

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549  
FORM 20-F  
(Mark One)**

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

OR

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
For the fiscal year ended December 31, 2024

OR

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

OR

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

Date of event requiring this shell company report \_\_\_\_\_

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number 001-35025

**PERFORMANCE SHIPPING INC.**

(Exact name of Registrant as specified in its charter)

**Not applicable**

(Translation of Registrant's name into English)

**Republic of the Marshall Islands**

(Jurisdiction of incorporation or organization)

373 Syngrou Avenue, 175 64 Palaio Faliro, Athens, Greece

(Address of principal executive offices)

Mr. Andreas Michalopoulos, 373 Syngrou Avenue, 175 64 Palaio Faliro, Athens, GR  
Tel: + 30-216-600-2400, Fax: + 30-216-600-2599, E-mail: amichalopoulos@pshipping.com

(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common shares, \$0.01 par value, including the Preferred stock purchase rights	"PSHG"	The Nasdaq Stock Market LLC

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

None

(Title of Class)

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

None

(Title of Class)

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

As of December 31, 2024, there were 12,432,158 of the registrant's common shares, par value \$0.01, outstanding, 50,726 shares of the registrant's Series B Convertible Cumulative Perpetual Preferred Stock outstanding and 1,423,912 shares of the registrant's Series C Convertible Cumulative Redeemable Perpetual Preferred Stock outstanding.

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

Yes  No

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

Yes  No

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

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

Yes  No

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

Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer" and "emerging growth company" in Rule 12b-2 of the Exchange Act.:

Large accelerated filer

Accelerated filer

Non-accelerated filer

Emerging growth company

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

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

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

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

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

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

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

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

Item 17  Item 18

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

Yes  No

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

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

Yes  No

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TABLE OF CONTENTS

<b>PART I</b>		5
Item 1.	<a href="#">Identity of Directors, Senior Management, and Advisers</a>	5
Item 2.	<a href="#">Offer Statistics and Expected Timetable</a>	5
Item 3.	<a href="#">Key Information</a>	5
Item 4.	<a href="#">Information on the Company</a>	48
Item 4A.	<a href="#">Unresolved Staff Comments</a>	72
Item 5.	<a href="#">Operating and Financial Review and Prospects</a>	73
Item 6.	<a href="#">Directors, Senior Management, and Employees</a>	90
Item 7.	<a href="#">Major Shareholders and Related Party Transactions</a>	95
Item 8.	<a href="#">Financial information</a>	97
Item 9.	<a href="#">The Offer and Listing</a>	98
Item 10.	<a href="#">Additional Information</a>	99
Item 11.	<a href="#">Quantitative and Qualitative Disclosures about Market Risk</a>	109
Item 12.	<a href="#">Description of Securities Other than Equity Securities</a>	110
<b>PART II</b>		111
Item 13.	<a href="#">Defaults, Dividend Arrearages and Delinquencies</a>	111
Item 14.	<a href="#">Material Modifications to the Rights of Security Holders and Use of Proceeds</a>	111
Item 15.	<a href="#">Controls and Procedures</a>	111
Item 16.	<a href="#">[Reserved]</a>	112
Item 16A.	<a href="#">Audit Committee Financial Expert</a>	112
Item 16B.	<a href="#">Code of Ethics</a>	112
Item 16C.	<a href="#">Principal Accountant Fees and Services</a>	112
Item 16D.	<a href="#">Exemptions from the Listing Standards for Audit Committees</a>	113
Item 16E.	<a href="#">Purchases of Equity Securities by the Issuer and Affiliated Purchasers</a>	113
Item 16F.	<a href="#">Change in Registrant’s Certifying Accountant</a>	113
Item 16G.	<a href="#">Corporate Governance</a>	113
Item 16H.	<a href="#">Mine Safety Disclosure</a>	114
Item 16I.	<a href="#">Disclosure Regarding Foreign Jurisdictions that Prevent Inspections</a>	114
Item 16J.	<a href="#">Insider Trading Policies</a>	114
Item 16K.	<a href="#">Cybersecurity</a>	114
<b>PART III</b>		116
Item 17.	<a href="#">Financial Statements</a>	116
Item 18.	<a href="#">Financial Statements</a>	116
Item 19.	<a href="#">Exhibits</a>	116

## FORWARD-LOOKING STATEMENTS

Matters discussed in this annual report on Form 20-F and the documents incorporated by reference may constitute forward-looking statements. The Private Securities Litigation Reform Act of 1995 provides safe harbor protections for forward-looking statements in order to encourage companies to provide prospective information about their business. Forward-looking statements include, but are not limited to, statements concerning plans, objectives, goals, strategies, future events or performance, underlying assumptions, and other statements, which are other than statements of historical facts.

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

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

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

In addition to these important factors and matters discussed elsewhere herein, including under the heading “Item 3. Key Information—D. Risk Factors,” and in the documents incorporated by reference herein, important factors that, in its view, could cause actual results to differ materially from those discussed in the forward-looking statements include, but are not limited to: the strength of world economies; fluctuations in currencies and interest rates; inflation general market conditions, including fluctuations in charter rates and vessel values; changes in demand in the tanker shipping industry; changes in the supply of vessels; changes in worldwide or regional oil production, demand, consumption, and storage; changes in our operating expenses, including bunker prices, crew costs, drydocking, and insurance costs; our future operating or financial results; availability of financing and refinancing; changes to our financial condition and liquidity, including our ability to pay amounts that we owe and obtain additional financing to fund capital expenditures, acquisitions, and other general corporate activities; our ability to take delivery of, integrate into our fleet, and employ any newbuilding vessels we may acquire or order in the future and the ability of shipyards to deliver vessels on a timely basis; our ability to obtain financing and comply with the restrictions and other covenants in our financing arrangements; our ability to continue as a going concern; our ability to pay dividends to holders of our preferred shares and common shares; our ability to comply with additional costs, expenses and risks related to our environmental, social and governance policies; potential liability from pending or future litigation and potential costs due to environmental damage and vessel collisions; changes in the market for our vessels; availability of skilled workers and the related labor costs; compliance with governmental, tax, environmental, and safety regulations; any non-compliance with the U.S. Foreign Corrupt Practices Act of 1977, or FCPA, or other applicable regulations relating to bribery; the impact of the Secured Overnight Financing Rate, or SOFR, on interest rates of our debt; general economic conditions and conditions in the oil industry; effects of new products and new technology in our industry; the failure of counterparties to fully perform their contracts with us; our dependence on key personnel; adequacy of insurance coverage; our ability to obtain indemnities from customers; changes in laws, treaties, or regulations; volatility of the price of our common shares; our incorporation under the laws of the Republic of the Marshall Islands and the different rights to relief that may be available compared to other countries, such as the United States; changes in governmental rules and regulations or actions taken by regulatory authorities and the expected costs thereof; general domestic and international political conditions or events, including “trade wars,” acts by terrorists, acts of piracy on ocean-going vessels, or other hostilities, including the war between Russia and Ukraine and Israel and Hamas, the tensions between Israel and Iran, the U.S. and China, the U.S. and the European Union, or the EU, and the North Atlantic Treaty Organization, or NATO, countries and the tensions in the Middle East region, including missile attacks by the Houthis on vessels in the Red Sea; the outbreak, length, and severity of public health threats, epidemics and pandemics and other disease outbreaks and governmental responses thereto and any resultant impact on the demand for seaborne transportation of petroleum and other types of products and the condition of the financial markets thereafter; potential disruption of shipping routes due to accidents, labor disputes, or political events; and other important factors described from time to time in the reports filed by the Company with the U.S. Securities and Exchange Commission, or the SEC.

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

PART I

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

Not Applicable.

**Item 2. Offer Statistics and Expected Timetable**

Not Applicable.

**Item 3. Key Information**

In this annual report, “we,” “us,” “our,” and “the Company” all refer to Performance Shipping Inc. and its subsidiaries, unless the context requires otherwise. References in this annual report, other than as incorporated by reference, to our common shares and earnings per share amounts, including the number of common shares issuable upon exercise of common stock purchase warrants or upon conversion of shares of our Series C Convertible Cumulative Redeemable Perpetual Preferred Stock, or the Series C Preferred Shares, and the exercise or conversion price of such warrants and Series C Preferred Shares, are adjusted to reflect the consolidation of our common shares through reverse stock splits, including the one-for-fifteen reverse stock split which became effective as of November 15, 2022.

A. *[Reserved]*

B. *Capitalization and Indebtedness*

Not Applicable.

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

Not Applicable.

D. *Risk Factors*

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

**Summary of Risk Factors**

Below is a summary of the principal factors that make an investment in our common shares speculative or risky. This summary does not address all of the risks that we face. Additional discussion of the risks summarized in this risk factor summary, and other risks that we face, can be found below under the headings “Industry Specific Risk Factors,” “Company Specific Risk Factors,” and “Risks Relating to our Common Shares and Preferred Shares” and should be carefully considered, together with other information in this annual report and our other filings with the SEC before making an investment decision regarding our common shares.

*Industry Specific Risk Factors*

- The international tanker industry has historically been both cyclical and volatile.
- An over-supply of tanker capacity may lead to a reduction in charter rates, vessel values, and profitability.
- Our results of operations are subject to seasonal fluctuations, which may adversely affect our financial condition.
- If economic conditions throughout the world continue to deteriorate or become more volatile, it could have an adverse impact on our operations and financial results.
- Tanker vessel values may fluctuate due to economic and technological factors, which may adversely affect our financial condition, or result in the incurrence of a loss upon disposal of a tanker vessel, impairment losses, or increases in the cost of acquiring additional tanker vessels.

- An increase in operating costs could adversely affect our cash flows and financial condition.
- Increases in fuel prices may adversely affect our profits.
- Compliance with safety and other vessel requirements imposed by classification societies may be very costly and may adversely affect our business.
- We are subject to regulation and liability under environmental laws that could require significant expenditures and affect our cash flows and net income.
- We, or our in-house managers, may be unable to attract and retain qualified, skilled employees or crew necessary to operate our business. In addition, labor interruptions could disrupt our business.
- We operate our vessels worldwide and, as a result, our vessels are exposed to international risks and inherent operational risks of the tanker vessel industry, which may adversely affect our business and financial condition.
- Political instability, terrorist or other attacks, war, and international hostilities could affect our results of operations and financial condition.
- Outbreaks of epidemic and pandemic diseases and the related governmental responses thereto, could adversely affect our business.
- Increasing growth of electric vehicles could lead to a decrease in trading and the movement of crude oil and petroleum products worldwide.
- Acts of piracy on ocean-going vessels could adversely affect our business.
- Our operations may be adversely impacted by severe weather, including as a result of climate change.
- If our vessels call on ports located in countries or territories that are the subject of sanctions or embargoes imposed by the U.S. government or other governmental authorities, it could lead to monetary fines or adversely affect our business, reputation, and the market for our common shares.
- We conduct business in China, where the legal system is unpredictable and has inherent uncertainties that could limit the legal protections available to us.
- Governments could requisition our vessels during a period of war or emergency, resulting in loss of earnings.
- Failure to comply with the FCPA could result in fines, criminal penalties, and an adverse effect on our business.
- The smuggling of drugs or other contraband onto our vessels may lead to governmental claims against us.
- Maritime claimants could arrest or attach one or more of our vessels, which would interrupt our business or have a negative effect on our cash flows.
- Changing laws and evolving reporting requirements could have an adverse effect on our business.
- A recent proposal by the U.S. to impose new port fees on Chinese-operated vessels, Chinese-built vessels, non-Chinese companies operating Chinese-built vessels and companies with newbuilding orders at Chinese shipyards, and to restrict a percentage of U.S. products to being transported on U.S. vessels could have a material adverse effect on our operations and financial results.

*Company Specific Risk Factors*

- The market values of our vessels are highly volatile and may decline, which could limit the amount of funds that we can borrow and trigger breaches of certain financial covenants under our future loan facilities.
- Our business, operating results, financial condition, and growth will depend on our ability to successfully charter our vessels, for which we will face substantial competition.
- The failure of our counterparties to meet their obligations to us under any vessel purchase agreements or charter agreements could cause us to suffer losses or otherwise adversely affect our business.
- Delays or defaults by the shipyards in the construction of newbuildings could increase our expenses and diminish our net income and cash flows.
- We may be unable to locate suitable vessels or dispose of vessels at reasonable prices, which would adversely affect our ability to operate our business.
- Our purchasing and operating secondhand vessels, and the aging of our fleet may result in increased operating costs and vessels off-hire, which could adversely affect our earnings.
- There is a lack of historical operating history provided with our secondhand vessel acquisitions, and profitable operation of the vessels will depend on our skill and expertise.

- Technical innovation and technical quality and efficiency requirements from our customers could reduce our charter hire income and the value of our vessels.
- The Public Company Accounting Oversight Board inspection of our independent accounting firm could lead to findings in our auditor's reports and challenge the accuracy of our published audited consolidated financial statements.
- Our ability to obtain debt financing in the future may be dependent on the performance of our then-existing charters and the creditworthiness of our charterers.
- We may be unable to attract and retain key management personnel and other employees in the shipping industry, which may negatively impact the effectiveness of our management and results of operations.
- Aliko Paliou, the Chairperson of the Board, controls a majority of voting power over matters on which our shareholders are entitled to vote and, accordingly, may exert considerable influence over us and may have interests that are different from the interests of our other shareholders.
- Our Chief Financial Officer participates in business activities not associated with us and does not devote all of his time to our business, which may create conflicts of interest and hinder our ability to operate successfully.
- We are currently subject to litigation and we may be subject to similar or other litigation in the future.
- We expect to continue to operate substantially outside the United States, which will expose us to political and governmental instability, which could harm our operations.
- We generate all of our revenues in U.S. dollars and incur a portion of our expenses in other currencies and, therefore, exchange rate fluctuations could have an adverse impact on our results of operations.
- Volatility of SOFR could affect our profitability, earnings, and cash flow.
- We may have to pay tax on United States source income, which would reduce our earnings.
- We may be classified as a "passive foreign investment company," which could result in adverse U.S. federal income tax consequences to U.S. holders.
- We may be subject to increased premium payments, or calls, because we obtain some of our insurance through protection and indemnity associations.
- The international nature of our operations may make the outcome of any bankruptcy proceedings difficult to predict.
- A cyber-attack could materially disrupt our business.
- If we do not identify suitable vessels for acquisition or successfully integrate any acquired vessels, we may not be able to grow or effectively manage our growth.
- Inflation could adversely affect our operating results and financial condition.
- The IMO 2020 regulations may cause us to incur substantial costs and procure low-sulfur fuel oil directly on the wholesale market for storage at sea and onward consumption on our vessels.
- Climate change and greenhouse gas restrictions may adversely impact our operations and markets.
- Increasing regulation as well as scrutiny and changing expectations from investors, lenders, and other market participants with respect to our Environmental, Social, and Governance ("ESG") policies may impose additional costs on us or expose us to additional risks.
- If we are unable to operate our vessels profitably, we may be unsuccessful in competing in the highly competitive international tanker vessel market, which would negatively affect our financial condition and our ability to expand our business.
- Regulations relating to ballast water discharge may adversely affect our revenues and profitability.
- Insurance may be difficult to obtain or, if obtained, may not be adequate to cover our losses that may result from our operations due to the inherent operational risks of the shipping industry.
- Adverse market conditions could cause us to breach covenants in our credit facilities and adversely affect our operating results.
- A shift in consumer demand from crude oil towards other energy sources or changes to trade patterns for crude oil and refined petroleum products may have a material adverse effect on our business.

