at the rate referred to in clause 3.3 from the date on which such expenses were incurred to the date of payment (as well after as before judgment).

6.3 Value Added Tax

All fees and expenses payable pursuant to this clause 6 shall be paid together with any irrecoverable value added tax or any similar irrecoverable tax (if any) properly chargeable thereon. Any value added tax chargeable in respect of any services supplied by the Bank under this Agreement shall, on delivery of the value added tax invoice, be paid in addition to any sum agreed to be paid hereunder.

6.4 Stamp and other duties

The Borrower shall pay all stamp, documentary, registration or other like duties or taxes (including any duties or taxes payable by the Bank) imposed on or in connection with any of the Security Documents or the Loan and shall indemnify the Bank against any liability arising by reason of any delay or omission by the Borrower to pay such duties or taxes.

7 Payments and taxes; accounts and calculations

7.1 No set-off or counterclaim; distribution to the Bank

All payments to be made by the Borrower under any of the Security Documents shall be made in full, without any set-off or counterclaim whatsoever and, subject as provided in clause 7.6, free and clear of any deductions or withholdings, in Dollars or, as the case may be, in the Alternative Currency (except for costs, charges or expenses which shall be payable in the currency in which they are incurred) on the due date to such account at such bank in such place as the Bank may from time to time specify for this purpose.

7.2 Payments by the Bank

All sums to be advanced by the Bank to the Borrower under this Agreement in respect of the Loan shall be remitted in Dollars or, as the case may be, in the Alternative Currency (a) on the Drawdown Date and (b) in the case of any sum to be advanced by the Bank to the Borrower pursuant to clause 4.6, on the first day of the relevant Interest Period, in each case to the account of the Borrower at such bank as the Borrower may have notified to the Bank and shall be paid by the Bank to the Borrower or its order on such date in like funds as are received by the Bank to the account or accounts and otherwise as specified in the Drawdown Notice or, as the case may be, in the notice given under clause 4.1.

7.3 Non-Banking Days

When any payment under any of the Security Documents would otherwise be due on a day which is not a Banking Day, the due date for payment shall be extended to the next following Banking Day unless such Banking Day falls in the next calendar month in which case payment shall be made on the immediately preceding Banking Day.

7.4 Calculations

All payments of interest in respect of the Loan shall be made in the currency in which the Loan is outstanding at the relevant time. All interest and other payments of an annual nature under any of

the Security Documents shall accrue from day to day and be calculated on the basis of actual days elapsed and a 360 day year.

7.5 Certificates conclusive

Any certificate or determination of the Bank as to any rate of interest, rate of exchange or any other amount pursuant to and for the purposes of any of the Security Documents shall, in the absence of manifest error, be conclusive and binding on the Borrower.

7.6 Grossing-up for Taxes

If at any time the Borrower is required to make any deduction or withholding in respect of Taxes from any payment due under any of the Security Documents, the sum due from the Borrower in respect of such payment shall be increased to the extent necessary to ensure that, after the making of such deduction or withholding, the Bank receives on the due date for such payment (and retains, free from any liability in respect of such deduction or withholding), a net sum equal to the sum which it would have received had no such deduction or withholding been required to be made and the Borrower shall indemnify the Bank against any losses or costs incurred by it by reason of any failure of the Borrower to make any such deduction or withholding or by reason of any increased payment not being made on the due date for such payment. The Borrower shall promptly deliver to the Bank any receipts, certificates or other proof evidencing the amounts (if any) paid or payable in respect of any deduction or withholding as aforesaid.

7.7 Qualifying Lender

7.7.1 The Bank shall promptly notify the Borrower if it ceases to be a Qualifying Lender or if its status as a Qualifying Lender at any time begins to be derived from it being a Treaty Lender.

7.7.2 If a Bank is a Qualifying Lender by virtue of being a Treaty Lender:

(a) if that Treaty Lender holds a passport under the HMRC DT Treaty Passport scheme, which it wishes to apply to this Agreement, it shall include an indication to that effect by including its scheme reference number opposite its name in the Transfer Certificate that it executes pursuant to clause 15.4 of this Agreement; and

(b) it shall co-operate with the Borrower in completing any procedural formalities necessary for the Borrower to obtain authorisation to make payments to the Bank under the Security Documents without deduction for Taxes or, in the case of a Transferee, subject to a deduction for Taxes to an extent no greater than that which applied to the Bank.

7.7.3 Where the Bank is not, or has ceased to be, a Qualifying Lender on the due date for payment of any sum under the Security Documents, the increased amount due under clause 7.6 shall be limited to the amount the Borrower would have had to pay if:

(a) (where the Bank had been a UK Lender immediately before ceasing to be a Qualifying Lender) the Bank had remained a UK Lender;

(b) (where the Bank had been a Treaty Lender immediately before ceasing to be a Qualifying Lender) the Bank had remained a Treaty Lender; or

(c) (where the Bank had not been a Qualifying Lender) the Bank had been a UK Lender.

7.7.4 Clause 7.7.3 does not apply in circumstances where the Bank ceases to be a Qualifying Lender because of a change in regulation, law or double taxation treaty or in its application or interpretation, in each case taking effect after the date of this Agreement.

7.7.5 If the Bank is a Treaty Lender and fails to perform its obligations under clause 7.7.2, the increased amount due under clause 7.6 shall be limited to the amount the Borrower would have had to pay if the Bank, as a Treaty Lender, had complied with those obligations.

7.7.6 The Borrower shall notify the Bank as soon as reasonably practicable if it has to make a deduction in respect of Taxes from any payment to the Bank under the Security Documents (or if there is any change in the rate or basis of any deduction).

7.8 Claw-back of Tax benefit

If, following any such deduction or withholding as is referred to in clause 7.6 from any payment by the Borrower, the Bank shall receive or be granted a credit against or remission for any Taxes payable by it, the Bank shall, subject to the Borrower having made any increased payment in accordance with clause 7.6 and to the extent that the Bank can do so without prejudicing the retention of the amount of such credit or remission and without prejudice to the right of the Bank to obtain any other relief or allowance which may be available to it, reimburse the Borrower with such amount as the Bank shall in its absolute discretion certify to be the proportion of such credit or remission as will leave the Bank (after such reimbursement) in no worse position than it would have been in had there been no such deduction or withholding from the payment by the Borrower as aforesaid. Such reimbursement shall be made forthwith upon the Bank certifying that the amount of such credit or remission has been received by it. Nothing contained in this Agreement shall oblige the Bank to rearrange its tax affairs or to disclose any information regarding its tax affairs and computations. Without prejudice to the generality of the foregoing, the Borrower shall not, by virtue of this clause 7.8, be entitled to enquire about the tax affairs of the Bank.

7.9 Loan account

The Bank shall maintain, in accordance with its usual practice, an account or accounts evidencing the amounts from time to time lent by, owing to and paid to it under the Security Documents. The Bank shall maintain a control account showing the Loan and other sums owing by the Borrower under the Security Documents and all payments in respect thereof made by the Borrower from time to time. The control account shall, in the absence of manifest error, be conclusive as to the amount from time to time owing by the Borrower under the Security Documents.