*Risks Relating to our Common and Preferred Shares*

- The market price of our common shares is subject to significant fluctuations.
- Future sales of our common shares, including through the exercise of conversion rights under our outstanding convertible preferred shares, could cause the market price of our common shares to decline.
- We might issue additional common shares or other securities to finance our growth as market conditions warrant. These issuances, which would generally not be subject to shareholder approval, may lower your ownership interests and may depress the market price of our common shares.



- There is no guarantee of a continuing public market for you to resell our common shares.
- The issuance of common shares in future offerings may trigger anti-dilution provisions in our outstanding convertible securities and warrants and affect the interests of our common shareholders.
- We cannot assure you that our board of directors will declare dividend payments on our common shares in the future or when such payment might occur.
- Future offerings of debt securities and amounts outstanding under any future credit facilities or other borrowings, which would rank senior to our common shares upon our liquidation, may adversely affect the market value of our common shares.
- We may not have sufficient cash from our operations to enable us to pay dividends on or redeem our Series B Preferred Shares and Series C Preferred Shares following the payment of expenses and the establishment of any reserves.
- Our ability to pay dividends on and redeem our Series B Preferred Shares and Series C Preferred Shares, and, therefore, your ability to receive payments on the Series B Preferred Shares and Series C Preferred Shares, is limited by the requirements of Marshall Islands law and our contractual obligations.
- Our Series B Preferred Shares and Series C Preferred Shares are subordinated to our debt obligations, and the interests of the holders of Series B Preferred Shares and Series C Preferred Shares could be diluted by the issuance of additional shares, including other preferred shares, or by other transactions.
- The Series B Preferred Shares and Series C Preferred Shares represent perpetual equity interests in us.
- There is no established trading market for the Series B Preferred Shares or Series C Preferred Shares, which may negatively affect the market value of the Series B Preferred Shares and Series C Preferred Shares and your ability to transfer or sell them.
- The Series B Preferred Shares and Series C Preferred Shares are only redeemable at our option and investors should not expect us to redeem the Series B Preferred Shares or Series C Preferred Shares in the future.
- We are a holding company, and we depend on the ability of our current and future subsidiaries to distribute funds to us in order to satisfy our financial obligations and make dividend payments.
- Because we are a foreign corporation you may not have the same rights or protections that a shareholder in a U.S. corporation may have.
- As a Marshall Islands corporation with principal executive offices in Greece, and also having subsidiaries in the Republic of the Marshall Islands, our operations may be subject to economic substance requirements.
- It may not be possible for our investors to enforce judgments of U.S. courts against us.
- Anti-takeover provisions in our organizational documents could make it difficult for our shareholders to replace or remove our current board of directors or have the effect of discouraging, delaying, or preventing a merger or acquisition, which could adversely affect the value of our securities.

## **Industry Specific Risk Factors**

*The international tanker industry has historically been both cyclical and volatile.*

The international tanker industry in which we operate is cyclical, with attendant volatility in charter hire rates, vessel values and industry profitability. For tanker vessels, the degree of charter rate volatility has varied widely. The Baltic Dirty Tanker Index, or the BDTI, a U.S. dollar daily average of charter rates issued by the Baltic Exchange that takes into account input from brokers around the world regarding crude oil fixtures for various routes and oil tanker vessel sizes, has been volatile. In 2024, the BDTI reached a high of 1,552 and a low of 860. The Baltic Clean Tanker Index, or BCTI, a comparable index to the BDTI but for petroleum product fixtures, has similarly been volatile. In 2024, the BCTI reached a high of 1,411 and a low of 460. Although the BDTI and BCTI were 1,101 and 676, respectively, as of April 7, 2025, there can be no assurance that the crude oil and petroleum products charter market will continue to increase, and the market could again decline. Recent heightened volatility in charter prices has resulted primarily from the war in Ukraine and sanctions on Russian exports of crude oil and petroleum products, and there remains uncertainty about the future impact of those events. More recently, the war between Israel and Hamas has resulted in increased tensions in the Middle East region, including missile attacks by the Houthis on vessels in the Red Sea and Gulf of Aden. Such circumstances have had and could in the future result in adverse consequences for the tanker industry. In general, volatility in charter rates depends, among other factors, on (i) supply and demand for tankers, (ii) the demand for crude oil and petroleum products, (iii) the inventories of crude oil and petroleum products in the United States and in other industrialized nations, (iv) oil refining volumes, (v) oil prices, and (vi) any restrictions on crude oil production imposed by the Organization of the Petroleum Exporting Countries, or OPEC, and non-OPEC oil producing countries.

Currently, five of our vessels are employed on short- and medium-term time charters, and one vessel operates under pool arrangement with exposure to the prevailing robust Aframax spot rates. Changes in spot rates and time charter rates can affect the revenues we receive from operations in the event our charterers default or seek to renegotiate the charter hire, as well as the value of our vessels, even if our vessels are employed under long-term time charters. Our ability to re-charter our vessels on the expiration or termination of their time or bareboat charters and the charter rates payable under any renewal or replacement charters will depend upon, among other things, economic conditions in the tanker markets and several other factors outside of our control and we cannot guarantee that any renewal or replacement charters we enter into will be sufficient to allow us to operate our vessels profitably. If we are not able to obtain new contracts in direct continuation with existing charters or for newly acquired vessels, or if new contracts are entered into at charter rates substantially below the existing charter rates or on terms otherwise less favorable compared to existing contract terms, our revenues and profitability could be adversely affected, we may have to record impairment adjustments to the carrying values of our fleet and we may not be able to comply with the financial covenants in our loan agreements. A decline in charter hire rates will also likely cause the value of our vessels to decline.

Fluctuations in charter rates and vessel values result from changes in the supply and demand for vessels and changes in the supply and demand for oil, chemicals and other liquids our vessels carry. Factors affecting the supply and demand for our vessels are outside of our control and are unpredictable. The nature, timing, direction and degree of changes in the tanker industry conditions are also unpredictable.

The factors that influence demand for tanker vessel capacity include, without limitation:

- supply of, and demand for, energy resources and oil and petroleum products;
- oil prices;
- competition from, and supply of, and demand for, alternative sources of energy, other shipping companies and other modes of transportation;
- regional availability of refining capacity and inventories;
- global and regional economic and political conditions and developments in international trade, including, “trade wars”, national oil reserve policies, fluctuations in industrial and agricultural production, wars or other armed conflicts and work stoppages, including the war in Ukraine, the war between Israel and Hamas or the Houthi crisis in or around the Red Sea, terrorist activities, trade wars, tariffs embargoes, and strikes;
- currency exchange rates;
- changes in seaborne and other transportation patterns, including shifts in transportation demand between crude oil and refined oil products and the distance they are transported by sea and changes in the price of crude oil and changes to the West Texas Intermediate and Brent Crude Oil pricing benchmarks, and changes in trade patterns;
- changes in governmental or maritime self-regulatory organizations’ rules and regulations or actions taken by regulatory authorities;
- environmental and other legal and regulatory developments;
- government subsidies of shipbuilding;
- increases in the production of oil in areas linked by pipelines to consuming areas, the construction or expansion of new or existing pipelines or railways or conversion of existing non-oil pipelines to oil pipelines;

- weather, natural disasters, and other acts of God;
- economic slowdowns caused by public health events or inflationary pressures and resultant governmental responses;
- developments in international trade, including those relating to the imposition of tariffs;
- worldwide and regional availability of refining capacity and inventories;
- changes in the production levels of crude oil (including in particular production by OPEC, the United States, and other key producers); and
- international sanctions, embargoes, import and export restrictions, nationalizations, and wars or other conflicts, including the ongoing war in Ukraine and between Israel and Hamas.

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

- demand for alternative sources of energy;
- the number of newbuilding orders and deliveries;
- the number of shipyards and availability of shipyards to deliver vessels;
- the scrapping rate of older vessels;
- vessel casualties;
- the recycling of older vessels, depending, among other things, on recycling rates and international recycling regulations;
- conversion of tanker vessels to other uses;
- the number of vessels that are out of service, namely those that are laid up, dry-docked, awaiting repairs, or otherwise not available for hire;
- availability of financing for new or secondhand vessels;
- speed of vessel operation;
- vessel freight rates, which are affected by factors that may affect the rate of newbuilding, swapping, and laying up of vessels;
- the price of steel and vessel equipment;
- technological advances in the design, capacity, propulsion technology and fuel consumption efficiency of vessels;
- changes in national or international regulations that may effectively cause reductions in the carrying capacity of vessels or early obsolescence of tonnage;
- changes in environmental and other regulations that may limit the useful lives of vessels;
- port or canal congestion and weather delays;
- environmental concerns and regulations, including ballast water management, low sulfur fuel consumption regulations, and reductions in CO2 emissions; and
- sanctions (in particular, sanctions on Russia, Iran, and Venezuela, among others).

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

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

The market supply of tanker vessels is affected by a number of factors, such as the supply of and demand for energy resources, including oil and petroleum products, the supply of and demand for seaborne transportation of such energy resources, the current and expected price for newbuildings, and the number of vessels being recycled for scrap steel, as well as strong overall economic growth of the world economy. In recent years, shipyards have produced a large number of new tankers. As of March 2025, newbuilding orders have been placed for an aggregate of approximately 14.2% of the existing global tanker fleet, with the bulk of deliveries expected during 2027. If the capacity of new tanker vessels delivered exceeds the capacity of tanker vessels being recycled for scrap steel or converted to non-trading tanker vessels, tanker vessel capacity will increase. If the supply of tanker vessel capacity increases and the demand for tanker vessel capacity decreases or does not increase correspondingly, charter rates could materially decline, resulting in a decrease in the value of our vessels and the charter rates that we can obtain. A reduction in charter rates and the value of our tanker vessels may have a material adverse effect on our results of operations, earnings, and available cash, our ability to pay dividends and our ability to comply with the covenants in our loan agreements.

The impact of the sanctions on Russian exports of crude oil and petroleum products is uncertain and has generated increased volatility in the supply of tanker vessels available for worldwide trade. If this volatility persists, we may not be able to find profitable charters for our vessels, or other vessels we may acquire, which could have a material adverse effect on our business, results of operations, cash flows, financial condition, ability to pay dividends, and compliance with current or future covenants with respect to any of our financing arrangements.

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

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

***If economic conditions throughout the world continue to deteriorate or become more volatile, it could have an adverse impact on our operations and financial results.***

Various macroeconomic factors, including rising inflation, higher interest rates, global supply chain constraints, and the effects of overall economic conditions and uncertainties, such as those resulting from the current and future conditions in the global financial markets, could adversely affect our results of operations, financial condition and ability to pay dividends. Inflation and rising interest rates may negatively impact us by increasing our operating costs and our cost of borrowing. Interest rates, the liquidity of the credit markets and the volatility of the capital markets could also affect the operation of our business and our ability to raise capital on favorable terms, or at all. Adverse economic conditions also affect demand for goods and oil. Reduced demand for these or other products could result in significant decreases in rates we obtain for chartering our vessels. In addition, the cost for crew members, oils and bunkers, and other supplies may increase. Furthermore, we may experience losses on our holdings of cash and investments due to failures of financial institutions and other parties. Difficult economic conditions may also result in a higher rate of losses on our accounts receivable due to credit defaults. As a result, downturns in the worldwide economy could have a material adverse effect on our business, results of operations, financial condition, and ability to pay dividends.

The world economy continues to face a number of challenges, including the war between Ukraine and Russia and between Israel and Hamas, tensions between Israel and Iran, tensions in and around the Red Sea, and Russia and NATO tensions, China and Taiwan disputes, United States and China trade relations, instability between Iran and the West, hostilities between the United States and North Korea, political unrest and conflict in the Middle East, the South China Sea region, and other geographic countries and areas, terrorist or other attacks (including threats thereof) around the world, war (or threatened war) or international hostilities, and epidemics or pandemics and banking crises or failures, such as the Silicon Valley Bank, Signature Bank, and First Republic Bank failures. See also “—Outbreaks of epidemic and pandemic diseases and the related governmental responses thereto, could adversely affect our business.” In addition, the continuing war in Ukraine, the length and breadth of which remains highly unpredictable, has led to increased economic uncertainty amidst fears of a more generalized military conflict or significant inflationary pressures, due to the increases in fuel and grain prices following the sanctions imposed on Russia. Furthermore, it is difficult to predict the intensity and duration of the war between Israel and Hamas or the Houthi rebel attacks on shipping in and around the Red Sea and their impact on the world economy is uncertain. Although a cease-fire declared between Israel and Hamas on January 15, 2025, heightened regional tension and renewed conflict in Gaza and Yemen developed in March 2025, which may lead to continued attacks on vessels transiting the Red Sea. If such conditions are sustained, the longer-term net impact on our business would be difficult to predict with any degree of accuracy. Such events may have unpredictable consequences and contribute to instability in the global economy or cause a decrease in worldwide demand for certain goods and, thus, shipping.

Whether the present dislocation in the markets and resultant inflationary pressures will transition to a long-term inflationary environment is uncertain, and the effects of such a development on charter rates, vessel demand and operating expenses in the sector in which we operate are uncertain. On the tanker market, the sanctions imposed by the EU on Russia affected imports of crude oil and petroleum products. This had a positive effect on the tankers’ charter market, as Europe had to import these amounts of crude oil and petroleum products from other sources of greater distance, increasing the overall ton-mile demand. Furthermore, it is difficult to predict the intensity and duration of the war between Israel and Hamas or the Houthi rebel attacks on shipping in the Red Sea and their impact on the world economy is uncertain. If such conditions are sustained, the longer-term net impact on the tanker freight market and our business would be difficult to predict with any degree of accuracy. Such events may have unpredictable consequences and contribute to instability in the global economy or cause a decrease in worldwide demand for certain goods and, thus, shipping. See also “—Political instability, terrorist or other attacks, war, and international hostilities could affect our results of operations and financial condition.”

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

In addition, the recent economic slowdown in the Asia Pacific region, particularly in China, may exacerbate the effect of the weak economic trends in the rest of the world. Before the global economic financial crisis that began in 2008, China had one of the world's fastest growing economies in terms of gross domestic product, or GDP, which had a significant impact on shipping demand. China's GDP growth rate for the year ended December 31, 2022, was approximately 3.0%, one of its lowest rates in 50 years, thought to be mainly caused by the country's zero-COVID policy and strict lockdowns. For the year ended December 31, 2024, China reported that its GDP growth rate recovered to 5.0%. Looking ahead, China's economic growth is expected to remain steady, with forecasts projecting a GDP growth rate of around 5.0% for 2025. Although the Chinese government has implemented economic stimulus measures, it is possible that China and other countries in the Asia Pacific region will continue to experience volatile, slowed or even negative economic growth in the near future. Changes in the economic conditions of China, and changes in laws or policies adopted by its government or the implementation of these laws and policies by local authorities, including with regards to tax matters and environmental concerns (such as achieving carbon neutrality), could affect vessels that are either chartered to Chinese customers or that call to Chinese ports, vessels that undergo drydocking at Chinese shipyards and Chinese financial institutions that are generally active in ship financing, and could have a material adverse effect on our business, operating results, cash flows and financial condition.