8 Representations and warranties

8.1 Continuing representations and warranties

The Borrower represents and warrants to the Bank that:

8.1.1 Due incorporation

the Borrower is duly incorporated and validly existing in good standing under the laws of England and Wales as a limited liability company and has the power to carry on its business as it is now being conducted and to own its property and other assets;

8.1.2 Corporate power

the Borrower has power to execute, deliver and perform its obligations under the Security Documents and to borrow the Commitment; all necessary corporate, shareholder and other action has been taken to authorise the execution, delivery and performance of the same and no limitation on the powers of the Borrower to borrow will be exceeded as a result of borrowing the Loan;

8.1.3 **Binding obligations**

the Security Documents constitute or will, when executed, constitute valid and legally binding obligations of the Borrower enforceable in accordance with their respective terms save as such enforcement may be restricted by laws affecting creditors rights generally;

8.1.4 **No conflict with other obligations**

the execution and delivery of, the performance of its obligations under, and compliance with the provisions of the Security Documents by the Borrower will not (i) contravene any existing applicable law, statute, rule or regulation or any judgment, decree or permit to which the Borrower is subject, (ii) conflict with, or result in any breach of any of the terms of, or constitute a default under, any agreement or other instrument to which the Borrower is a party or is subject or by which it or any of its property is bound, (iii) contravene or conflict with any provision of the memorandum and articles of association or other constitutional documents of the Borrower or (iv) result in the creation or imposition of or oblige the Borrower to create any Encumbrance (other than a Permitted Encumbrance) on any of the undertakings, assets, rights or revenues of the Borrower;

8.1.5 **No litigation**

no litigation, arbitration or administrative proceeding is taking place, pending or, to the knowledge of the officers of the Borrower, threatened against the Borrower which is likely to have a material adverse effect on the business, assets or financial condition of the Borrower;

8.1.6 **No filings required**

save for the registration of the Mortgage with the Registry and the registration of the Mortgage and the General Assignment with the English Registrar of Companies, it is not necessary to ensure the legality, validity, enforceability or admissibility in evidence of any of the Security Documents that they or any other instrument be notarised, filed, recorded, registered or enrolled in any court, public office or elsewhere in any Relevant Jurisdiction or that any stamp, registration or similar tax or charge be paid in any Relevant Jurisdiction on or in relation to the Security Documents and each of the Security Documents is in proper form for its enforcement in the courts of each Relevant Jurisdiction;

8.1.7 **Choice of law**

the choice of English law to govern the Security Documents (other than the Mortgage) and the choice of Panamanian law to govern the Mortgage and the submissions by the Security Parties to the non-exclusive jurisdiction of the English courts are valid, binding and enforceable;

8.1.8 **No immunity**

neither the Borrower, nor any of its assets are entitled to immunity on the grounds of sovereignty or otherwise from any legal action or proceeding (which shall include, without limitation, suit, attachment prior to judgement, execution or other enforcement);

8.1.9 **Financial statements correct and complete**

the audited financial statements of the Borrower in respect of the financial year ended 31 December 2012 as delivered to the Bank, have been prepared in accordance with generally accepted accounting principles and practices in the United Kingdom which have been consistently applied; and

8.1.10 **Consents obtained**

every consent, authorisation, licence or approval of, or registration with or declaration to, governmental or public bodies or authorities or courts required by the Borrower to authorise, or required by the Borrower in connection with, the execution, delivery, validity, enforceability or admissibility in evidence of each of the Security Documents or the performance by the Borrower of its obligations under the Security Documents has been obtained or made and is in full force and effect and there has been no default in the observance of any of the conditions or restrictions (if any) imposed in, or in connection with, any of the same.

8.2 **Initial representations and warranties**

The Borrower further represents and warrants to the Bank that:

8.2.1 **Pari passu**

the obligations of the Borrower under this Agreement are direct, general and unconditional obligations of the Borrower and rank at least pari passu with all other present and future unsecured and unsubordinated Indebtedness of the Borrower;

8.2.2 **No default under other Indebtedness**

neither the Borrower nor any of its Related Companies nor any other Security Party is (nor would with the giving of notice or lapse of time or the satisfaction of any other condition or combination thereof be) in breach of or in default under any agreement relating to Indebtedness to which it is a party or by which it may be bound;

8.2.3 **Information**

the information, exhibits and reports furnished by any Security Party to the Bank in connection with the negotiation and preparation of the Security Documents are true and accurate in all material respects and not misleading, do not omit material facts and all reasonable enquiries have been made to verify the facts and statements contained therein; there are no other facts the omission of which would make any fact or statement therein misleading;

8.2.4 **No withholding Taxes**

no Taxes are imposed by withholding or otherwise on any payment to be made by any Security Party under the Security Documents or are imposed on or by virtue of the execution or delivery by the Security Parties of the Security Documents or any other document or instrument to be executed or delivered under any of the Security Documents;

8.2.5 **No Default**

no Default has occurred and is continuing;

8.2.6 **The Ship**

the Ship will, on the Drawdown Date, be:

(a) in the absolute ownership of the Borrower who will on and after the Drawdown Date be the sole, legal and beneficial owner of the Ship;

(b) provisionally registered in the name of the Borrower through the Registry as a Ship under the laws and flag of the Flag State;

(c) operationally seaworthy and in every way fit for service; and

(d) classed with the Classification free of all requirements and recommendations of the Classification Society;

8.2.7 Ship's Employment

the Ship is not and will not on or before the Delivery Date be subject to any charter or contract or to any agreement to enter into any charter or contract which, if entered into after the date of the Mortgage would have required the consent of the Bank and on or before the Delivery Date there will not be any agreement or arrangement whereby the earnings of the Ship may be shared with any other person;

8.2.8 Freedom from Encumbrances

neither the Ship, nor its Insurances or Requisition Compensation (each as defined in the General Assignment) nor any other properties or rights which are, or are to be, the subject of any of the Security Documents nor any part thereof will be, on the Drawdown Date, subject to any Encumbrance;

8.2.9 Compliance with Environmental Laws and Approvals

except as may already have been disclosed by the Borrower in writing to, and acknowledged in writing by, the Bank:

(a) the Borrower and to the best of the Borrower's knowledge and belief (having made due enquiry) its respective Environmental Affiliates have complied with the provisions of all Environmental Laws;

(b) the Borrower and to the best of the Borrower's knowledge and belief (having made due enquiry) its respective Environmental Affiliates have obtained all Environmental Approvals and are in compliance with all such Environmental Approvals; and

(c) neither the Borrower nor to the best of the Borrower's knowledge and belief any of (having made due enquiry) its Environmental Affiliates has received notice of any Environmental Claim that the Borrower or any such Environmental Affiliate is not in compliance with any Environmental Law or any Environmental Approval;

8.2.10 No Environmental Claims

except as may already have been disclosed by the Borrower in writing to, and acknowledged in writing by, the Bank, there is no Environmental Claim pending or, to the best of the Borrower's *knowledge and belief, threatened against the Borrower or the Ship or to the best of the Borrower's knowledge and belief (having made due enquiry) any of its Environmental Affiliates;*

8.2.11 No potential Environmental Claims

except as may already have been disclosed by the Borrower in writing to, and acknowledged in writing by, the Bank, there has been no emission, spill, release or discharge of a Material of Environmental Concern from the Ship which could give rise to an Environmental Claim;

8.2.12 No material adverse change

there has been no material adverse change in the financial position of the Borrower or the consolidated financial position of the Parent from that set forth in the financial statements referred to in clause 8.1.9;

8.2.13 Parent Company

the Borrower is a wholly owned Subsidiary of the Parent; and

8.2.14 Copies true and complete

the copy of the Shipbuilding Contract delivered or to be delivered to the Bank pursuant to clause 10.1 is, or will when delivered be, a true and complete copy of such document; such document will when delivered constitute valid and binding obligations of the parties thereto enforceable in accordance with its terms and there will have been no amendments or variations thereof or defaults thereunder.