Furthermore, governments have, and may continue to, turn to trade barriers to protect their domestic industries against foreign imports, thereby depressing shipping demand. Under the current U.S. administration, there is significant and increasing uncertainty about the future relationship between the United States, China, and other exporting countries, including with respect to trade policies, treaties, government regulations, and tariffs. In January 2025, during the initial days of President Trump's second term, the United States announced the imposition of additional substantial tariffs on imports from various countries, including China, Canada and Mexico, U.S.'s top three trade partners, and the subject countries indicated their intention to impose counter measures. On February 13, 2025, President Donald Trump ordered his trade advisers to come up with "reciprocal" tariffs on U.S. trade partners to retaliate against taxes, tariffs, regulations and subsidies, thus increasing the possibility of a global trade war. Protectionist developments, or the perception that they may occur, may have a material adverse effect on global economic conditions, and may significantly reduce global trade. On March 4, 2025, the U.S. imposed 25% tariffs on imports from Mexico and Canada and enacted an extra 10% tariff on Chinese imports, therefore doubling the previously levied tariff from February to an additional 20% on existing tariffs. In response, Canada planned to immediately impose a 25% tariff on U.S. imports, and Mexico stated that the country would also retaliate, intending to disclose plans in due time. Additionally, China announced retaliatory tariffs on U.S. agricultural goods and export restrictions to the U.S., in addition to filing a lawsuit with the World Trade Organization. On March 5, 2025, President Trump announced that cars made in North America that comply with the continent's existing free trade agreement are exempted from tariffs for a month. On March 6, 2025, President Trump announced that the U.S. will pause the 25% tariffs on U.S. imports from Mexico and Canada that are covered under a 2020 United States-Mexico-Canada Agreement, or USMCA, trade agreement until April 2, 2025. Goods that are not covered by the agreement remain subject to tariffs. On March 11, 2025, President Trump announced higher tariffs on steel and aluminum from Canada; however, hours later, reverted to previous plan to continue with the 25% tariffs on steel and aluminum products from Canada. On March 12, 2025, Canada announced new retaliatory trade duties on U.S. goods, imposing 25% counter tariffs on various goods including tools, computers and servers, and sports equipment, that took effect on March 13, 2025. Additionally, on February 26, 2025, President Trump announced a possible 25% tariff on European imports, which was imposed as of March 12, 2025. The EU announced on March 12, 2025 that it will respond with retaliatory tariffs that will take effect on U.S. products starting April 1, 2025, reinstating tariff packages from 2018 and 2020 that includes tariffs on U.S. products like whiskey and other alcoholic beverages. On March 13, 2025, President Trump posted on social media that he would place a 200% tariff on all wines, champagne and alcoholic products from the E.U. if the proposed 50% tariff on U.S. whiskey is carried out. On March 25, 2025, President Trump signed an executive order increasing tariffs to 25% for any goods from countries importing Venezuelan oil. On March 26, 2025, President Trump signed an executive order imposing 25% tariff on all automobile and automobile parts imports.

On April 2, 2025, President Trump announced new tariffs on many U.S. trading partners, including a 34% tax on imports from China, a 20% tax on products from the E.U., and a baseline 10% tax on imports from many countries. These tariffs were in addition to the previous announcements of 25% taxes on auto imports, tariffs implemented against China, Canada and Mexico, and trade penalties on steel and aluminum. The previously announced tariff rates for Canada and Mexico were to stay the same and the goods that comply with USMCA were to continue to be excluded from these tariffs. However, the 20% charge on imports from China was in addition to the 34% import tax announced. Specific products that are subject to tariffs, such as automobiles, were to be exempted from the tariffs announced, and tariffs on products such as pharmaceutical drugs were to be announced at a later date. Protectionist developments, or the perception that they may occur, may have a material adverse effect on global economic conditions, and may significantly reduce global trade. Additional tariffs included imports from Japan being subject to a 24% tariff, and imports from South Korea being subject to a 25% tariff.

On April 9, 2025, President Trump announced a pause to tariffs on most countries for 90 days. Countries subject to the pause on the tariffs are still to be subject to the baseline 10% tariff. This consequently lowers the tariff rate for the E.U., Japan, and South Korea, among other countries. However, President Trump further increased the tariff rate against Chinese imports to 125%. Canada and Mexico are still to be subject to tariffs as high as 25%, with goods that comply with USMCA to continue to be excluded.

Moreover, increasing trade protectionism may cause an increase in (i) the cost of goods exported from regions globally, particularly from the Asia-Pacific region, (ii) the length of time required to transport goods and (iii) the risks associated with exporting goods. Such increases may further reduce the quantity of goods to be shipped, shipping time schedules, voyage costs and other associated costs, which could have an adverse impact on our charterers' business, operating results and financial condition and could thereby affect their ability to make timely charter hire payments to us and to employ our vessels. This could have a material adverse effect on our business, operating results, cash flows and financial condition.

Credit markets in the United States and Europe have in the past experienced significant contraction, deleveraging and reduced liquidity, and there is a risk that the U.S. federal government and state governments and European authorities may continue to implement a broad variety of governmental action and/or introduce new financial market regulations. Global financial markets and economic conditions have been, and continue to be, volatile and we face risks associated with the trends in the global economy, such as changes in interest rates, instability in the banking and securities markets around the world, the risk of sovereign defaults, and reduced levels of growth, among other factors. Major market disruptions and the current adverse changes in market conditions and regulatory climate worldwide may adversely affect our business, results or operations or impair our ability to borrow under any future financial arrangements we may enter into contemplating borrowing from the public and/or private equity and debt markets. Many lenders have increased interest rates, enacted tighter lending standards, refused to refinance existing debt at all or on terms similar to current debt, reduced (or in some cases ceased to provide) funding to borrowers and other market participants, including equity and debt investors and, in some cases, have been unwilling to provide financing on attractive terms or even at all. Due to these factors, we cannot be certain that financing will be available if needed and to the extent required, on acceptable terms or at all. In the absence of available financing or financing in favorable terms, we may be unable to complete vessel acquisitions, deliveries of any newbuilding vessels, take advantage of business opportunities or respond to competitive pressures.

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

Tanker vessel values may fluctuate due to a number of different factors, including: general economic and market conditions affecting the shipping industry; competition from other shipping companies; the types and sizes of available tanker vessels; the availability of other modes of transportation; increases in the supply of tanker vessel capacity; the cost of newbuildings; governmental or other regulations; and the need to upgrade secondhand and previously owned tanker vessels as a result of charterer requirements, technological advances in vessel design or equipment or otherwise, including as a result of compliance with more stringent emissions regulations. In addition, as tanker vessels grow older, they generally decline in value. Due to the cyclical nature of the shipping market, if we sell any of our owned tanker vessels at a time when prices are depressed, we could incur a loss and our business, results of operations, cash flow, and financial condition could be adversely affected. Moreover, if the book value of a tanker vessel is impaired due to unfavorable market conditions, we may incur a loss that could adversely affect our operating results. In 2024, 2023, and 2022 we did not recognize any impairment losses.

Conversely, if tanker vessel values are elevated at a time when we wish to acquire additional tanker vessels, the cost of acquisition may increase, and this could adversely affect our business, results of operations, cash flows, financial condition, and ability to pay dividends to our shareholders. Over the past ten years, the value of a ten-year-old Aframax tanker has fluctuated widely within a range of \$18 million to \$60 million.

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

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

***Increases in fuel prices may adversely affect our profits.***

Fuel is a significant, if not the largest, expense in our shipping operations when vessels are operated on the spot market under voyage charters. While we do not directly bear the cost of fuel or bunkers under our time charters, fuel is also a significant factor in negotiating charter rates. As a result, an increase in the price of fuel beyond our expectations may adversely affect our profitability at the time of charter negotiation. The price and supply of fuel is unpredictable and fluctuates based on events outside our control, including geopolitical developments, supply of and demand for crude oil and natural gas, actions by OPEC, and other oil and natural gas producers, the imposition of new regulations adopted by the International Maritime Organization, or IMO, war and unrest in oil producing countries and regions, regional production patterns, and environmental concerns and regulations. While fuel prices remained generally lower in 2024 as compared to 2023, fuel has been and may again become much more expensive, including as a result of reductions of carbon emissions due to new regulations adopted by the IMO, which may reduce the profitability and competitiveness of our business. Other future regulations may have a similar impact.

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

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

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

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

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



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

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

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

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

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

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

The operation of an ocean-going vessel carries inherent risks. Our vessels and their cargoes are at risk of being damaged or lost because of events such as marine disasters, bad weather, and acts of God, business interruptions caused by mechanical failures, grounding, fire, explosions and collisions, human error, war, terrorism, piracy, epidemic or pandemics, and other circumstances or events. In addition, changing economic, regulatory, and political conditions in some countries, including political and military conflicts, have from time to time resulted in attacks on vessels, mining of waterways, piracy, terrorism, labor strikes, and boycotts. These events may result in death or injury to persons, loss of revenues or property, the payment of ransoms, environmental damage, higher insurance rates, damage to our customer relationships, and market disruptions, delay, or rerouting, which may also subject us to litigation. Epidemics and other public health incidents may also lead to crew member illness, which can disrupt the operations of our vessels, or result in the imposition of public health measures, which may prevent our vessels from calling on ports or discharging cargo in the affected areas or in other locations after having visited the affected areas. In addition, the operation of tanker vessels has unique operational risks associated with the transportation of oil. An oil spill may cause significant environmental damage and the associated costs could exceed the insurance coverage available to us. Compared to other types of vessels, tanker vessels are exposed to a higher risk of damage and loss by fire, whether ignited by a terrorist attack, collision, or other cause, due to the high flammability and high volume of the oil transported in tanker vessels.

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

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

***Political instability, terrorist or other attacks, war, and international hostilities could affect our results of operations and financial condition.***

We conduct most of our operations outside of the United States and our business, operating results, cash flows, financial condition and available cash may be adversely affected by changing economic, political, and governmental conditions in the countries and regions in which our vessels are employed or registered. Moreover, we operate in a sector of the economy that is likely to be adversely impacted by the effects of political uncertainty and armed conflicts, including the war between Ukraine and Russia and between Israel and Hamas and Hezbollah, Russia and NATO tensions, U.S. and NATO tensions, China and Taiwan disputes, U.S. and China trade relations, instability between Iran and the West, hostilities between the U.S. and North Korea and the U.S. and Panama, political unrest and conflicts in the Middle East, the South China Sea region, the Red Sea region (including missile attacks controlled by the Houthis on vessels transiting the Red Sea or Gulf of Aden), and other countries and geographic areas, geopolitical events, such as Brexit or another withdrawal from the European Union, terrorist or other attacks (or threats thereof) around the world, and war (or threatened war) or international hostilities. Such events may contribute to further economic instability in the global financial markets and international commerce and could also adversely affect our ability to obtain additional financing on terms acceptable to us or at all.

The ongoing war between Russia and Ukraine may lead to further regional and international conflicts or armed action. This war has disrupted supply chains and caused instability in the energy markets and the global economy, with effects on the tanker market, which has experienced volatility. The United States, the United Kingdom, and the European Union, among other countries, have announced unprecedented economic sanctions and other penalties against certain persons, entities, and activities connected to Russia, including removing Russian-based financial institutions from the Society for Worldwide Interbank Financial Telecommunication payment system and restricting imports of Russian oil, liquefied natural gas, and coal. These sanctions have caused supply disruptions in the oil and gas markets and could continue to cause significant volatility in energy prices, which could result in increased inflation and may trigger a recession in the U.S. and China, among other regions. While much uncertainty remains regarding the global impact of the war in Ukraine, it is possible that such tensions could adversely affect our business, financial condition, operating results, and cash flows. Moreover, we will be subject to additional insurance premiums in case we transit through or call to any port or area designated as listed areas by the Joint War Committee or other organizations. These factors may also result in the weakening of the financial condition of our charterers, suppliers, counterparties, and other agents in the shipping industry. As a result, our business, operating results, cash flows, and financial condition may be negatively affected since our operations are dependent on the success and economic viability of our counterparties.

The ongoing war between Russia and Ukraine could also result in the imposition of further economic sanctions by the United States, the United Kingdom, the European Union, or other countries against Russia, trade tariffs, or embargoes with uncertain impacts on the markets in which we operate. In addition, the U.S. and certain other NATO countries have been supplying Ukraine with military aid. U.S. officials have also warned of the increased possibility of Russian cyberattacks, which could disrupt the operations of businesses involved in the shipping industry, including ours, and could create economic uncertainty particularly if such attacks spread to a broad array of countries and networks. While much uncertainty remains regarding the global impact of the war in Ukraine, it is possible that such tensions could adversely affect our business, financial condition, operating results, and cash flows.

The Russian Foreign Harmful Activities Sanctions program includes prohibitions on the import of certain Russian energy products into the United States, including crude oil, petroleum, petroleum fuels, oils, liquefied natural gas and coal, as well as prohibitions on all new investments in Russia by U.S. persons, among other restrictions. Furthermore, the United States, the EU and other countries have also prohibited a variety of specified services related to the maritime transport of Russian Federation origin crude oil and petroleum products, including trading/commodities brokering, financing, shipping, insurance (including reinsurance and protection and indemnity), flagging, and customs brokering. These prohibitions took effect on December 5, 2022, with respect to the maritime transport of crude oil and took effect on February 5, 2023, with respect to the maritime transport of other petroleum products. An exception exists to permit such services when the price of the seaborne Russian oil into non-EU countries does not exceed the relevant price cap; but implementation of this price exception relies on a recordkeeping and attestation process that allows each party in the supply chain of seaborne Russian oil to demonstrate or confirm that oil has been purchased at or below the price cap. Violations of the price cap policy or the risk that information, documentation, or attestations provided by parties in the supply chain are later determined to be false may pose additional risks adversely affecting our business.

Furthermore, the intensity and duration of the war between Israel and Hamas is difficult to predict and its impact on the world economy and our industry is uncertain. Beginning in late 2023, vessels in the Red Sea and Gulf of Aden have been subject to attempted hijackings and attacks by drones and projectiles characterized by Houthi groups in Yemen as a response to the war between Israel and Hamas. An increasing number of companies have rerouted their vessels to avoid transiting the Red Sea, incurring greater shipping costs and delays. For vessels transiting the region, war risk premia have increased substantially, and should these attacks continue, we could similarly experience a significant increase in our insurance costs and we may not be adequately insured to cover losses from these incidents, however since all our vessels are currently on time charters or pool arrangements any such increase in war premiums should be paid by our current time charterers. While much uncertainty remains regarding the global impact of the war between Israel and Hamas, it is possible that such tensions could result in the eruption of further hostilities in other regions, including in and around the Red Sea, and could adversely affect our business, financial conditions, operating results, and cash flows.

In the past, other political conflicts have also resulted in attacks on vessels, mining of waterways, and other efforts to disrupt international shipping, particularly in the Arabian Gulf region. The ongoing war in Ukraine has previously resulted in missile attacks on commercial vessels in the Black Sea. The recent outbreak of conflict in and around the Red Sea has also resulted in missile attacks on vessels. Acts of terrorism and piracy have also affected vessels trading in regions such as the Gulf of Guinea, the Red Sea, the Gulf of Aden off the coast of Somalia, and the Indian Ocean. Any of these occurrences could have a material adverse impact on our future performance, operating results, cash flows, financial condition and our ability to pay cash distributions to our shareholders.

***Outbreaks of epidemic and pandemic diseases and the related governmental responses thereto, could adversely affect our business.***

Global public health threats, influenza, and other highly communicable diseases or viruses, outbreaks which have from time to time occurred in various parts of the world in which we operate, including China, could disrupt global financial markets and economic conditions and adversely impact our operations, the timing of completion of any future newbuilding projects, as well as the operations of our charterers and other customers.

For example, the outbreak of the novel coronavirus, or COVID-19, and its variants caused severe global disruptions, with governments in affected countries imposing travel bans, quarantines, and other emergency public health measures. Although the incidence and severity of COVID-19 and its variants have diminished over time, restrictions, and future prevention and mitigation measures against outbreaks of epidemic and pandemic diseases, are likely to have an adverse impact on global economic conditions, which could materially and adversely affect our future operations. As a result of such measures, our vessels may not be able to call on, or disembark from ports located in regions affected by the outbreak. In addition, we may experience severe operational disruptions and delays, unavailability of normal port infrastructure and services including limited access to equipment, critical goods and personnel, disruptions to crew changes, quarantine of ships or crew, counterparty solidity, closure of ports and custom offices, as well as disruptions in the supply chain and industrial production, which may lead to reduced cargo demand, among other potential consequences attendant to epidemic and pandemic diseases.

The extent to which our business, operating results, cash flows, financial condition, financings, value of our vessel or other vessels we may acquire, and ability to pay dividends may be negatively affected by future pandemics, epidemics, or other outbreaks of infectious diseases is highly uncertain and will depend on numerous evolving factors that we cannot predict, including, but not limited to, (i) the duration and severity of the infectious disease outbreak; (ii) the imposition of restrictive measures to combat the outbreak and slow disease transmission; (iii) the introduction of financial support measures to reduce the impact of the outbreak on the economy; (iv) shortages or reductions in the supply of essential goods, services, or labor; and (v) fluctuations in general economic or financial conditions tied to the outbreak, such as a sharp increase in interest rates or reduction in the availability of credit. We cannot predict the effect that an outbreak of any future infectious disease outbreak, pandemic, or epidemic may have on our business, operating results, cash flows, and financial condition, which could be material and adverse.

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

The IEA noted in its Global EV Outlook 2024 that total electric cars sold annually worldwide grew from about 120,000 in 2012 to more than 14 million in 2023, bringing the total number of electric cars to approximately 40 million, more than six times the number from 2018. Electric car sales in the first quarter of 2024 were 3 million, up over 30% from the same quarter of 2023. This was driven mainly by China, which sold about half a million more electric cars than over the same period in 2023. IEA forecasts are for electric vehicles (“EVs”) to grow from 40 million in 2023 to 240 million by 2030, which the IEA forecasts would reduce worldwide demand for oil products by 5 million barrels per day in 2030. IEA estimates that EV operations in 2019 avoided the consumption of almost 0.7 million barrels per day of oil products. According to the World Economic Forum, there were about 1.1 billion cars registered in 2015 and there will be about 2 billion cars registered by 2040. Growth in EVs or a slowdown in imports or exports of crude or petroleum products worldwide may result in decreased demand for our vessels and lower charter rates, which could have a material adverse effect on our business, results of operations, cash flows, financial condition, and ability to make cash distributions.

***Acts of piracy on ocean-going vessels could adversely affect our business.***

Acts of piracy have historically affected ocean-going vessels trading in regions of the world such as the Red Sea, the Gulf of Aden off the coast of Somalia, the Indian Ocean, and the Gulf of Guinea region off the coast of Nigeria, which has experienced increased incidents of piracy in recent years. Sea piracy incidents continue to occur, particularly in the South China Sea, the Indian Ocean, the Gulf of Guinea, and the Strait of Malacca, and there has been a recent resurgence of such incidents in the Gulf of Aden. Acts of piracy could result in harm or danger to the crews that man our vessels. Additionally, if piracy attacks result in regions in which our vessels are deployed being characterized by insurers as “war risk” zones, or Joint War Committee “war and strikes” listed areas, premiums payable for such coverage could increase significantly, and such insurance coverage may be more difficult to obtain, if available at all. In addition, crew and security equipment costs, including costs that may be incurred to employ onboard security armed guards, could increase in such circumstances. Furthermore, while we believe the charterer remains liable for charter payments when a vessel is seized by pirates, the charterer may dispute this and withhold charter hire until the vessel is released. A charterer may also claim that a vessel seized by pirates was not “on-hire” for a certain number of days and is, therefore, entitled to cancel the charterparty, a claim that we would dispute. We may not be adequately insured to cover losses from these incidents, which could have a material adverse effect on us. In addition, any detention hijacking, involving the hostile detention of a vessel, as a result of an act of piracy against our vessels, or an increase in cost or unavailability of insurance for our vessels, could have a material adverse impact on our business, financial condition, and operating results.

***Our operations may be adversely impacted by severe weather, including as a result of climate change.***

Tropical storms, hurricanes, typhoons, and other severe marine weather events could result in the suspension of operations at the planned ports of call for our vessels and require significant deviations from our vessels' planned routes. In addition, climate change could result in an increase in the frequency and severity of these extreme weather events. The closure of ports, rerouting of vessels, damage of production facilities, as well as other delays caused by increasing frequency of severe weather, could stop operations or shipments for indeterminate periods and have a material adverse effect on our business, results of operations, and financial condition.

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

While none of our vessels have called on ports located in countries or territories that are the subject of country-wide or territory-wide sanctions or embargoes imposed by the U.S. government or other governmental authorities ("Sanctioned Jurisdictions") in 2024 and through the date of this report, and although we intend to maintain compliance with all applicable sanctions and embargo laws, and we endeavor to take precautions reasonably designed to ensure compliance with such laws, it is possible that, in the future, our vessels may call on ports in Sanctioned Jurisdictions on charterers' instructions. If such activities result in a violation of sanctions or embargo laws, we could be subject to monetary fines, penalties, or other sanctions, and our reputation and the market for our common shares could be adversely affected.

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

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

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

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

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

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

***Failure to comply with the FCPA could result in fines, criminal penalties, and an adverse effect on our business.***

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

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

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

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

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

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

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

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

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

***A recent proposal by the U.S. to impose new port fees on Chinese-operated vessels, Chinese-built vessels, non-Chinese companies operating Chinese-built vessels and companies with newbuilding orders at Chinese shipyards, and to restrict a percentage of U.S. products to being transported on U.S. vessels could have a material adverse effect on our operations and financial results.***

The United States Trade Representative (USTR) has recently put forward significant trade actions under Section 301 of the Trade Act of 1974 with the aim of addressing China's dominance in the maritime, logistics, and shipbuilding industries. These proposed actions, should they be enacted, have the potential to dramatically increase the port fees and overall operating expenses for ships calling at U.S. ports. Specifically, the USTR is proposing a series of service fees that would function as direct increases to port-related costs.

The proposal would include a service fee targeting Chinese operators of up to \$1.0 million for each instance a vessel operated by a Chinese entity enters a U.S. port. Alternatively, the fee could be calculated at a rate of up to \$1,000 per dwt of the vessel for each port entrance.

Another proposed service fee focuses on operators with fleets comprised of Chinese-built vessels. Under this proposal, fees could reach as high as \$1.5 million each time a Chinese-built vessel owned by a non-Chinese operator enters a U.S. port. Furthermore, a tiered fee structure is under consideration, based on the proportion of Chinese-built vessels within an operator's fleet. Operators with fleets that are 50% or more Chinese-built could face fees of up to \$1.0 million dollars per port call; for operators with fleets that are greater than 25% and less than 50% Chinese-built, the fee could be up to \$750,000 per port call; and for operators whose fleets have greater than 0% and less than 25% percent Chinese-built vessels, the port fee could reach up to \$500,000 per vessel entrance. Another option being considered is an additional fee of up to \$1.0 million per port entrance if 25% or more of an operator's fleet is composed of vessels constructed in China.

A further proposed service fee is aimed at operators with newbuilding orders for Chinese vessels. This fee would be based on the percentage of vessels an operator has ordered from Chinese shipyards or expects to receive from them within the next 24 months. Operators with 50% or more of their vessel orders placed with Chinese shipyards could be charged up to \$1.0 million per vessel entrance. For those with greater than 25% to less than 50% percent of their orders in Chinese shipyards, the fee could reach \$750,000, and for those with greater than 0% to less than 25%, it could be up to \$500,000 per vessel entrance. Another possibility is a flat fee of up to \$1.0 million dollars per port entrance if 25% or more of an operator's total vessel orders over the next 24 months are with Chinese shipyards.

Beyond these direct fee increases, the proposed actions also encompass "restrictions on services" designed to promote the transport of U.S. goods on U.S. vessels. These restrictions would be phased in over several years, starting with a requirement that a small percentage of U.S. exports be transported on U.S.-flagged vessels by U.S. operators, escalating to a larger percentage over time, with a portion specifically mandated to be on U.S.-flagged and U.S.-built vessels. Another proposed restriction would require U.S. goods to be exported on U.S.-flagged, U.S.-built vessels, with exceptions only granted if operators demonstrate that at least 20% of U.S. products per calendar year are transported on U.S.-flagged and U.S.-built vessels. These restrictions could reduce the demand for non-U.S. built vessels, including ours.

The actual implementation of these proposed actions remains uncertain. The final form, scope, and effective dates of any measures that are ultimately adopted may significantly differ from the current proposals. Additionally, specifics, such as applicability to sale and leaseback arrangements with Chinese leasing financiers, has not been clarified. In a sale and leaseback arrangement, the Chinese leasing financiers are the registered owners of the vessels. Furthermore, retaliatory measures from China or other nations could further compound disruptions and cost increases within the global shipping industry.

In addition to direct port fee increases, retaliatory actions by China or other countries could indirectly impact port-related costs. For example, China could impose retaliatory port fees or restrictions on vessels of non-Chinese origin calling at Chinese ports, which could disrupt global shipping patterns and potentially increase congestion and costs at ports worldwide, including U.S. ports.

Of the 6 vessels we currently operate, none were constructed in China. However, our four newbuilding vessels are under construction at Chinese shipyards. Further, we have already entered into, and we may enter in the future into additional sale and leaseback transactions with Chinese financial institutions. Additionally, we may enter into further contracts for the purchase of secondhand vessels constructed in China or shipbuilding contracts for vessels to be constructed in Chinese shipyards. Given the potential magnitude of these proposed port-related fees and the many uncertainties surrounding their implementation, it is not possible at this time to fully predict the ultimate financial impact. However, if measures similar to those that have been proposed are implemented, port fees for our vessels or vessels we charter and our operating costs for voyages calling at U.S. ports could materially increase. Even though port fees are typically borne by the charterer, if port fees are assessed due to our ownership of the relevant vessel, it is possible that charterers may demand that we bear these costs or otherwise reduce the applicable charter rate. This, in turn, could significantly reduce our profitability, negatively impact our ability to compete effectively, and materially and adversely affect our operations and financial results.

#### **Company Specific Risk Factors**

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

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

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



Dislocations in the supply of and demand for tankers as a result of the war in Ukraine and sanctions on Russian exports have resulted in greatly increased volatility in tanker asset prices. Furthermore, the ongoing war between Israel and Hamas and the Houthi rebel attacks on shipping in the Red have an uncertain impact on the supply and demand for tankers. At times when we have loans outstanding with covenants based on vessels' market values, if the market values of our vessels decline further, we may not be in compliance with certain covenants contained in such loan facilities, and we may not be able to refinance our debt or obtain additional financing or incur debt on terms that are acceptable to us or at all. As of December 31, 2024, we had \$47.7 million outstanding under our loan facilities and were in compliance with all our loan covenants. In the future, if we are not in compliance with the covenants in our loan facilities or are unable to obtain waivers or amendments or otherwise remedy the relevant breaches, our lenders under the facilities could accelerate our debt and foreclose on our fleet. We may not be successful in obtaining any such waiver or amendment, and we may not be able to refinance our debt or obtain additional financing. Moreover, our loan facilities, as amended or pursuant to any waiver, and any refinancing or additional financing, may be more expensive and carry more onerous terms than those in our existing debt agreements.

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

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

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

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

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

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

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

Generally, we intend to selectively employ our vessels in the spot market under short- to medium-term time charters or voyage charters and pool arrangements, which exposes us to counterparty risks. The ability and willingness of each of our counterparties to perform its obligations under a vessel purchase agreement or charter agreement with us will depend on a number of factors that are beyond our control and may include, among other things, general economic conditions, the condition of the shipping market, and the overall financial condition of the counterparty, charter rates received for specific types of vessels, work stoppages or other labor disturbances and various expenses. From time to time, we may enter into agreements to acquire vessels, and if the seller of a vessel fails to deliver a vessel to us as agreed, or if we cancel a purchase agreement because a seller has not met its obligations, this may have a material adverse effect on our business.

The combination of a reduction of cash flow resulting from declines in world trade, a reduction in borrowing bases under reserve-based credit facilities, and the lack of availability of debt or equity financing may result in a significant reduction in the ability of charterers to make charter payments to us. In addition, in depressed market conditions, there have been reports of charterers renegotiating their charters or defaulting on their obligations under charters, and our future customers may fail to pay charter hire or attempt to renegotiate charter rates. Furthermore, it is possible that third parties with whom we have charter contracts may be impacted by the war between Russia and Ukraine or the resulting sanctions, which could adversely affect their ability to perform. If our future charterers fail to meet their obligations to us or attempt to renegotiate our future charter agreements, it may be difficult to secure substitute employment for such vessels, and any new charter arrangements we secure may be at lower rates. As a result, we could sustain significant losses, which could have a material adverse effect on our business, financial condition, results of operations, and cash flows.

***Delays or defaults by the shipyards in the construction of newbuildings could increase our expenses and diminish our net income and cash flows.***

We currently have contracts for four newbuilding vessels and we may enter into contracts for newbuilding vessels in the future. Vessel construction projects are generally subject to risks of delay that are inherent in any large construction project, which may be caused by numerous factors, including shortages of equipment, materials or skilled labor, unscheduled delays in the delivery of ordered materials and equipment or shipyard construction, failure of equipment to meet quality and/or performance standards, financial or operating difficulties experienced by equipment vendors or the shipyard, unanticipated actual or purported change orders, inability to obtain required permits or approvals, design or engineering changes and work stoppages and other labor disputes, adverse weather conditions or any other events of force majeure. Significant delays could adversely affect our financial position, results of operations and cash flows. Additionally, failure to complete a project on time may result in the delay of revenue from that vessel, and we may continue to incur costs and expenses related to delayed vessels, such as supervision expenses.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Aliko Paliou may be deemed to beneficially own 1,314,792 Series C Preferred Shares, and through the beneficial ownership of such Series C Preferred Shares currently controls approximately 88% of the voting power of our capital stock. As a result, Ms. Paliou has the power to exert considerable influence over our actions through her ability to control the outcome of any matter submitted to a vote of our shareholders, including the election of our directors and other significant corporate actions. The Series C Preferred Shares bear superior voting rights to our common shares, are entitled to vote on all matters on which our shareholders are entitled to vote, and are convertible into our common shares. The superior voting rights of our Series C Preferred Shares may limit our common shareholders' ability to influence corporate matters. The interests of the holders of the Series C Preferred Shares may conflict with the interests of our common shareholders and, as a result, the holders of our capital stock may approve actions that our common shareholders do not view as beneficial. Any such conflicts of interest could adversely affect our business, financial condition, and results of operations, and the trading price of our common shares. For additional information regarding the terms of our Series C Preferred Shares, please see "Description of Securities," attached hereto as Exhibit 2.5 and incorporated by reference herein.