8.3 Repetition of representations and warranties

On and as of the Drawdown Date the Borrower shall be deemed to repeat the representations and warranties in clauses 8.1 and 8.2 and on each Interest Payment Date the Borrower shall be deemed to repeat the representations and warranties in clause 8.1 (and so that the representation and warranty in clause 8.1.9 shall for this purpose refer to the then latest audited financial statements of the Borrower delivered to the Bank under clause 9.1 as if made with reference to the facts and circumstances existing on such day).

9 Undertakings

9.1 General

The Borrower undertakes with the Bank that, from the date of this Agreement and so long as any moneys are owing under any of the Security Documents and while all or any part of the Commitments remains outstanding, it will:

9.1.1 Notice of Default

promptly inform the Bank of any occurrence of which it becomes aware which might adversely affect the ability of any Security Party to perform its obligations under any of the Security Documents and, without limiting the generality of the foregoing, will inform the Bank of any Default forthwith upon becoming aware thereof and will from time to time, if so requested by the Bank, confirm to the Bank in writing that, save as otherwise stated in such confirmation, no Default has occurred and is continuing;

9.1.2 Consents and licences

without prejudice to clauses 8.1 and 10, obtain or cause to be obtained, maintain in full force and effect and comply in all material respects with the conditions and restrictions (if any) imposed in, or in connection with, every consent, authorisation, licence or approval of governmental or public bodies or authorities or courts and do, or cause to be done, all other acts and things which may from time to time be necessary or desirable under applicable law for the continued due performance of all the obligations of the Security Parties under each of the Security Documents;

9.1.3 Use of proceeds

use the Loan exclusively for the purpose specified in clause 1.1;

9.1.4 Pari passu

ensure that its obligations under this Agreement shall at all times rank at least pari passu with all its other present and future unsecured and unsubordinated Indebtedness with the exception of any obligations which are mandatorily preferred by law and not by contract;

9.1.5 Financial statements

prepare financial statements of the Borrower in accordance with generally accepted accounting principles and practices in the United Kingdom consistently applied in respect of each financial year and cause the same to be reported on by its auditors and deliver as many copies of the same as the Bank may reasonably require as soon as practicable but not later than 180 days after the end of the financial period to which they relate;

9.1.6 Delivery of reports

deliver to the Bank as many copies as the Bank may reasonably require of every report, circular, notice or like document issued by any Security Party to its shareholders or creditors generally, in each case at the time of issue thereof.

9.1.7 Provision of further information

provide the Bank with such financial and other information concerning the Parent, the Borrower, its Related Companies, the other Security Parties and their respective affairs as the Bank may from time to time reasonably require;

9.1.8 Obligations under Security Documents

duly and punctually perform each of the obligations expressed to be assumed by it under the Security Documents;

9.1.9 Compliance with ISM Code and ISPS Code

procure that any Operator will comply with and ensure that the Ship and its Operator comply with the requirements of the ISM Code and ISPS Code, including (but not limited to) the issuing, maintenance and renewal of valid certificates required pursuant thereto;

9.1.10 Withdrawal of DOC and SMC

procure that any Operator will, immediately inform the Bank if there is any threatened or actual withdrawal of its or an Operator's DOC or the SMC in respect of the Ship; and

9.1.11 Issuance of DOC and SMC

procure that any Operator will promptly inform the Bank upon the issue to the Borrower or any Operator of a DOC and to the Ship of an SMC or the receipt by the Borrower or any Operator of notification that its application for the same has been refused.

9.2 Negative undertakings

The Borrower undertakes with the Bank that, from the date of this Agreement and so long as any moneys are owing under the Security Documents and while all or any part of the Commitment remains outstanding, it will not, without the prior written consent of the Bank:

9.2.1 Negative pledge

permit any Encumbrance to subsist, arise or be created or extended over all or any part of its present or future undertaking, assets, rights or revenues to secure any present or future indebtedness or other liability or obligation of the Borrower or any other person, other than:

(a) a Permitted Encumbrance; or

(b) any Encumbrance securing Indebtedness incurred by the Borrower to finance the acquisition of vessels and other assets acquired by the Borrower in the ordinary course of its business.

9.2.2 Disposals

sell, transfer, abandon, lend or otherwise dispose of or cease to exercise direct control over any part (being either alone or when aggregated with all other disposals falling to be taken into account pursuant to this clause 9.2.2 material in the reasonable opinion of the Bank in relation to the undertaking, assets, rights and revenues of the Borrower) of its present or future undertaking, assets, rights or revenues whether by one or a series of transactions related or not provided that the provisions of this clause 9.2.2 shall not prevent:

(a) any arm's length transfer, sale or disposal which is for full consideration (or, where different, market value) in the ordinary course of trading;

(b) any disposal by a Subsidiary of the Borrower to the Borrower or by the Borrower to a Subsidiary of the Borrower;

(c) the sale of property or other assets for its or their full value in cash to the extent that the net proceeds of sale (after taking into account any taxation arising as a consequence of such sale) are applied within three months after such sale in the acquisition of assets of a similar nature and approximately equal value to be used in a business for the time being carried on by the Borrower;

(d) any distribution of the surplus assets of a Subsidiary in a liquidation or winding-up not involving insolvency;

(e) an exchange of assets for other assets of a substantially similar nature and approximately equal value;

(f) the application of cash in the acquisition of assets or services in the ordinary course of trading of the Borrower or the relevant Subsidiary;

(g) the sale, transfer, loan or disposal in the ordinary course of trading of obsolete plant or machinery; and

(h) the repayment of any moneys borrowed and the payment of any dividend or distribution.

10 Conditions

10.1 Documents and evidence

10.1.1 The obligation of the Bank to make its Commitment available shall be subject to the condition that the Bank, or its duly authorised representative, shall have received on or prior to the day on which the Drawdown Notice for the Loan is given, the documents and evidence specified in Part 1 of Schedule 2 in form and substance satisfactory to the Bank.

10.1.2 The Borrower undertakes that as soon as possible but in any event within two (2) Banking Days of the Delivery Date, it shall deliver to the Bank the documents and evidence specified in Part 2 of Schedule 2 in form and substance satisfactory to the Bank.

10.2 General conditions precedent

The obligation of the Bank to make its Commitment available shall be subject to the further conditions that, at the time of the giving of the Drawdown Notice, and at the time of the making of the Loan:

10.2.1 the representations and warranties contained in clauses 8.1 (and so that the representation and warranty in clause 8.1.9 shall for this purpose refer to the then latest audited financial statements delivered to the Bank under clause 9.1.5) and 8.2 are true and correct on and as of each such time as if each was made with respect to the facts and circumstances existing at such time; and

10.2.2 no Default shall have occurred and be continuing or would result from the making of the Loan.

10.3 Waiver of conditions

The conditions specified in this clause 10 are inserted solely for the benefit of the Bank and may be waived by the Bank in whole or in part and with or without conditions.

11 Events of Default

11.1 Events

There shall be an Event of Default if:

11.1.1 **Non-payment**: any Security Party fails to pay any sum payable by it under any of the Security Documents at the time, in the currency and in the manner stipulated in the Security Documents (and so that, for this purpose, sums payable on demand shall be treated as having been paid at the stipulated time if paid within three (3) Banking Days of demand); or

11.1.2 **Breach of Insurance and certain other obligations**: the Borrower fails to obtain and/or maintain the Insurances (in accordance with the requirements of the relevant Security Documents) or if any insurer in respect of such Insurances cancels the Insurances or disclaims liability by reason, in either case, of mis-statement in any proposal for the Insurances or for any other failure or default on the part of the Borrower or any other person in relation thereto or the Borrower commits any breach of or omits to observe any of the obligations or undertakings expressed to be assumed by it under clause 9.2; or

11.1.3 **Breach of other obligations**: any Security Party commits any breach of or omits to observe any of its obligations or undertakings expressed to be assumed by it under any of the Security Documents (other than those referred to in clauses 11.1.1 and 11.1.2 above) and, in respect of any such breach or omission which in the opinion of the Bank is capable of remedy, such action as the Bank may

require shall not have been taken within fourteen (14) days of the Bank notifying the relevant Security Party of such default and of such required action; or

11.1.4 **Misrepresentation**: any representation or warranty made or deemed to be made or repeated by or in respect of any Security Party in or pursuant to any of the Security Documents or in any notice, certificate or statement referred to in or delivered under any of the Security Documents is or proves to have been incorrect or misleading in any material respect at the time made or when deemed to have been repeated or, to the extent that it is capable of remedy or rectification, the incorrectness or misleading nature of such representation or warranty has not been remedied or rectified to the satisfaction of the Bank within fourteen (14) days of the Bank notifying the Security Party of such default and of such required action; or

11.1.5 **Cross-default**: any Indebtedness of any Security Party is not paid when due (and remains unpaid for more than five (5) days following its due date) or any Indebtedness of any Security Party becomes (whether by declaration or automatically in accordance with the relevant agreement or instrument constituting the same) due and payable prior to the date when it would otherwise have become due (unless as a result of the exercise by the relevant Security Party of a voluntary right of prepayment), or any creditor of any Security Party becomes entitled to declare any such Indebtedness due and payable or any facility or commitment available to any Security Party relating to Indebtedness is withdrawn, suspended or cancelled by reason of any default (however described) of the person concerned unless the relevant Security Party shall have satisfied the Bank that such withdrawal, suspension or cancellation will not affect or prejudice in any way the relevant Security Party's ability to pay its debts as they fall due and fund its commitments, or any guarantee given by any Security Party in respect of Indebtedness is not honoured when due and called upon; or

11.1.6 **Legal process**: any judgment or order made against any Security Party (but not including the arrest or detention of the Ship as contemplated by clause 11.1.21) is not stayed or complied with within seven (7) days or a creditor attaches or takes possession of, or a distress, execution, sequestration or other process is levied or enforced upon or sued out against, any of the undertakings, assets, rights or revenues of any Security Party and is not discharged within seven (7) days; or

11.1.7 **Insolvency**: any of the Security Parties or any other Restricted Company is unable or admits inability to pay its debts as they fall due; suspends making payments on any of its debts or announces an intention to do so; becomes insolvent; has assets the value of which is less than the value of its liabilities (taking into account contingent and prospective liabilities); or suffers the declaration of a moratorium in respect of any of its indebtedness; or

11.1.8 **Reduction or loss of capital**: a meeting is convened by any Security Party for the purpose of passing any resolution to purchase, reduce or redeem any of its share capital arising by reason of any financial difficulty or outside the usual course of business of such Security Party; or

11.1.9 **Winding up**: any corporate action, legal proceedings or other procedure or step is taken for the purpose of winding up any Security Party or other Restricted Company (not being a petition which the Borrower or the relevant Security Party or other Restricted Company can demonstrate to the satisfaction of the Bank, by providing an opinion of leading counsel to that effect, is frivolous, vexatious or an abuse of the process of the court or relates to a claim to which the relevant Security Party or other Restricted Company has a good defence and which is being properly and diligently contested by the relevant Security Party or other Restricted Company) or an order is made or resolution passed for the winding up of any Security Party or other Restricted Company or a notice is issued convening a meeting for the purpose of passing any such resolution; or

11.1.10 **Administration**: any petition is presented, notice given or other step is taken for the purpose of the appointment of an administrator of any Security Party or other Restricted Company or the Bank believes on reasonable grounds that any such petition or other step is imminent or an administration order is made in relation to any Security Party or other Restricted Company; or

11.1.11 **Appointment of receivers and managers**: any administrative or other receiver is appointed of any Security Party or other Restricted Company or any part of its assets and/or undertaking or any other steps are taken to enforce any Encumbrance over all or any part of the assets of any Security Party or other Restricted Company; or

11.1.12 **Compositions**: any corporate action, legal proceedings or other procedures or steps are taken, or negotiations commenced, by any Security Party or other Restricted Company or by any of its creditors with a view to the general readjustment or rescheduling of all or part of its Indebtedness or to proposing any kind of composition, compromise or arrangement involving such company and any of its creditors with the exception of any rescheduling of such Indebtedness at a time when any of the circumstances referred to in clauses 11.1.7, 11.1.8, 11.1.9, 11.1.10, 11.1.11, 11.1.13 and 11.1.14 do not apply to such Security Party or other Restricted Company; or

11.1.13 **Analogous proceedings**: there occurs, in relation to any Security Party or other Restricted Company, in any country or territory in which any of them carries on business or to the jurisdiction of whose courts any part of their assets is subject, any event which, in the reasonable opinion of the Bank, appears in that country or territory to correspond with, or have an effect equivalent or similar to, any of those mentioned in clauses 11.1.6 to 11.1.12 (inclusive) or any Security Party or other Restricted Company otherwise becomes subject, in any such country or territory, to the operation of any law relating to insolvency, bankruptcy or liquidation; or

11.1.14 **Cessation of business**: any Security Party suspends or ceases or threatens to suspend or cease to carry on its business; or

11.1.15 **Seizure**: all or a material part of the undertaking, assets, rights or revenues of, or shares or other ownership interests in, any Security Party are seized, nationalised, expropriated or compulsorily acquired by or under the authority of any government; or

11.1.16 **Invalidity**: any of the Security Documents at any time and for any reason become invalid or unenforceable or otherwise cease to remain in full force and effect, or if the validity or enforceability of any of the Security Documents shall at any time and for any reason be contested by any Security Party which is a party thereto, or if any such Security Party shall deny that it has any, or any further, liability thereunder; or

11.1.17 **Unlawfulness**: it becomes impossible or unlawful at any time for any Security Party, to fulfil any of the covenants and obligations expressed to be assumed by it in any of the Security Documents or for the Bank to exercise the rights or any of them vested in it under any of the Security Documents or otherwise; or