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

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

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

We, and our former Chief Executive Officer, were defendants in a purported class action lawsuit brought in 2017 which was dismissed in November 2024. The lawsuit alleged violations of the Securities Exchange Act of 1934, as amended. In addition, we, our Chief Executive Officer, the Chairperson of the Board, five former directors of the Board, and two entities affiliated with our Chief Executive Officer and Chairperson of the Board were named as defendants in a lawsuit commenced on October 27, 2023 in New York State Supreme Court, County of New York, alleging, among other things, violations of fiduciary duties by the named defendants in connection with the exchange offer commenced in December 2021. In August 2024, that lawsuit was dismissed, and the plaintiff filed a substantially similar complaint in the High Court of the Republic of the Marshall Islands against the same defendants that had been named in the New York lawsuit. For more information see “Item 8. Financial information—Legal Proceedings.”

While we believe these claims to be without merit and intend to defend these lawsuits vigorously, we cannot predict their outcome. Also, costs associated with the litigation are unpredictable, and could increase our general administrative expenses above their current levels. Furthermore, we may, from time to time, be a party to other litigation in the normal course of business. Monitoring and defending against legal actions, whether or not meritorious, is time-consuming for our management and detracts from our ability to fully focus our internal resources on our business activities. Uncertainty regarding such pending legal actions, even if eventually resolved in our favor, could have an adverse effect on our ability to obtain financing, raise capital, or otherwise execute our business strategy. In addition, legal fees and costs incurred in connection with such activities may be significant, and we could in the future be subject to judgments or enter into settlements of claims for significant monetary damages. A decision adverse to our interests could result in the payment of substantial damages and could have a material adverse effect on our cash flow, results of operations, and financial position.

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

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

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

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

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

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

***Volatility of SOFR could affect our profitability, earnings, and cash flow.***

The majority of our facility agreements and sale and leaseback agreements bear floating rate interest linked either to SOFR or Term SOFR. An increase in SOFR would affect the amount of interest payable under our existing debt agreements, which, in turn, could have an adverse effect on our profitability, earnings, cash flow, and ability to pay dividends. Furthermore, as a secured rate backed by government securities, SOFR may be less likely to correlate with the funding costs of financial institutions. As a result, parties may seek to adjust spreads relative to SOFR in underlying contractual arrangements. If SOFR performs differently than expected or if our lenders insist on a different reference rate to replace SOFR, that could increase our borrowing costs (and administrative costs to reflect the transaction), which would have an adverse effect on our profitability, earnings, and cash flows. Alternative reference rates may behave in a similar manner or have other disadvantages or advantages in relation to our future indebtedness and the transition to SOFR or other alternative reference rates in the future could have a material adverse effect on us.

In order to manage our exposure to interest rate fluctuations, we may, from time to time, use interest rate derivatives to effectively fix some of our floating rate debt obligations. No assurance can be given, however, that the use of these derivative instruments, if any, may effectively protect us from adverse interest rate movements. The use of interest rate derivatives may affect our results through mark to market valuation of these derivatives. Also, adverse movements in interest rate derivatives may require us to post cash as collateral, which may impact our free cash position, and have the potential to cause us to breach covenants in our loan agreements that require maintenance of certain financial positions and ratios.

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

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

We intend to take the position that we qualified for this statutory tax exemption for U.S. federal income tax return reporting purposes for our 2024 taxable year. However, there are factual circumstances that could cause us to lose the benefit of this tax exemption for any future taxable year and thereby become subject to U.S. federal income tax on our U.S.-source shipping income. Due to the factual nature of the issues involved, there can be no assurances on our tax-exempt status.

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

***We may be classified as a “passive foreign investment company,” which could result in adverse U.S. federal income tax consequences to U.S. holders.***

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

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

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

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

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

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

We are incorporated under the laws of the Republic of the Marshall Islands and we conduct operations in countries around the world. The Marshall Islands has passed an act, or the Implementation Act, implementing the U.N. Commission on Internal Trade Law (UNCITRAL) Model Law on Cross-Border Insolvency, or the Model Law. The adoption of the Model Law is intended to implement effective mechanisms for dealing with issues related to cross-border insolvency proceedings and encourages cooperation and coordination between jurisdictions. Notably, the Model Law does not alter the substantive insolvency laws of any jurisdiction and does not create a bankruptcy code in the Marshall Islands. Instead, the Implementation Act allows for the recognition by the Marshall Islands of foreign insolvency proceedings, the provision of foreign creditors with access to courts in the Marshall Islands, and the cooperation with foreign courts. Consequently, in the event of any bankruptcy, insolvency, liquidation, dissolution, reorganization, or similar proceeding involving us or any of our subsidiaries, bankruptcy laws other than those of the United States could apply. If we become a debtor under U.S. bankruptcy law, bankruptcy courts in the United States may seek to assert jurisdiction over all of our assets, wherever located, including property situated in other countries. There can be no assurance, however, that we would become a debtor in the United States, or that a U.S. bankruptcy court would be entitled to, or accept, jurisdiction over such a bankruptcy case, or that courts in other countries that have jurisdiction over us and our operations would recognize a U.S. bankruptcy court's jurisdiction if any other bankruptcy court would determine it had jurisdiction.

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

We rely on information technology systems and networks in our operations and administration of our business. Information systems are vulnerable to security breaches by computer hackers and cyber terrorists. The safety and security of our vessels as well as our business operations could be targeted by individuals or groups seeking to sabotage or disrupt our information technology systems and networks or to steal data. Despite our cybersecurity measures, a successful cyber-attack, including as a result of spam, targeted phishing-type emails, and ransomware attacks, or other breaches of or significant interruption or failure of or significant interruption or failure of our information technology systems, could materially disrupt our operations, including the safety of our operations, or lead to the unauthorized release of information or alteration of information in our systems. Any such attack or other breach of our information technology systems could have a material adverse effect on our business and results of operations. In addition, the unavailability of the information systems or the failure of these systems to perform as anticipated for any reason could disrupt our business and could result in decreased performance and increased operating costs, causing our business and results of operations to suffer. Any significant interruption or failure of our information systems or any significant breach of security could adversely affect or disrupt our business and could result in decreased performance and increased operating costs, causing our business and operating results to suffer.

Additionally, recent action by the IMO's Maritime Safety Committee and United States agencies indicates that cybersecurity regulations for the maritime industry are likely to be further developed in the near future in an attempt to combat cybersecurity threats. Any changes in the nature of cyber threats might require us to adopt additional procedures for monitoring cybersecurity, which could require additional expenses and/or capital expenditures. The war between Russia and Ukraine has been accompanied by cyber-attacks against the Ukrainian government and other countries in the region. It is possible that these attacks could have collateral effects on additional critical infrastructure and financial institutions globally, which could adversely affect our operations. We rely on industry-accepted security measures and technology to securely maintain confidential and proprietary information maintained on our information systems. However, these measures and technology may not adequately prevent security breaches and, therefore, it is difficult to assess the likelihood of such threat and any potential impact at this time.

In July 2023, the SEC adopted rules requiring the mandatory disclosure of material cybersecurity incidents, as well as cybersecurity governance and risk management practices. A failure to disclose could result in the imposition of injunctions, fines and other penalties by the SEC. Complying with these obligations could cause us to incur substantial costs and could increase negative publicity surrounding any cybersecurity incident.

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

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



- identify suitable vessels for acquisitions at attractive prices, which may not be possible if asset prices rise too quickly;
- obtain financing for our existing and new operations;
- manage relationships with customers and suppliers;
- identify businesses engaged in managing, operating, or owning tanker vessels for acquisitions or joint ventures;
- integrate any acquired vessels successfully with our then-existing operations;
- attract, hire, train, integrate, and retain qualified, highly trained personnel and crew to manage and operate our growing business and fleet;
- identify additional new markets;
- enhance our customer base;
- improve our operating, financial, and accounting systems and controls; and
- obtain required financing for our existing and new operations.

Our failure to effectively identify, purchase, develop, and integrate any new vessels could adversely affect our business, financial condition, and results of operations. The number of employees that perform services for us and our current operating and financial systems may not be adequate as we implement our plan to expand the size of our fleet, and we may not be able to effectively hire more employees, or adequately improve those systems. We may incur unanticipated expenses as an operating company. Our current operating and financial systems may not be adequate as we implement our plan to expand the size of our fleet. Finally, additional acquisitions may require additional equity issuances, which may dilute our common shareholders if issued at lower prices than the price they acquired their shares or debt issuances (with amortization payments), both of which could reduce our cash flow. If we are unable to execute the points noted above, our financial condition may be adversely affected.

Growing any business by acquisition presents numerous risks such as undisclosed liabilities and obligations, difficulty in obtaining additional qualified personnel and managing relationships with customers and suppliers and integrating newly acquired operations into existing infrastructures. The expansion of our fleet may impose significant additional responsibilities on our management and staff, and the management and staff of our commercial and technical managers, and may necessitate that we, and they, increase the number of personnel. We cannot give any assurance that we will be successful in executing our growth plans or that we will not incur significant expenses and losses in connection with our future growth.

***Inflation could adversely affect our operating results and financial condition.***

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

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

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

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

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

Furthermore, although as of the date of this annual report, over two years has passed since the IMO 2020 Regulations became effective, it is uncertain how the availability of high-sulfur fuel around the world will be affected by the implementation of the IMO 2020 Regulations, and both the price of high-sulfur fuel generally and the difference between the cost of high-sulfur fuel and that of low-sulfur fuel are also uncertain. Scarcity in the supply of high-sulfur fuel, or a lower-than-anticipated difference in the costs between the two types of fuel, may cause us to fail to recognize anticipated benefits from installing scrubbers.

Fuel is a significant, if not the largest, expense in our shipping operations when vessels are under voyage charter and is an important factor in negotiating charter rates. Our operations and the performance of our vessels, and as a result, our results of operations, face a host of challenges. These include concerns over higher costs, international compliance, and the availability of low-sulfur fuel at key international bunkering hubs such as Rotterdam and Singapore. In addition, we take seriously concerns raised in Europe that certain blends of low-sulfur fuels can emit greater amounts of harmful black carbon than the high-sulfur fuels they are meant to replace. Costs of compliance with these and other related regulatory changes may be significant and may have a material adverse effect on our future performance, results of operations, cash flows, and financial position. As a result, an increase in the price of fuel beyond our expectations may adversely affect our profitability at the time of charter negotiation.

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

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

Due to concern over the risk of climate change, a number of countries and the IMO have adopted, or are considering the adoption of, regulatory frameworks to reduce greenhouse gas emissions. These regulatory measures may include, among others, the adoption of cap and trade regimes (of which there are around forty five in the world thus far), carbon taxes, increased efficiency standards, and incentives, or mandates for renewable energy. In July 2023, the IMO adopted a strategy to reduce greenhouse gas emissions from ships. The initial strategy identifies levels of ambition to reducing greenhouse gas emissions, including (1) decreasing the carbon intensity from ships through the implementation of further phases of the EEDI for new ships; (2) reducing carbon dioxide emissions per transport work, as an average across international shipping, by at least 40% by 2030, pursuing efforts towards 70% by 2050, compared to 2008 emission levels; and (3) reducing the total annual greenhouse emissions by at least 50% by 2050 compared to 2008 while pursuing efforts towards phasing them out entirely. At the conclusion of MEPC 82, a draft legal text was used as a basis for ongoing talks about mid-term Green House Gas, or GHG, reduction measures, which are expected to be adopted in 2025. The proposed mid-term measures include a goal-based marine fuel standard, phasing in the mandatory use of fuels with less GHG intensity, and a global GHG emission pricing mechanism.

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

In addition, although the emissions of greenhouse gases from international shipping currently are not subject to the Kyoto Protocol to the United Nations Framework Convention on Climate Change, which entered into force in 2005 and required adopting countries to implement national programs to reduce emissions of certain gases (this task was delegated under the Kyoto Protocol to the IMO for action), a new treaty may be adopted in the future that includes restrictions on shipping emissions.

Furthermore, on January 1, 2024 the EU Emissions Trading Scheme, or the ETS, for ships sailing into and out of EU ports came into effect, and the FuelEU Maritime Regulation came into effect on January 1, 2025. The ETS applies gradually over the period from 2024 to 2026: 40% of allowances would have to be surrendered in 2025 for the year 2024; 70% of allowances would have to be surrendered in 2026 for the year 2025; and 100% of allowances would have to be surrendered in 2027 for the year 2026. Compliance is on a companywide (rather than per ship) basis and “shipping company” is defined widely to capture both the ship owner and any contractually appointed commercial operator/ship manager/bareboat charterer who assumes all duties and responsibilities for the ship under the ISM Code, as well as the responsibility for full compliance under the ETS and the ISM Code. If the latter contractual arrangement is entered into this needs to be reflected in a certified mandate signed by both parties and presented to the administrator of the scheme. The cap under the ETS would be set by taking into account EU MRV system emissions data for the years 2018 and 2019, adjusted, from year 2021 and is to capture 100% of the emissions from intra-EU maritime voyages; 100% of emissions from ships at berth in EU ports and 50% of emissions from voyages which start or end at EU ports (but the other destination is outside the EU). Furthermore, the newly passed EU Emissions Trading Directive 2023/959/EC makes clear that all maritime allowances would be auctioned and there will be no free allocation. Maritime is to be allocated 78.4 million emissions allowances. If we do not have allowances, we will be forced to purchase allowances from the market, which can be costly. To prepare for and manage the administrative aspects of EU ETS compliance, we have made significant investments in new systems, including personnel, data management, cost recovery mechanisms, revised service agreement terms and transparent emissions reporting procedures. However, the cost of future compliance and of our future EU emissions and costs to purchase an allowance for emissions (if we must purchase in order to comply) are unknown and difficult to predict, and are based on a number of factors, including the size of our fleet, our trips within and to and from the EU, and the prevailing cost of allowances. We have registered under the EU ETS regime and have accordingly opened a Maritime Operator Holding Account ready for the submission of allowances in September 2025. We have calculated the allowances required for the year 2024, but anticipate that our vessels will continue to make calls in European ports during 2025. The voyages for which we will be required to surrender allowances are primarily undertaken by our charterers, and as such we are currently unable to determine our liability under EU ETS beyond 2024.

Additionally, on July 25, 2023, the European Council of the European Union adopted the Fuel EU Maritime Regulation 2023/1805 (“FuelEU”) under the FuelEU Initiative of its “Fit-for-55” package which sets limitations on the acceptable yearly greenhouse gas intensity of the energy used by covered vessels. Among other things, FuelEU requires that greenhouse gas intensity of fuel used by covered vessels is reduced by 2% starting January 1, 2025, with additional reductions contemplated every five years (up to 80% by 2050). Shipping companies may enter into pooling mechanisms with other shipping companies in order to achieve compliance, bank surplus emissions and borrow compliance balances from future years. A FuelEU Document of Compliance is required to be kept on board a vessel to show compliance by June 30, 2026. Both the ETS and FuelEU schemes have significant impacts on the management of the vessels calling to EU ports, by increasing the complexity and monitoring of, and costs associated with the operation of vessels and affecting the relationships with our time charterers.