11.1.18 **Repudiation**: any Security Party repudiates any of the Security Documents or does or causes or permits to be done any act or thing evidencing an intention to repudiate any of the Security Documents; or

11.1.19 **Encumbrances enforceable**: any Encumbrance (other than Permitted Liens) in respect of any of the property (or part thereof) which is the subject of any of the Security Documents becomes enforceable; or

11.1.20 **Material adverse change**: there occurs, in the reasonable opinion of the Bank, a material adverse change in the business condition (financial or otherwise) or operations of any Security Party by reference to the financial statements referred to in clause 8.1.9; or

11.1.21 **Arrest**: the Ship is arrested, confiscated, seized, taken in execution, impounded, forfeited, detained in exercise or purported exercise of any possessory lien or other claim or otherwise taken from the possession of the Borrower (other than where the same amounts to the condemnation, capture, seizure, arrest, detention or confiscation of the Ship by any Government Entity, in which case the

provisions of clause 5.4 shall apply) and the Borrower shall fail to procure the release of the Ship within a period of thirty (30) days thereafter; or

11.1.22 **Registration**: the registration of the Ship under the laws and flag of the Flag State is cancelled or terminated or, where applicable, not renewed without the prior written consent of the Bank or, if the Ship is only provisionally registered on the Delivery Date, the Ship is not permanently registered within ninety (90) days after the Delivery Date; or

11.1.23 **Unrest**: the Flag State becomes involved in hostilities or civil war or there is a seizure of power in the Flag State by unconstitutional means if, in any such case, such event could in the opinion of the Bank reasonably be expected to have a material adverse effect on the security constituted by any of the Security Documents; or

11.1.24 **Environment**: the Borrower and/or any of its Environmental Affiliates fails to comply with any Environmental Law or any Environmental Approval or the Ship is involved in any incident which gives rise or may give rise to an Environmental Claim if, in any such case, such non-compliance or incident or the consequences thereof could, in the opinion of the Bank, reasonably be expected to have a material adverse effect on the business, assets, operations, property or financial condition of the Borrower or any other Security Party or on the security constituted by any of the Security Documents; or

11.1.25 **P&I**: the Borrower or any other person fails or omits to comply with any requirements of the protection and indemnity association or other insurer with which the Ship is entered for insurance or insured against protection and indemnity risks (including oil pollution risks) to the effect that any cover (including, without limitation, any cover in respect of liability for Environmental Claims arising in jurisdictions where the Ship operates or trades) is or may be liable to cancellation, qualification or exclusion at any time; or

11.1.26 **Change of ownership**: the Parent ceases:

(a) to beneficially own (directly or indirectly) one hundred per cent (100%) of the voting shares of the Borrower; or

(b) to be the ultimate parent company of the Borrower.

11.2 Acceleration

The Bank may at any time after the happening of an Event of Default by notice to the Borrower declare that:

11.2.1 the obligation of the Bank to make the Commitment available shall be terminated, whereupon the Commitment shall be reduced to zero forthwith; and/or

11.2.2 the Loan and all interest accrued and all other sums payable under the Security Documents have become due and payable, whereupon the same shall, immediately or in accordance with the terms of such notice, become due and payable or due and payable on demand.

11.3 Demand basis

If, pursuant to clause 11.2.2, the Bank declares the Loan to be due and payable on demand, the Bank may by written notice to the Borrower (a) call for repayment of the Loan on such date as may be specified whereupon the Loan shall become due and payable on the date so specified together with all interest accrued and all other sums payable under this Agreement or (b) withdraw such declaration with effect from the date specified in such notice.

12 Indemnities

12.1 Miscellaneous indemnities

The Borrower shall on demand indemnify the Bank, without prejudice to any of its other rights under any of the Security Documents, against any loss (including loss of any accrued but unpaid Margin) or expense which the Bank shall certify as sustained or incurred by it as a consequence of:

12.1.1 any default in payment by the Borrower of any sum under any of the Security Documents when due or the occurrence of any other Event of Default;

12.1.2 any prepayment of the Loan or part thereof being made under clauses 5.2, 5.3, 5.4 or 13.1, or any other repayment of the Loan or part thereof being made otherwise than on an Interest Payment Date relating to any part of the Loan prepaid or repaid;

12.1.3 the Loan not being made for any reason (excluding any default by the Bank) after a Drawdown Notice for the Loan has been given,

including, in any such case, but not limited to, any loss or expense sustained or incurred by the Bank in maintaining or funding the Loan or any part thereof or in liquidating or re-employing deposits from third parties acquired or contracted for to fund, effect or maintain the Loan or any part thereof or any other amount owing to the Bank or any loss, cost, expense or liability incurred under or in connection with foreign exchange transactions (including any such transactions entered into by the Bank in connection with the determination of the Agreed Exchange Rate relating to the calculation of the Equivalent Amount), interest rate and/or currency swaps and other arrangements entered into for the purpose of limiting exposure to fluctuations in interest or exchange rates.

12.2 Currency indemnity

If any sum due from the Borrower under any of the Security Documents or any order or judgment given or made in relation thereto has to be converted from the currency (the **first currency**) in which the same is payable under the relevant Security Document or under such order or judgment into another currency (the **second currency**) for the purpose of (a) making or filing a claim or proof against the Borrower, (b) obtaining an order or judgment in any court or other tribunal or (c) enforcing any order or judgment given or made in relation to any of the Security Documents, the Borrower shall indemnify and hold harmless the Bank from and against any loss suffered as a result of any difference between (i) the rate of exchange used for such purpose to convert the sum in question from the first currency into the second currency and (ii) the rate or rates of exchange at which the Bank may in the ordinary course of business purchase the first currency with the second currency upon receipt of a sum paid to it in satisfaction, in whole or in part, of any such order, judgment, claim or proof. Any amount due from the Borrower under this clause 12.2 shall be due as a separate debt and shall not be affected by judgment being obtained for any other sums due under or in respect of any of the Security Documents and the term "rate of exchange" includes any premium and costs of exchange payable in connection with the purchase of the first currency with the second currency.

12.3 Environmental indemnity

The Borrower shall indemnify the Bank on demand and hold the Bank harmless from and against all costs, expenses, payments, charges, losses, demands, liabilities, actions, proceedings (whether civil or criminal), penalties, fines, damages, judgements, orders, sanctions or other outgoings of whatever nature which may be suffered, incurred or paid by, or made or asserted against the Bank at any time, whether before or after the repayment in full of principal and interest under this Agreement, relating to, or arising directly or indirectly in any manner or for any cause or reason whatsoever out of an Environmental Claim made or asserted against the Bank if such

Environmental Claim would not have been, or been capable of being, made or asserted against the Bank if it had not entered into any of the Security Documents and/or exercised any of its rights, powers and discretions thereby conferred and/or performed any of its obligations thereunder and/or been involved in any of the transactions contemplated by the Security Documents.

12.4 Tax indemnity

Without prejudice to the provisions of clause 7.6, if the Bank is required to make any payment on account of any Taxes solely as a result of its entry into any Security Document (not being Taxes imposed on the net income of the Bank by the jurisdiction in which it is incorporated or on the capital of the Bank employed in such jurisdiction) on any sum received or receivable under the Security Documents (including, without limitation, any sum received or receivable under this clause 12.4) or any liability in respect of any such payment is asserted, imposed, levied or assessed against the Bank, the Borrower shall, upon demand of the Bank promptly indemnify the Bank against such payment or liability, together with any interest, penalties and expenses payable or incurred in connection therewith.

13 Unlawfulness and increased costs

13.1 Unlawfulness

If it is or becomes contrary to any law or regulation for the Bank to make the Loan or to maintain the Commitment or fund the Loan, the Bank shall promptly give notice to the Borrower whereupon (a) the Commitment shall be reduced to zero and (b) the Borrower shall be obliged to prepay the Loan either (i) forthwith or (ii) on a future specified date not being earlier than the latest date permitted by the relevant law or regulation, together with interest accrued to the date of prepayment and all other sums payable by the Borrower under this Agreement. Provided however that if circumstances arise which would, or would upon the giving of notice, result in the reduction of the Commitment to zero or the Borrower being required to prepay the Loan pursuant to this clause 13.1 then, without in any way limiting, reducing or otherwise qualifying the obligations of the Borrower under this clause 13.1, the Bank shall endeavour to take such reasonable steps as may be open to it to mitigate or remove such circumstances including (without limitation) the transfer of its rights and obligations under this Agreement to another bank or financial institution acceptable to the Borrower unless to do so might (in the opinion of the Bank) be prejudicial to the Bank or be in conflict with the Bank's general banking policies or involve the Bank in expense or an increased administrative burden.

13.2 Increased costs

If the result of any change in, or in the interpretation or application of, any law or regulation (including, without limitation, those relating to Taxation, capital adequacy, liquidity, reserve assets and special deposits) is to:

13.2.1 subject the Bank to Taxes or change the basis of Taxation of the Bank with respect to any payment under any of the Security Documents (other than Taxes or Taxation on the overall net income, profits or gains of the Bank imposed in the jurisdiction in which its principal or lending office under this Agreement is located); and/or

13.2.2 increase the cost to, or impose an additional cost on, the Bank in making or keeping the Commitment available or maintaining or funding all or part of the Loan; and/or

13.2.3 reduce the amount payable or the effective return to the Bank under any of the Security Documents; and/or

13.2.4 reduce the Bank's rate of return on its capital by reason of a change in the manner in which it is required to allocate capital resources to its obligations under any of the Security Documents; and/or

13.2.5 require the Bank to make a payment or forgo a return on or calculated by reference to any amount received or receivable by it under any of the Security Documents,

then and in each such case (but subject to clause 13.3):

(a) the Bank shall notify the Borrower in writing of such event promptly upon its becoming aware of the same; and

(b) the Borrower shall on demand, made at any time whether or not the Loan has been repaid, pay to the Bank the amount which the Bank specifies (in a certificate setting forth the basis of the computation of such amount but not including any matters which the Bank regards as confidential in relation to its funding arrangements) is required to compensate the Bank for such increased cost, reduction, payment or forgone return.

13.3 Exception

Nothing in clause 13.2 shall entitle the Bank to compensation for any such increased costs, reduction, payment or foregoing return to the extent that the same is:

13.3.1 the subject of an additional payment under clause 7.6; or

13.3.2 attributable to the implementation or application of or compliance with any Basel II Regulation (whether such implementation, application or compliance is by a government, regulator, any Bank or any of its Affiliates).

13.4 Mitigation

If circumstances arise which would, or would upon the giving of notice, result in:

13.4.1 the Borrower being required to make an increased payment to the Bank pursuant to clause 7.6;

13.4.2 the reduction of the Bank's Commitment to zero or the Borrower being required to prepay the Loan pursuant to clause 13.1; or

13.4.3 the Borrower being required to make a payment to the Bank to compensate the Bank or its holding company for a liability to Taxes, increased or additional cost, reduction, payment, foregone return or loss pursuant to clause 13.2,

then, without in any way limiting, reducing or otherwise qualifying the obligations of the Borrower under clause 12 and this clause 13, the Bank shall endeavour to take such reasonable steps (and/or, in the case of clause 13.2 and where the increased or additional cost, reduction, payment, foregone return or loss is that of its holding company, endeavour to procure that its holding company takes such reasonable steps) as may be open to it (or, as the case may be, its holding company) to mitigate or remove such circumstances (but not including (in the case of the Bank) the transfer of its rights and obligations under this Agreement to another bank or financial institution) unless to do so might (in the opinion of the Bank) be prejudicial to the Bank (or, as the case may be, its holding company) or be in conflict with the Bank's (or, as the case may be, its holding company's) general banking policies or involve the Bank (or, as the case may be, its holding company) in expense or an increased administrative burden.

14 Security, set-off and pro-rata payments

14.1 Application of moneys

All moneys received by the Bank under or pursuant to any of the Security Documents and expressed to be applicable in accordance with the provisions of this clause 14.1 shall be applied in the following manner:

14.1.1 *first in or toward payment of all unpaid fees, commissions and expenses which may be owing* to the Bank under any of the Security Documents;

14.1.2 secondly in or towards payment of any arrears of interest owing in respect of the Loan or any part thereof;

14.1.3 thirdly in or towards repayment of the Loan (whether the same are due and payable or not);

14.1.4 fourthly in or towards payment to the Bank for any loss suffered by reason of any such payment in respect of principal not being effected on an Interest Payment Date relating to the part of the Loan repaid;

14.1.5 fifthly in or towards payment to the Bank of any other sums owing to it under any of the Security Documents; and

14.1.6 sixthly the surplus (if any) shall be paid to the Borrower or to whomsoever else may be entitled to receive such surplus.

14.2 Set-off

The Borrower authorises the Bank (without prejudice to any of the Bank's rights at law, in equity or otherwise), at any time after the occurrence of any Event of Default and without notice to the Borrower:

14.2.1 to apply any credit balance to which the Borrower is then entitled standing upon any account of the Borrower with any branch of the Bank in or towards satisfaction of any sum due and payable from the Borrower to the Bank under any of the Security Documents;

14.2.2 in the name of the Borrower and/or the Bank to do all such acts and to execute all such documents as may be necessary or expedient to effect such application; and

14.2.3 to combine and/or consolidate all or any accounts in the name of the Borrower with the Bank.

For such purposes, the Bank is authorised to purchase with the moneys standing to the credit of such account such other currencies as may be necessary to effect such application. The Bank shall not be obliged to exercise any right given to it by this clause 14.2. The Bank shall notify the Borrower forthwith upon the exercise or purported exercise of any right of set-off giving full details in relation thereto.

15 Assignment, transfer and lending office

15.1 Benefit and burden

This Agreement shall be binding upon, and enure for the benefit of, the Bank and the Borrower and their respective successors.

15.2 No assignment by Borrower

The Borrower may not assign or transfer any of its rights or obligations under this Agreement or any of the other Security Documents without the prior written consent of the Bank (which the Bank shall be at full liberty to withhold).

15.3 Assignment by the Bank

The Bank may assign all or any part of its rights in respect of its Commitment under this Agreement or under any of the other Security Documents to any other bank or financial institution (an **Assignee**) with the consent of the Borrower (such consent not to be unreasonably withheld or delayed).