Compliance with changes in laws, regulations, and obligations relating to climate change affects the propulsion options in subsequent vessel designs and could increase our costs related to acquiring new vessels, operating and maintaining our existing tanker vessels and require us to install new emission controls, acquire allowances or pay taxes related to our greenhouse gas emissions or administer and manage a greenhouse gas emissions program. Revenue generation and strategic growth opportunities may also be adversely affected.

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

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

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

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

On March 6, 2024, the SEC adopted final rules to enhance and standardize climate-related and ESG-related disclosures by public companies and in public offerings. The final rules, set forth in Release No. 33-11275, would add extensive and prescriptive disclosure items requiring companies, including foreign private issuers, to disclose climate-related risks and certain emissions. In addition, the final rules would require the inclusion of certain climate-related financial metrics in a note to companies’ audited financial statements. These rules were challenged in federal court and in April 2024, the SEC announced that it would voluntarily stay the effectiveness of the rules pending judicial review. On March 27, 2025, the SEC determined to end its defense of the rules in the ongoing litigation. It is unclear if the rules will be enforced or repealed. Costs of compliance with these new rules may be significant and may have a material adverse effect on our future performance, results of operations, cash flows and financial position.

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

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

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

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

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

The IMO has imposed updated guidelines for ballast water management systems specifying the maximum amount of viable organisms allowed to be discharged from a vessel's ballast water. Depending on the date of the International Oil Pollution Prevention (IOPP) renewal survey, existing vessels constructed before September 8, 2017, are required to comply with the updated D-2 standard on or after September 8, 2019. For most vessels, compliance with the D-2 standard will involve installing on-board systems to treat ballast water and eliminate unwanted organisms. Vessels constructed on or after September 8, 2017, are required to comply with the D-2 standards on or after September 8, 2017. The IMO has imposed updated guidelines for ballast water management systems specifying the maximum amount of viable organisms allowed to be discharged from a vessel's ballast water. Depending on the date of the International Oil Pollution Prevention (IOPP) renewal survey, existing vessels constructed before September 8, 2017, are required to comply with the updated D-2 standard on or after September 8, 2019. Vessels are required to meet the D-2 standard by installing an approved Ballast Water Management System, or BWMS. BWMSs installed on or after October 28, 2020 shall be approved in accordance with BWMS Code, while BWMSs installed before October 23, 2020 must be approved taking into account guidelines developed by the IMO or the BWMS Code. Amendments to the International Convention for the Control and Management of Ships' Ballast Water and Sediments, or the BWM Convention entered into force in June 2022 concerning commissioning testing of BWMS and the form of the International Ballast Water Management Certificate. Additional amendments to the BWM Convention, concerning the form of the Ballast Water Record Book, entered into force on February 1, 2025. All of our vessels have installed approved ballast water management systems.

Furthermore, United States regulations are currently changing. Although the 2013 Vessel General Permit (VGP) program and U.S. National Invasive Species Act, or NISA, are currently in effect to regulate ballast discharge, exchange, and installation, the Vessel Incidental Discharge Act or VIDA, which was signed into law on December 4, 2018, requires that the EPA develop national standards of performance for approximately 30 discharges, similar to those found in the VGP within two years. On October 26, 2020, the EPA published a Notice of Proposed Rulemaking for Vessel Incidental Discharge National Standards of Performance under VIDA, and in November 2020, held virtual public meetings. On October 18, 2023, the EPA published a Supplemental Notice to the Vessel Incidental Discharge National Standards of Performance, which shares new ballast water information that the EPA received from the USCG. On September 20, 2024, the EPA finalized national standards of performance for non-recreational vessels 79-feet in length and longer with respect to incidental discharges and on October 9, 2024, the Vessel Incidental Discharge National Standards of Performance were published. Within two years of publication, the USCG is required to develop corresponding implementation regulations. Within two years of publication, the USCG is required to develop corresponding implementation regulations. Until such regulations are final, effective, and enforceable, vessels will continue to be subject to the VGP 2013 requirements and USCG ballast water regulations. The new regulations could require the installation of new equipment, which may cause us to incur substantial costs, which may adversely affect our profitability.

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

There are a number of risks associated with the operation of ocean-going vessels, including mechanical failure, collision, fire, human error, war, terrorism, piracy, loss of life, contact with floating objects, property loss, cargo loss or damage, and business interruption due to political circumstances in foreign countries, hostilities, and labor strikes. Any of these events may result in loss of revenues, increased costs, and decreased cash flows. In addition, the operation of any vessel is subject to the inherent possibility of marine disaster, including oil spills and other environmental mishaps.

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

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

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

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

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

The market values of tanker vessels are subject to significant volatility. Indicatively, market prices for ten-year-old Aframax tankers over the past ten years have fluctuated significantly from a high level of \$60 million in 2024 to a low level of \$18 million in 2016. You should expect the market value of our vessels to fluctuate depending on general economic and market conditions affecting the shipping industry and prevailing charter rates, competition from other tanker companies and other modes of transportation, types, sizes, and ages of vessels, applicable governmental regulations, and the cost of newbuildings. We believe that our vessels' current aggregate market value will be in excess of loan to value amounts required under our credit facilities. Our credit facilities generally require that the fair market value of the vessels pledged as collateral never be less than 125% or 135% of the aggregate principal amount outstanding under the loans. We were in compliance with these requirements as of December 31, 2024, and as of the date of this annual report.

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

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

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

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

#### **Risks Relating to our Common and Preferred Shares**

***The market price of our common shares is subject to significant fluctuations.***

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

During the period from January 1, 2024 to April 14, 2025, the trading price of our common shares has ranged from an intra-day high of \$2.58 on June 3, 2024 to an intra-day low of \$1.31 on April 8 and 9, 2025.

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

- the failure of securities analysts to publish research about us or make appropriate changes in their financial estimates;
- announcements by us or our competitors of significant contracts, acquisitions, or capital commitments;
- variations in quarterly operating results;
- general economic conditions, including inflationary pressures;
- terrorist or piracy acts;
- unforeseen events, such as natural disasters or pandemics;
- international sanctions, embargoes, import and export restrictions, nationalizations, piracy, and wars or other conflicts, including the ongoing war between Ukraine and Russia and the war between Israel and Hamas;
- actual or anticipated fluctuations in our operating results from period to period;
- fluctuations in interest rates;
- fluctuations in the availability or the price of oil and chemicals;

- fluctuations in foreign currency exchange rates;
- the loss of any of our key management personnel;
- our failure to successfully implement our business plan;
- future sales of our common shares or other securities;
- stock splits or reverse stock splits;
- shareholder activism, such as the tender offer and related actions commenced by Sphinx Investment Corp. during 2023; and
- investors' perception of us and the international tanker sector.

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

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

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

Extreme fluctuations in the market price of our common shares may occur in response to strong and atypical retail investor interest, including on social media and online forums, the direct access by retail investors to broadly available trading platforms, the amount and status of short interest in our common shares and our other securities, access to margin debt, trading in options and other derivatives on our common shares, and any related hedging and other trading factors. In particular, a proportion of our common shares may be traded by short sellers which may put pressure on the supply and demand for our common shares, creating further price volatility. A possible "short squeeze" due to a sudden increase in demand for our common shares that largely exceeds supply may lead to sudden extreme price volatility in our common shares. Investors may purchase our common shares to hedge existing exposure in our common shares or to speculate on the price of our common shares. Speculation on the price of our common shares may involve long and short exposures. To the extent aggregate short exposure exceeds the number of common shares available for purchase in the open market, investors with short exposure may have to pay a premium to repurchase our common shares for delivery to lenders of our common shares. Those repurchases may in turn, dramatically increase the price of our common shares until investors with short exposure are able to purchase additional common shares to cover their short position. This is often referred to as a "short squeeze." Following such a short squeeze, once investors purchase the shares necessary to cover their short position, the price of our common shares may rapidly decline. A short squeeze could lead to volatile price movements in our shares that are not directly correlated to the performance or prospects of our company and could cause purchasers of our common shares to incur substantial losses.



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

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

Our amended and restated articles of incorporation authorize us to issue up to 500,000,000 common shares, of which 12,432,158 shares were issued and outstanding as of April 14, 2025.

As of April 14, 2025, 1,423,912 of our Series C Preferred Shares were issued and outstanding. Each Series C Preferred Share will be convertible, at the option of the holder at any time and from time to time after six months from the date of original issuance of such Series C Preferred Share, into a number of common shares equal to the Series C Preferred Share liquidation preference of \$25.00 divided by a conversion price equal to \$1.3576 (subject to adjustment from time to time). The conversion price is subject to customary adjustments, including for any stock splits, reverse stock splits or stock dividends, and will also be adjusted to equal the lowest price at which common shares are sold by us in any registered offering, provided that such adjusted conversion price shall not be less than \$0.50. For additional information regarding the terms of our issued and outstanding Series C Preferred Shares, please see “Item 10. Additional Information—B. Memorandum and Articles of Association” and “Item 3. Key Information—D. Risk Factors” entitled “Aliko Paliou, the Chairperson of the Board, controls a majority of voting power over matters on which our shareholders are entitled to vote, and accordingly, may exert considerable influence over us and may have interests that are different from the interests of our other shareholders.” We may offer and sell our common shares or securities convertible into our common shares from time to time, through one or more methods of distribution, subject to market conditions and our capital needs. The market price of our common shares could decline from its current levels due to sales of a large number of shares in the market, including sales of shares by our large shareholders, our issuance of additional shares, or securities convertible into our common shares or the perception that these sales could occur. These sales could also make it more difficult or impossible for us to sell equity securities in the future at a time and price that we deem appropriate to raise funds through future offerings of shares of our common shares. The issuance of such additional common shares would also result in the dilution of the ownership interests of our existing shareholders.

***We might issue additional common shares or other securities to finance our growth as market conditions warrant. These issuances, which would generally not be subject to shareholder approval, may lower your ownership interests and may depress the market price of our common shares.***

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

On April 21, 2023, we filed a registration statement on Form F-3, which was declared effective on May 4, 2023, and is available for the registered sale of up to \$250.0 million of our securities.

In addition, we may be obligated to issue pursuant to the terms of outstanding convertible securities, options, or warrants, as of April 14, 2025:

- any common shares issuable pursuant to the exercise of conversion rights under our Series C Preferred Shares, of which 1,423,912 shares are currently outstanding;
- 8,000 common shares issuable upon the exercise of outstanding options exercisable at a price range between \$150.00 and \$450.00 per share, for a term expiring January 1, 2026;
- up to 567,366 common shares issuable upon the exercise of our Class A Warrants (at an exercise price of \$15.75 per share as of March 26, 2024) which expire in January 2028;
- up to 1,033,333 common shares that may be issued upon the exercise of warrants (the “July 2022 Warrants”) issued pursuant to a registered direct offering on July 19, 2022 (at an exercise price of \$1.65 per share as of March 26, 2024) which expire in January 2028;
- up to 2,122,222 common shares that may be issued upon the exercise of warrants (the “August 2022 Warrants”) issued pursuant to a registered direct offering on August 12, 2022 (at an exercise price of \$1.65 per share as of March 26, 2024) which expire in August 2027;
- up to 14,300 common shares that may be issued upon the exercise (at an exercise price of \$2.25 per share as of March 26, 2024) or exchange (for no additional cash consideration) of the Series A warrants (the “Series A Warrants”), which expire in March 2028; and
- up to 4,097,000 common shares that may be issued upon the exercise of the Series B Warrants (at an exercise price of \$2.25 per share as of March 26, 2024) which expire in March 2028.

Our existing common shareholders will experience significant dilution if we sell shares at prices significantly below the price at which they invested. We may issue additional common shares or other equity securities of equal or senior rank in the future to raise additional capital in connection with, among other things, debt prepayments, future vessel acquisitions, payment of dividends on our Series B or Series C Preferred Shares, redemptions of our Series C Preferred Shares, or any future equity incentive plan, without shareholder approval, in a number of circumstances. Holders of our common shares have no preemptive rights that entitle such holders to purchase their pro rata share of any offering of shares of any class or series of shares and, therefore, are at risk of dilution.

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

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

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

***There is no guarantee of a continuing public market for you to resell our common shares.***

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

We are required to meet certain qualitative and financial tests (including a minimum bid price for our common shares of \$1.00 per share, at least 500,000 publicly held shares, at least 300 public holders, a market value of publicly held securities of \$1 million, and net income of \$500,000), as well as other corporate governance standards, to maintain the listing of our common shares on the Nasdaq Capital Market, or Nasdaq. It is possible that we could fail to satisfy one or more of these requirements. There can be no assurance that we will be able to maintain compliance with the minimum bid price, shareholders' equity, number of publicly held shares, net income requirements, or other listing standards in the future. A decline in the closing price of our common shares could result in a breach of the requirements for listing on the Nasdaq Capital Market. Although we would have an opportunity to take action to cure such a breach, if we do not succeed, Nasdaq could commence suspension or delisting procedures in respect of our common shares. We may receive notices from Nasdaq that we have failed to meet its requirements, and proceedings to delist our stock could commence. We have received in the past, and most recently received on April 18, 2023, a written notification from The Nasdaq Stock Market LLC, indicating that because the closing bid price of our common shares for the previous 30 consecutive business days was below \$1.00 per share, we no longer met the minimum bid price requirement under Nasdaq rules. With respect to the most recent such notification, we regained compliance on August 15, 2023 as a result of the closing price of our common shares being \$1.00 or greater for ten consecutive trading days.

With respect to prior such notifications, we have regained compliance through by means of a reverse stock split. For more information, please see "Item 4. Information on the Company—A. History and Development of the Company." Since June 2016, we have effected eight reverse stock splits of our common shares, each of which was approved by our board of directors and by our shareholders at an annual or special meeting of such shareholders. There were no changes to the trading symbol, number of authorized shares, or par value of our common shares in connection with any of the reverse stock splits. All share amounts in this report, not including amounts incorporated by reference, have been retroactively adjusted to reflect these reverse stock splits. If we are required to conduct a reverse stock split in the future to maintain compliance with the continued listing requirements of the Nasdaq Capital Market, the market price of our common shares may be negatively affected.

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

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

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

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

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

We may incur expenses or liabilities or be subject to other circumstances in the future that reduce or eliminate the amount of cash that we have available for distribution as dividends, including as a result of the risks described in this report. Our growth strategy contemplates that we will finance the acquisition of additional tanker vessels through a combination of primarily equity capital and, to a lesser extent, cash on hand and debt financing on terms acceptable to us. If external sources of funds on terms acceptable to us are limited, our board of directors may determine to finance acquisitions with cash from operations, which would reduce or even eliminate the amount of cash available for the payment of dividends.

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

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

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

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

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

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

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

- changes in our operating cash flow, capital expenditure requirements, working capital requirements, and other cash needs;
- the amount of any cash reserves established by our board of directors;
- restrictions under Marshall Islands law, which generally prohibits the payment of dividends other than from surplus and while a company is insolvent or would be rendered insolvent by the payment of such a dividend;
- restrictions under our credit facilities and other instruments and agreements governing our existing and future indebtedness; and
- our overall financial and operating performance, which, in turn, is subject to prevailing economic and competitive conditions, the risks associated with the shipping industry, and other factors, many of which are beyond our control.