15.4 Transfers

The Bank (as transferor) may at any time, cause all or any part of its rights, benefits and/or obligations under this Agreement and the Security Documents to be transferred to its Subsidiaries, Affiliates or to a federal reserve bank, central bank or other monetary or regulatory authority having jurisdiction over the Bank without the consent of the Borrower or, with the consent of the Borrower (such consent not to be unreasonably withheld or delayed), to any other bank or financial institution (a **Transferee**) if the Transferee, by delivery of such agreement as the Bank and the Borrower may approve, becomes bound by the terms of this Agreement and agrees to perform all or, as the case may be, part of the Bank's obligations under this Agreement. Any transfer by the Bank shall be offered and effected in compliance with all applicable laws and regulations. If the Borrower fails to respond to a request for such consent within five (5) days of such request being made, it shall be deemed to have given such consent.

15.5 Documenting transfers

If the Bank transfers all or any part of its rights, benefits and/or obligations as provided in clause 15.4 the Borrower undertakes, immediately on being requested to do so by the Bank and at the cost of the Bank, to enter into, and to procure that the other Security Parties shall enter into, such documents as may be necessary or desirable to transfer to the Assignee or Transferee all or the relevant part of the Bank's interest in the Security Documents and all relevant references in this Agreement to the Bank shall thereafter be construed as a reference to the Bank and/or its Assignee or Transferee (as the case may be) to the extent of their respective interests.

15.6 Lending office

The Bank shall lend through its office at the address specified in clause 16.1.3 or through any other office of the Bank selected from time to time by it through which the Bank wishes to lend for the purposes of this Agreement. If the office through which the Bank is lending is changed pursuant to this clause 15.6, the Bank shall notify the Borrower promptly of such change. The Bank shall not be entitled to change its lending office pursuant to this Agreement if the effect of such change would be to oblige the Borrower to pay to the Bank under clause 7.6 or 13.2 any sum in excess of the sum (if any) which it would have been obliged to pay to the Bank under the relevant clause in the absence of such change unless the Bank agrees that the Borrower shall not be obliged to pay that excess.

15.7 Disclosure of information

The Bank may disclose to a prospective assignee, substitute or transferee or to any other person who may propose entering into contractual relations with the Bank in relation to this Agreement such information about the Borrower as the Bank shall consider appropriate subject to the Bank obtaining an appropriate confidentiality undertaking in a form approved by the Borrower from such potential assignee, substitute or transferee.

16 Notices and other matters

16.1 Notices

Every notice, request, demand or other communication under this Agreement or (unless otherwise provided therein) under any of the other Security Documents shall:

16.1.1 be in writing delivered personally or by first-class prepaid letter (airmail if available) or facsimile transmission or other means of telecommunication in permanent written form;

16.1.2 be deemed to have been received, subject as otherwise provided in the relevant Security Document, in the case of a letter, when delivered personally or three (3) days after it has been put in to the post and, in the case of a facsimile transmission or other means of telecommunication in permanent written form, at the time of despatch (provided that if the date of despatch is not a business day in the country of the addressee or if the time of despatch is after the close of business in the country of the addressee it shall be deemed to have been received at the opening of business on the next such business day); and

16.1.3 be sent:

(a) to the Borrower at:

6th Floor
200 Aldersgate Street
London
EC1A 4HD

Fax no: 020-7382-6799
Attention: Mr. Shinji Miyake, Corporate and Accounting Group

(b) to the Bank at:

3rd Floor
155 Bishopsgate
London EC2M 3XU

Fax No: 020 7945 7179
Attention: Steve Spellacey/Michelle Cobley

or to such other address and/or numbers as is notified by one party to the other party under this Agreement.

16.2 No implied waivers, remedies cumulative

No failure or delay on the part of the Bank to exercise any power, right or remedy under any of the Security Documents shall operate as a waiver thereof, nor shall any single or partial exercise by the Bank of any power, right or remedy preclude any other or further exercise thereof or the exercise of any other power, right or remedy. The remedies provided in the Security Documents are cumulative and are not exclusive of any remedies provided by law.

16.3 Further assurance

The Borrower undertakes that the Security Documents shall both at the date of execution and delivery thereof and so long as any moneys are owing under any of the Security Documents, be valid and binding obligations of the respective parties thereto and the rights of the Bank enforceable

in accordance with their respective terms and that it will, at its expense, execute, sign, perfect and do, and will procure the execution, signing, perfecting and doing by each of the other Security Parties of, any and every such further assurance, document, act or thing as in the reasonable opinion of the Bank may be necessary or desirable for perfecting the security contemplated or constituted by the Security Documents.

16.4 Conflicts

In the event of any conflict between this Agreement and any of the other Security Documents, the provisions of this Agreement shall prevail.

16.5 English language

All certificates, instruments and other documents to be delivered under or supplied in connection with any of the Security Documents (except for any documents agreed by the Bank and the Borrower) shall be in the English language or shall be accompanied by a certified English translation upon which the Bank shall be entitled to rely.

16.6 Counterparts

This Agreement may be executed in any number of counterparts and by facsimile provided that original signed copies are provided within a reasonable period of time thereafter. This has the same effect as if the signatures on the counterparts were on a single copy of this Agreement.

17 Governing law and jurisdiction

17.1 Law

This Agreement and any non-contractual obligations arising out of or in connection with it are governed by and shall be construed in accordance with English law.

17.2 Submission to jurisdiction

The Borrower agrees, for the benefit of the Bank, that any legal action or proceedings arising out of or in connection with this Agreement or any non-contractual obligations arising out of or in connection with this Agreement against the Borrower or any of its assets may be brought in the English courts. The Borrower irrevocably and unconditionally submits to the jurisdiction of such courts. The submission to such jurisdiction shall not (and shall not be construed so as to) limit the right of the Bank to take proceedings against the Borrower in the courts of any other competent jurisdiction nor shall the taking of proceedings in any one or more jurisdictions preclude the taking of proceedings in any other jurisdiction, whether concurrently or not. The parties further agree that only the Courts of England and not those of any other State shall have jurisdiction to determine any claim which the Borrower may have against the Bank arising out of or in connection with this Agreement.

IN WITNESS whereof the parties to this Agreement have caused this Agreement to be duly executed on the date first above written.

Schedule 1
Form of Drawdown Notice

(referred to in clause 2.2)

To: Sumitomo Mitsui Trust Bank, Limited
(acting through its London Branch)
3rd Floor
155 Bishopsgate
London EC2M 3XU

For the attention of: [Loans Administration]

2014

$27,600,000 secured amortising multicurrency loan facility agreement dated [•] 2013 (the Loan Agreement)

1 We refer to the above Loan Agreement and hereby give you notice that we wish to draw down the Commitment, namely $27,600,000, on [•] 2014 and confirm that the first Interest Period in respect thereof shall be three (3) months. The funds should be credited to the account in our name at Mizuho Corporate Bank, Ltd. (acting through its London Branch) with account number F-10-741-141387 with and are to be applied for the purpose of financing the acquisition cost of the Ship.

2 We confirm that:

(a) no event or circumstance has occurred and is continuing which constitutes a Default;

(b) the representations and warranties contained in clauses 8.1 and 8.2 of the Agreement (and so that the representation and warranty in clause 8.1.9 refers for this purpose to the audited financial statements of the Borrower in respect of the financial year ended on 31 March 2013) are true and correct at the date hereof as if made with respect to the facts and circumstances existing as at such date;

(c) the borrowing to be effected by the drawdown of the Loan will be within our corporate powers, has been validly authorised by appropriate corporate action and will not cause any limit on our borrowings (whether imposed by statute, regulation, agreement or otherwise) to be exceeded; and

(d) there has been no material adverse change in our financial position from that set forth in the financial statements referred to in (b) above.