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

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

Marshall Islands law provides that we may pay dividends on and redeem the Series B Preferred Shares and Series C Preferred Shares only to the extent that assets are legally available for such purposes. Legally available assets generally are limited to our surplus. In addition, under Marshall Islands law, we may not pay dividends on or redeem the Series B Preferred Shares or Series C Preferred Shares if we are insolvent or would be rendered insolvent by the payment of such a dividend or the making of such redemption.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The Council of the European Union, or the Council, routinely publishes a list of “non-cooperative jurisdictions” for tax purposes which includes countries that the Council believes need to improve their legal framework and to work towards compliance with international standards in taxation. In 2019, the Republic of the Marshall Islands, among others, was placed by the E.U. on the list of non-cooperative jurisdictions for failing to implement certain commitments previously made to the E.U. by the agreed deadline. However, it was removed from the list of non-cooperative jurisdictions that same year. In February 2023, the Republic of the Marshall Islands was added again to the list of non-cooperative jurisdictions, for lacking in the enforcement of economic substance requirement, and was subsequently removed again from the list in October 2023. E.U. member states have agreed upon a set of measures, which they can choose to apply against the listed countries, including, increased monitoring and audits, withholding taxes and non-deductibility of costs and although we are not currently aware of any such measures being adopted, they can be adopted by one or more EU members states in the future. The European Commission has stated it will continue to support member states’ efforts to develop a more coordinated approach to sanctions for the listed countries. E.U. legislation prohibits certain E.U. funds from being channeled or transited through entities in non-cooperative jurisdictions.

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

If we fail to comply with our obligations under such regulations or any similar law applicable to us in any other jurisdictions, we could be subject to financial penalties and spontaneous disclosure of information to foreign tax officials, revocation of the formation documents and dissolution of the applicable non-compliant Marshall Islands entity or being struck from the register of companies, in related jurisdictions. Any of the foregoing could be disruptive to our business and could have a material adverse effect on our business, financial conditions and operating results. Accordingly, any implementation of, or changes to, any of the economic substance regulations that impact us could increase the complexity and costs of carrying on business in these jurisdictions, and thus could adversely affect our business, financial condition or results of operations.

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

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

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



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

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

These provisions include:

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

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

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

#### **Item 4. Information on the Company**

##### ***A. History and Development of the Company***

Performance Shipping Inc. (formerly Diana Containerships Inc.) is a corporation incorporated under the laws of the Republic of the Marshall Islands on January 7, 2010. Each of our vessels is owned by a separate wholly owned subsidiary. Performance Shipping Inc. is the owner of all the issued and outstanding shares of the subsidiaries listed in Exhibit 8.1 to this annual report. We maintain our principal executive offices at 373 Syngrou Avenue, 175 64 Palaio Faliro, Athens, Greece. Our telephone number at that address is +30 216 600 2400. Our agent and authorized representative in the United States is our wholly owned subsidiary, established in the State of Delaware in July 2014 under the name Container Carriers (USA) LLC and amended to change the name of the company to Performance Shipping USA LLC as of November 20, 2020, which is located at 2711 Centerville Road, Suite 400, Wilmington, Delaware 19808. Our website is <http://www.pshipping.com/>. The SEC maintains a website that contains reports, proxy and information statements, and other information that we file electronically with the SEC at <http://www.sec.gov>. The information contained on, or that can be accessed through, these websites is not incorporated by reference herein and does not form part of this annual report.

##### ***Business Development, Capital Expenditures and Divestitures and Share History***

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

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

On June 1, 2022, we completed a public offering of 508,000 units, each unit consisting of (i) one common share or a pre-funded warrant to purchase one common share at an exercise price equal to \$0.01 per common share, and (ii) one Class A Warrant to purchase one common share at an exercise price equal to \$15.75 per Common Share (a “Class A Warrant”), at a public offering price of \$15.75 per unit.

In June 2022, we acquired the tanker vessel *P. Sophia* (formerly “Maran Sagitta”), a 2009-built Aframax tanker of 105,071 dwt for \$27.6 million. The vessel was delivered to us in July 2022.

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

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

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

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

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

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

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

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

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

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

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

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

On February 28, 2023, we entered into a securities purchase agreement with certain unaffiliated institutional investors to purchase (i) 5,556,000 of our common shares, (ii) the Series A Warrants to purchase 3,611,400 Common Shares and (iii) Series B warrants (the "Series B Warrants") to purchase 4,167,000 Common Shares, at a purchase price of \$2.25 per common share together with the accompanying Series A and Series B Warrants in a registered direct offering. The terms of the Series A Warrants provided that, as an alternative to exercise, they could be exchanged for common shares for no additional cash consideration under certain circumstances. The gross proceeds to us were approximately \$12.5 million before deducting the placement agent's fees and other offering expenses. Subsequent to the closing, we issued 3,597,100 common shares in exchange for 3,597,100 Series A Warrants for no additional cash consideration, according to the terms of the Series A Warrants.

On March 7, 2023, we entered into a shipbuilding contract with China Shipbuilding Trading Company Limited and Shanghai Waigaoqiao Shipbuilding Company Limited for the construction of a 114,000 DWT LNG ready LR2 Aframax product/crude oil tanker for a gross contract price of \$63.3 million. We expect to take delivery of the vessel (Hull 1515) in the third quarter of 2025.

In April 2023, our board of directors authorized a share repurchase plan (the "April 2023 Repurchase Plan") to purchase up to an aggregate of \$2.0 million of our common shares. Under the April 2023 Repurchase Plan, we repurchased a total of 2,222,936 common shares for a total amount of approximately \$2.0 million, successfully completing the April 2023 Repurchase Plan in the third quarter of 2023.

On April 18, 2023, we received written notification from NASDAQ, indicating that because the closing bid price of our common stock for 30 consecutive business days was below the minimum \$1.00 per share bid price requirement for continued listing on The NASDAQ Capital Market, we were not in compliance with Nasdaq Listing Rule 5550(a)(2).

On August 7, 2023, we refinanced our existing loan facility with Nordea Bank Abp, filial i Norge ("Nordea") by entering into a new revolving credit facility with Nordea of up to \$20.0 million. For more information regarding the new revolving credit facility, see "Item 5. Operating and Financial Review and Prospects—B. Liquidity and Capital Resources—Loan Facilities—Nordea Bank Abp, Filial i Norge (Nordea)."

On August 15, 2023, we regained compliance with the minimum bid price requirements for continued listing on the Nasdaq Capital Market, as a result of the closing bid price of the Company's common shares having been at \$1.00 per share or greater for at least ten consecutive business days, from August 1, 2023 through August 14, 2023. We regained such compliance as a result of an organic increase in the market price of our shares, without the need to effect a reverse stock split.

In August 2023, our board of directors authorized a new share repurchase plan (the “August 2023 Repurchase Plan”) to repurchase up to \$2.0 million of our outstanding common shares. As of its expiration on August 31, 2024, 327,100 common shares were repurchased for a total amount of approximately \$0.7 million under the August 2023 Repurchase Plan.

On September 29, 2023, 100,000 of the July 2022 Warrants and 100,000 of the August 2022 Warrants were exercised by their holders, generating net proceeds of \$0.3 million for us.

On October 11, 2023, Sphinx Investment Corp., a corporation incorporated under the laws of the Republic of the Marshall Islands (the “Offeror”), launched a cash tender offer to purchase from all of our outstanding common shares and associated preferred stock purchase rights issued pursuant to our Stockholders’ Rights Agreement (the “Rights” and, together with the common shares, the “Shares”), at a price of \$3.00 per Share (without interest and less any applicable withholding taxes, upon the terms and subject to the conditions set forth in (a) the Amended and Restated Offer to Purchase, dated October 30, 2023, as amended and supplemented by the Supplement to the Amended and Restated Offer to Purchase dated December 5, 2023, and as further amended and (b) the related revised Notice of Guaranteed Delivery and the related revised Letter of Transmittal, as set forth in the Offeror’s Tender Offer Statement on Schedule TO filed with the SEC on October 11, 2023, as amended) (the “Offer”). Unless the Offer is extended by the Offeror, the Offer and withdrawal rights thereunder will expire at 11:59 p.m., New York City Time, on July 31, 2025.

In December 2023, we sold the 2007-built Aframax tanker vessel *P. Kikuma* for \$39.3 million and delivered the vessel to her new owners.

On December 18, 2023, we completed the approximately \$44.6 million voluntary prepayment of all of our existing loans with Piraeus Bank S.A. and released the security over our vessels *P. Monterey*, *P. Yanbu* and *P. Sophia*. The prepayment was completed through the deployment of our excess liquidity.

On December 18, 2023, we entered into two shipbuilding contracts with China Shipbuilding Trading Co. Ltd. and Shanghai Waigaoqiao Shipbuilding Co. Ltd. for the construction of two 114,000 DWT LNG-ready LR2 Aframax product/crude oil tanker vessels, for a purchase price of \$64.845 million per vessel, payable in instalments, net of third-party commission. The vessels (Hulls 1596 and 1597) are expected to be delivered in the third quarter of 2025 and in the first quarter of 2026, respectively.

During 2023, 57,490 Series C Preferred Shares were converted at the option of their holders into 1,064,207 common shares, calculated with an adjusted conversion price of \$1.3576.

On March 8, 2024, we entered into time charter contracts with Clearlake Shipping Pte Ltd for our three newbuilding Aframax tanker vessels. Each employment will be for a firm period of five years with the charterer’s option to extend for a sixth and seventh year. The gross charter rate will be US\$31,000 per vessel per day for the firm period and a base rate plus profit share for the optional periods, if declared. Employment is expected to commence upon delivery of the vessels.

On April 30, 2024, we entered into a shipbuilding contract with Jiangsu Yangzijiang Shipbuilding Group Co., Ltd., Jiangsu New Yangzi Shipbuilding Co., Ltd., and Jiangsu Yangzi Xinfu Shipbuilding Co., Ltd. for the construction of a scrubber fitted 75,000 DWT LR1 chemical/product oil tanker for a gross contract price of \$56.5 million, with an option for the final purchase price to be reduced to \$54.1 million, should certain technical conditions exist at delivery. We expect to take delivery of the vessel (Hull 1624) in the first quarter of 2027.

On July 16, 2024, we entered into a sale and leaseback agreement with an unaffiliated Japanese third party for one of our newbuild LR2 Aframax tanker vessels. The bareboat financing amount totals \$44.3 million and, as part of this agreement, the vessel was sold and chartered back on a bareboat basis for an eight-year period from delivery at bareboat charter rates equivalent to 96 monthly installments of \$7,132 per day and a balloon payment of approximately \$23.7 million payable together with the last installment, with an implied interest rate of Term SOFR plus 2.425% per annum. We have continuous options to repurchase the vessel at predetermined rates following the second anniversary of the bareboat charter.

On October 24, 2024, we entered into a sale and leaseback agreement with an unaffiliated third party for one of our newbuild LR2 Aframax tanker vessels. The bareboat financing amount totals approximately US\$45.39 million. As part of this agreement, the vessel was sold and then chartered back on a bareboat basis for a ten-year period starting from delivery from the shipyard. The bareboat charter includes 120 monthly installments at a fixed rate of US\$211,500 plus a variable rate calculated monthly at an implied interest rate of SOFR plus 2.1% per annum. Additionally, a balloon payment of approximately \$20 million payable together with the last installment for the repurchase of the vessel. We have continuous options to repurchase the vessel at predetermined rates following the second anniversary of the bareboat charter.

On December 17, 2024, the re-election of Aliko Paliou as a Class II Director was approved by the requisite vote at our 2024 Annual Meeting.

During 2024, 4,460 Series C Preferred Shares were converted at the option of their holders into 82,482 common shares, calculated with an adjusted conversion price of \$1.3576.

During 2024, 70,000 of the Series B Warrants were exercised by their holders, generating net proceeds of \$0.2 million for us.

#### **Recent Developments**

Effective January 2025, our fleet manager, Unitized Ocean Transport Limited has been renamed to Performance Shipping Management Inc.

On March 5, 2025, we entered into a sale and leaseback agreement with an unaffiliated third party for one of our newbuild LR2 Aframax tanker vessels. The bareboat financing amount totals \$45 million and, as part of this agreement, the vessel will be sold and chartered back on a bareboat basis for an eight-year period from delivery at bareboat charter rates equivalent to 96 monthly installments of \$6,850 per day and a balloon payment of approximately \$25 million payable together with the last installment, with an implied interest rate of Term SOFR plus 2.05% per annum. We have continuous options to repurchase the vessel at predetermined rates following the second anniversary of the bareboat charter.

On March 13, 2025, we entered into a Memorandum of Agreement to sell the 2011-built, 105,400 dwt Aframax tanker vessel, *P. Yanbu*, to an unaffiliated third party for a gross sale price of \$39 million. The vessel was delivered to her new owner on March 24, 2025.

On April 7, 2025, we announced that we entered into a forward sale and exclusivity agreement with an unaffiliated third party, based on which the buyers are granted exclusive rights to submit a bid for the conversion of the vessel *P. Sophia*, in an auction for the provision of a Floating Production Storage and Offloading (FPSO) vessel for charter to a national oil company (the "Offshore Project"). If the buyer is awarded the Offshore Project by the expiration of the auction on April 5, 2026, the buyer will purchase the *P. Sophia*, for a gross sale price of \$36.05 million. Additionally, if the vessel is delivered to the buyer on or before September 30, 2025, the gross sale price will be increased by \$1.0 million.

#### **B. Business Overview**

We provide global shipping transportation services through the ownership of tanker vessels. As of the date of this annual report, our fleet consists of six Aframax tanker vessels with a combined carrying capacity of 630,519 DWT and a weighted average age of approximately 13.9 years. Additionally, we expect to take delivery of two newbuild LR2/Aframax tanker vessels in the third quarter of 2025, one newbuild LR2 Aframax product/crude oil tanker vessel in January 2026, and one newbuild eco-design LR1 tanker in the first quarter of 2027. Founded in January 2010, our business initially focused on the ownership of container vessels. Over time, we have transitioned to a purely tanker fleet, successfully exiting the containership sector in August 2020.

During 2024, 2023 and 2022, we had a fleet utilization of 99.2%, 98.7% and 96.8% respectively, our vessels achieved a daily time charter equivalent rate of \$32,954, \$36,954 and \$29,579, respectively, and we generated revenues from our vessels of \$87.5 million, \$108.9 million and \$75.1 million, respectively.

Set forth below is summary information concerning our operating fleet as of April 14, 2025.

Vessel	Year of Build	Capacity	Builder	Charter Type
<b>Aframax Tanker Vessels</b>				
BLUE MOON	2011	104,623 DWT	Sumitomo Heavy Industries Marine & Engineering Co., LTD.	Time charter
BRIOLETTE	2011	104,588 DWT	Sumitomo Heavy Industries Marine & Engineering Co., LTD.	Time charter
P. SOPHIA	2009	105,071 DWT	Hyundai Heavy Industries Co. LTD.	Pool
P. ALIKI	2010	105,304 DWT	Hyundai Heavy Industries Co. LTD.	Time charter
P. MONTEREY	2011	105,525 DWT	Hyundai Heavy Industries Co. LTD.	Time charter
P. LONG BEACH	2013	105,408 DWT	Hyundai Heavy Industries Co. LTD.	Time charter

**Management of Our Fleet**

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

**Business Strategy**

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

**Fleet**

**Modern, High Specification Fleet.** We intend to operate a fleet of modern, high specification tanker vessels that include high cargo-carrying capacity and competitive fuel efficiency. We believe these features will be commercially attractive to charterers because the high specifications will result in cost-effective vessels with increased flexibility, and we expect these factors will, in turn, maximize our vessels’ utilization rates. We believe that owning a versatile, modern, well-maintained fleet reduces operating costs, improves the quality of service we deliver, and enables us to secure employment with high-quality counterparties. The four vessels in our newbuilding program will significantly reduce our fleet age profile and will be equipped with scrubbers and water ballast treatment systems, will feature the latest high-specification engines and comply with stringent emission requirements. Our decision to acquire these three identical LR2 Aframax “sister” vessels, along with our first LR1 chemical/product oil tanker, reflects our focus on fuel efficiency and our commitment to participate in the energy transition. As we grow our fleet, we intend to continue acquiring secondhand vessels built in well-established shipyards in South Korea, Japan, and China with high specifications and fuel efficiency standards. Depending on market conditions, we may continue to opportunistically purchase newbuild vessels equipped with the latest high specification engines and meeting the stringent emission requirements, which will be constructed in large and reputable shipyards and will result in an even more modern and highly competitive fleet composition.