Words and expressions defined in the Loan Agreement shall have the same meanings where used herein.

.....
for and on behalf of
"K" LINE BULK SHIPPING (UK) LIMITED

Schedule 2
Documents and evidence required as conditions precedent

(referred to in clause 10.1)

Part 1

1 Constitutional documents

Copies, certified by an officer of the Borrower as true, complete and up to date copies of all documents which contain or establish or relate to the constitution of the Borrower;

2 Corporate authorisations

Copies of resolutions of the directors of the Borrower approving such of the Security Documents to which the Borrower is, or is to be, party and authorising the signature, delivery and performance of the Borrower's obligations thereunder, certified (in a certificate dated no earlier than five (5) Banking Days prior to the date of this Agreement) by an officer of the Borrower as:

(a) being true and correct;

(b) being duly passed at meetings of the directors of the Borrower duly convened and held;

(c) not having been amended, modified or revoked; and

(d) being in full force and effect,

together with originals or certified copies of any powers of attorney issued by the Borrower pursuant to such resolutions;

3 Borrower's consents and approvals

A certificate (dated no earlier than five (5) Banking Days prior to the date of this Agreement) from an officer of the Borrower that no consents, authorisations, licences or approvals are necessary for the Borrower to authorise or are required by the Borrower in connection with the borrowing by the Borrower of the amount of USD27,600,000 (or applicable amount in the Alternative Currency) pursuant to this Agreement or the execution, delivery and performance of the Security Documents;

4 Certified Shipbuilding Contract

A copy, certified (in a certificate dated no earlier than five (5) Banking Days prior to the date of this Agreement) as a true and complete copy by an officer of the Borrower of the Shipbuilding Contract; and

5 English legal opinion

An opinion of Norton Rose Fulbright LLP in respect of the laws of England and Wales in form and substance satisfactory to the Bank.

Part 2

1 **Ship conditions**

Evidence that the Ship:

(a) **Registration and Encumbrances**

is provisionally registered in the name of the Borrower through the Registry under the laws and flag of the Flag State and that the Ship and its Insurances and Requisition Compensation (as defined in the General Assignment) are free of Encumbrances (other than Permitted Encumbrances);

(b) **Classification and survey**

maintains the Classification free of all requirements and recommendations of the Classification Society; and

(c) **Insurance**

is, or will on the Delivery Date be, insured in accordance with the provisions of the Security Documents and all requirements of the Security Documents in respect of such insurance have been complied with;

2 **Mortgage registration**

Execution of the Mortgage and evidence that the Mortgage has been, or will on the Delivery Date be, provisionally registered against the Ship through the Registry under the laws and flag of the Flag State;

3 **Security Documents**

The General Assignment duly executed;

4 **Notices of assignment and acknowledgements**

Copies of duly executed notices of assignment required by the terms of the Security Documents and in the forms prescribed by the Security Documents; and

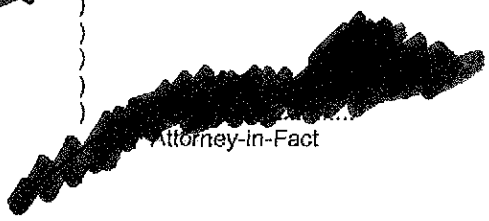
5 **Panamanian legal opinion**

An opinion of Morgan & Morgan special legal advisers to the Bank in the Republic of Panama in form and substance satisfactory to the Bank.

LOAN AGREEMENT EXECUTION PAGE

The Borrower

SIGNED by [redacted])
attorney-in-fact for and on behalf of)
"K" LINE BULK SHIPPING (UK) LIMITED)
pursuant to a Power of Attorney)
dated 26 September 2013)



Attorney-in-Fact

The Bank

SIGNED by [redacted])
authorised signatory for and on behalf of)
SUMITOMO MITSUI TRUST BANK, LIMITED)
(acting through its London Branch))



Authorised signatory

Schedule 2

Information for the Purposes of Law 55 of 6 August 2008

Mortgagor/Borrower Name and Address:	"K" Line Bulk Shipping (UK) Limited with registered office at 6th Floor, 200 Aldersgate Street, London EC1A 4HD, UK (the **Owner**); and
Mortgagee Name and Address:	**SUMITOMO MITSUI TRUST BANK, LIMITED** acting through its London branch at 3rd Floor, 155 Bishopsgate, London EC2M 3XU (the **Mortgagee**).
Mortgage Contract Date:	23rd April, 2014
Name of Vessel:	MV "FALMOUTH BAY"
Vessel Details:	Length overall 194.00m Breadth 32.26m Depth 18.10m Tons Gross 33,126.00 Tons Net 19,142.00 Having international Call sign 3FVI5 and more particularly described in the provisional Patent of Navigation Number 45639-PEXT
Mortgage Amount:	$27,600,000 plus any other amount owed under the Outstanding Indebtedness
Maturity Date:	The date falling on the last day of the month which is ten (10) years from the Drawdown Date
Interests, if any:	Aggregate of the Margin plus Cost of Funds for such Interest Period
Mode of Payment:	The Loan shall be advanced in full and in one amount and shall be repaid in forty instalments, each such instalment to be repaid on each of the Repayment Dates. Subject to the provisions of the Loan Agreement, the amount of each instalment (other than the last instalment which shall be $9,660,000) shall be $460,000. If the Commitment is not drawn in full, then each of the repayment instalments shall be reduced proportionately.

SIGNED, SEALED AND DELIVERED)
as a **DEED**)
by [redacted])
for and on behalf of)
"K" LINE BULK SHIPPING (UK) LIMITED)
pursuant to a power of attorney)
dated 26 September 2013)
in the presence of:)

[redacted]
Attorney-in-Fact

[redacted]
.....
Witness
Notary Public London, England [redacted]

ACCEPTANCE OF MORTGAGE

SUMITOMO MITSUI TRUST BANK, LIMITED a company incorporated in accordance with the laws of Japan but acting for the purposes of this Deed through its London branch at 3rd Floor, 155 Bishopsgate, London, EC2M 3XU DOES HEREBY ACCEPT the annexed First Preferred Mortgage executed in its favour by **"K" LINE BULK SHIPPING (UK) LIMITED** a company incorporated in accordance with the laws of England dated 13rd April 2014 covering the Panamanian Vessel m.v. "FALMOUTH BAY", DOES HEREBY ACCEPT the said Mortgage in all respects and agrees to all terms and conditions of the said Mortgage.

IN WITNESS whereof the said **SUMITOMO MITSUI TRUST BANK, LIMITED (acting through its London Branch)** has caused this Acceptance of Mortgage to be executed as a deed this 13rd day of April 2014

SIGNED, SEALED AND DELIVERED)
as a **DEED**)
by [redacted])
for and on behalf of)
SUMITOMO MITSUI TRUST BANK, LIMITED)
(acting through its London Branch))
in the presence of:)



Authorised Signatory



.....
Witness

Notary Public London, England [redacted]