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

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

**Secondhand Acquisitions and Construction.** We expect to grow our fleet primarily through selective acquisitions of secondhand tanker vessels from unaffiliated third parties and through entering into newbuilding contracts. We may also acquire vessels upon their delivery from the shipyard. During 2023 and 2024, we entered into four shipbuilding contracts for the construction of an eco-design LR1, and three LR2 tanker vessels, which we expect to take gradually delivery of from the third quarter 2025 to the first quarter of 2027. When evaluating acquisitions, we will consider and analyze our expectation of fundamental developments in the seaborne transportation of crude oil and refined petroleum products, changes in trading patterns, the cash flow currently earned and our expectation of future cash flows to be earned by the target vessel relative to its value, as well as its condition and technical specifications.

### **Management**

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

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

### **Commercial**

**Balanced Fleet Deployment.** Our commercial policy comprises of i) spot exposure, often through pool arrangements, via voyage charters and short-term time charters with a duration of less than 12 months and ii) period exposure via medium to long term charters with a duration of up to 60 months. When available, we will also consider entering hybrid contracts such as time charters with a fixed floor rate and profit-sharing participation in the spot market. Our commercial policy should provide us and our shareholders to with less exposure to cyclical fluctuations in charter rates. Still, the spot market is very volatile, and our strategy will also expose us and our shareholders to periods when spot rates decline below the cash breakeven level of our fleet. In line with our strategy, our current fleet of tankers operate and are expected to operate under voyage charters and through pool arrangements and period time charters.

**Established Commercial Relationships.** We expect to capitalize on our commercial and technical management team's long-standing relationships with leading charterers including Aramco Trading Company, Marathon Maritime Company, Exxon Mobil, and AET Tankers. We believe that our experienced management team will assist us in securing employment for our vessels and will provide us with an established and diverse customer base in both western and eastern geographical basins. Following their delivery to us, we expect all our vessels to be acceptable for business by one or more major oil companies, oil traders, and refineries based on their inspections of our vessels and their review of our operational procedures.

## **Financial**

**Maintain Low Leverage.** Our policy is to incur an amount of debt that, upon its incurrence, does not cause our ratio of net debt-to-market value of our fleet to exceed our target of 35%. We believe that maintaining a level of indebtedness at or below our target policy will enable us to operate effectively in adverse market conditions. On December 31, 2024, our outstanding debt was \$47.7million, we held approximately \$71.3 million in cash and cash equivalents (including restricted cash of \$1.0 million), and our ratio of net debt to the value of our fleet was approximately -8%. However, despite our current negative net leverage, the possible new debt financing, which is expected to be used to partially fund the construction costs of our newbuilding vessels and will be incurred at the time of the vessels' delivery to us, may increase our net debt-to-market value of our fleet, at or above our target level.

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

## **Governance**

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

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

## **Our Customers**

Our customers include national, regional, and international companies, such as ST Shipping Transport, Aramco Trading Company, Marathon Shipping, Exxon Mobil, AET Tankers and Maersk Tankers. In 2024, four of our charterers accounted for 80% of our revenues: ST Shipping Transport (26%), Aramco Trading Company (16%), Marathon Maritime Company (16%) and Maersk Tankers (ex Penfield Tankers (Aframax) LLC) (22%). In 2023, four of our charterers accounted for 84% of our revenues: ST Shipping Transport (28%), Aramco Trading Company (11%), Signal Maritime Aframax Pool LTD (13%) and Penfield Tankers (Aframax) LLC (32%). In 2022, two of our charterers accounted for 59% of our revenues: Signal Maritime Aframax Pool LTD (41%) and Penfield Tankers (Aframax) LLC (18%). We believe that developing strong relationships with the end-users of our services allows us to better satisfy their needs with appropriate and capable vessels. A prospective charterer's financial condition, creditworthiness, reliability, and track record are important factors in negotiating our vessels' employment.



## **The Tanker Shipping Industry**

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

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

### **Types of Crude Tanker Vessels**

The main categories of crude tanker vessels are:

- **VLCCs**, with an oil cargo carrying capacity in excess of 200,000 dwt (typically 300,000 to 320,000 dwt or approximately two million barrels). VLCCs generally trade on long-haul routes from the Middle East and West Africa to Asia, Europe, and the U.S. Gulf or the Caribbean.
- **Suezmax tankers**, with an oil cargo carrying capacity of approximately 120,000 to 200,000 dwt (typically 150,000 to 160,000 dwt or approximately one million barrels). Suezmax tanker vessels are engaged in a range of crude oil trades across a number of major loading zones.
- **Aframax tankers**, with an oil cargo carrying capacity of approximately 80,000 to 120,000 dwt (or approximately 500,000 barrels). Aframax tanker vessels are employed in shorter regional trades, mainly in Northwest Europe, the Caribbean, the Mediterranean, and Asia.

### **Tanker Newbuilding Prices**

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

### **Tanker Secondhand Prices**

Second-hand vessel prices are primarily influenced by trends in the supply and demand for vessel capacity. During extended periods of high demand, indicated by elevated charter rates, secondhand vessel values tend to appreciate. Conversely, during periods of low demand, reflected by lower charter rates, vessel values tend to decline. Vessel values are also influenced by age, specifications and the replacement cost (new-build price) of vessels up to five years old.

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

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

## **The Crude Oil Tanker Freight Market**

### **Charter Types**

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

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

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

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

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

#### **Tanker Vessels Charter Rates**

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

#### **Seasonality**

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

#### **Environmental and Other Regulations in the Shipping Industry**

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

Our vessels are subject to both scheduled and unscheduled inspections by a range of governmental and private entities. These include local port authorities, national authorities such as Port State Control or the U.S. Coast Guard ("USCG"), harbor masters, classification societies, flag state administrations, and, notably, charterers who conduct their own assessments through terminal inspections and the SIRE 2.0 inspection regime.

SIRE 2.0, launched globally in Q4 2024 by the Oil Companies International Marine Forum, is the next-generation Ship Inspection Report Programme. It replaces the legacy SIRE model with a risk-based, real-time digital inspection process tailored to each vessel's operational and technical profile. Inspections are conducted by specially trained and accredited inspectors using a dynamic Vessel Inspection Questionnaire via tablet-based technology. The system aims to enhance safety, transparency, and environmental compliance across oil, chemical, and gas tanker operations.

Compliance with inspection standards requires the Company to maintain all necessary permits, licenses, certificates, and other operational authorizations. Failure to meet these requirements may result in increased costs, delays, or the temporary suspension of vessel operations.

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

#### ***International Maritime Organization***

The International Maritime Organization, the United Nations agency for maritime safety and the prevention of pollution by vessels (the “IMO”), has adopted the International Convention for the Prevention of Pollution from Ships, 1973, as modified by the Protocol of 1978 relating thereto, collectively referred to as MARPOL 73/78 and herein as “MARPOL,” the International Convention for the Safety of Life at Sea of 1974 (“SOLAS Convention”), International Convention on Standards of Training, Certification and Watchkeeping for Seafarers, or STCW, and the International Convention on Load Lines of 1966 (the “LL Convention”). MARPOL establishes environmental standards relating to oil leakage or spilling, garbage management, sewage, air emissions, handling and disposal of noxious liquids, and the handling of harmful substances in packaged forms. MARPOL applies to vessels of any type, operating in the marine environment, and is broken into six Annexes, each of which regulates a different source of pollution. Annex I relates to oil leakage or spilling; Annexes II and III relate to harmful substances carried in bulk in liquid or packaged form, respectively; Annexes IV and V relate to sewage and garbage management, respectively; and Annex VI, lastly, relates to air emissions. Annex VI was separately adopted by the IMO in September of 1997.

Since 2014, the IMO’s Marine Environmental Protection Committee, or the MEPC, amendments to Annex I Condition Assessment Scheme, or “CAS,” have require compliance with the 2011 International Code on the Enhanced Programme of Inspections during Surveys of Bulk Carriers and Oil Tankers, or “ESP Code,” which provides for enhanced inspection programs. Amendments to the ESP Code addressing inconsistencies on examination of ballast tanks at annual surveys for bulk carriers and oil tankers will become effective July 1, 2024.

#### ***Air Emissions***

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

The IMO's Marine Environment Protection Committee, or MEPC, adopted amendments to Annex VI regarding emissions of sulfur oxide, nitrogen oxide, particulate matter and ozone-depleting substances which entered into force on July 1, 2010. The amended Annex VI seeks to further reduce air pollution by, among other things, implementing a progressive reduction of the amount of sulfur contained in any fuel oil used on board ships. Effective January 1, 2020, there has been a global limit of 0.5% m/m sulfur oxide emissions limit (reduced from 3.50%). This limitation can be met by using low-sulfur compliant fuel oil, alternative fuels or exhaust gas cleaning systems. Ships are now required to obtain bunker delivery notes and International Air Pollution Prevention ("IAPP") Certificates from their flag states that specify sulfur content. Additionally, at MEPC 73, amendments to Annex VI to prohibit the carriage of bunkers above 0.5% sulfur on ships became effective on March 1, 2020. Fuels with higher sulfur content than required by Reg. 14 of Annex VI can still be delivered to a ship, provided the ship uses equivalent measures, such as an EGCS. Additional amendments to Annex VI revising, among other terms, the definition of "Sulphur content of fuel oil" and "low-flashpoint fuel" and pertaining to the sampling and testing of onboard fuel oil, became effective in April 2022. These regulations subject ocean-going vessels to stringent emissions controls and may cause us to incur substantial costs.

MEPC 77 adopted a non-binding resolution which urges member states and ship operators to voluntarily use distillate or other cleaner alternative fuels or methods of propulsion that are safe for ships and could contribute to the reduction of black carbon emissions from ships when operating in or near the Arctic.

Emission Control Areas ("ECAs") are designated maritime zones where stricter limits on sulfur oxide (SOx) emissions apply. Since January 1, 2015, vessels operating within an ECA have been prohibited from using fuel with a sulfur content exceeding 0.10% m/m. Annex VI of the MARPOL Convention outlines procedures for designating new ECAs and sets the applicable sulfur standards.

Currently, the IMO has designated four ECAs: (i) the Baltic Sea, (ii) the North Sea, (iii) the North American area, and (iv) the United States Caribbean Sea area. In December 2022, the MEPC adopted a resolution establishing the entire Mediterranean Sea as a new ECA. These rules entered into force on May 1, 2024, though vessels operating in the Mediterranean ECA are exempt from the 0.10% sulfur standard until July 1, 2025.

Further amendments adopted at MEPC 82 designate the Canadian Arctic and the Norwegian Sea as ECAs, with enforcement beginning March 1, 2026. Vessels operating in these zones will be subject to enhanced emission control requirements, which may lead to increased fuel costs and capital expenditures, particularly due to the use of low-sulfur fuel or emission abatement technologies.

Additionally, some coastal regions in China have implemented local sulfur emission restrictions that may exceed international standards. If additional ECAs are approved by the IMO, or if stricter emissions rules are adopted by the U.S. Environmental Protection Agency ("EPA") or relevant U.S. states, the Company may face material increases in compliance costs, including those related to retrofitting, fuel sourcing, or operational adjustments.

MEPC 79 adopted amendments to Annex VI on the reporting of mandatory values related to the implementation of the IMO short-term GHG reduction measure, including attained Energy Efficiency Existing Ship Index ("EEXI"), carbon intensity indicator ("CII") and rating values to the IMO DCS, which became effective May 1, 2024. MEPC 80 adopted the 2023 IMO Strategy on Reduction of GHG Emissions from Ships with enhanced targets to mitigate harmful emissions. The revised IMO GHG Strategy comprises a common ambition to ensure an uptake of alternative zero and near-zero GHG fuels by 2030 and to achieve net-zero emissions from international shipping by 2050. In March 2024, MEPC 81 agreed on a draft outline of an 'IMO net-zero framework' for cutting GHG emissions from international shipping, which lists regulations under MARPOL to be adopted or amended to allow a new global pricing mechanism for maritime GHG emissions. At the conclusion of MEPC 82, a draft legal text was used as a basis for ongoing talks about mid-term GHG reduction measures, which are expected to be adopted in 2025. The proposed mid-term measures include a goal-based marine fuel standard, phasing in the mandatory use of fuels with less GHG intensity, and a global GHG emission pricing mechanism.

Amended Annex VI also establishes new tiers of stringent nitrogen oxide emissions standards for marine diesel engines, depending on their date of installation. Now Annex VI provides for a three-tier reduction in NOx emissions from marine diesel engines, with the final tier (or Tier III) to apply to engines installed on vessels constructed on or after January 1, 2016 and which operate in the North American and U.S. Caribbean Sea ECA as well as ECAs designated in the future by the IMO. At MEPC 70 and MEPC 71, the MEPC approved the North Sea and Baltic Sea as ECAs for nitrogen oxide for ships built on or after January 1, 2021. The EPA promulgated equivalent (and in some senses stricter) emissions standards in late 2009. Additionally, amendments to Annex II, which strengthen discharge requirements for cargo residues and tank washings in specified sea areas (including North West European waters, the Baltic Sea area, Western European waters and the Norwegian Sea), came into effect in January 2021. If other ECAs are approved by the IMO, or other new or more stringent requirements relating to emissions from marine diesel engines or port operations by vessels are adopted by the EPA or the states where we operate, compliance with these regulations could entail significant capital expenditures or otherwise increase the costs of our operations.

As determined at the MEPC 70, Regulation 22A of MARPOL Annex VI became effective as of March 1, 2018, and requires ships above 5,000 gross tonnage to collect and report annual data on fuel oil consumption to an IMO database, with the first year of data collection having commenced on January 1, 2019. The IMO used such data as the first step in its roadmap (through 2023) for developing its strategy to reduce greenhouse gas emissions from ships, as discussed further herein. Amendments to Annex VI requiring bunker delivery notes to include a flashpoint of fuel oil or a statement that the flashpoint has been measured at or above 70°C as mandatory information, became effective May 1, 2024. Pursuant to MPC 80, in July 2023, the IMO adopted the 2023 IMO Strategy on Reduction of GHG Emissions from Ships, which identifies a number of levels of ambition, including (1) decreasing the carbon intensity from ships through implementation of further phases of energy efficiency for new ships; (2) reducing carbon dioxide emissions per transport work, as an average across international shipping, by at least 40% by 2030; and (3) pursuing net-zero GHG emissions by or around 2050. At the conclusion of MEPC 82, a draft legal text was used as a basis for ongoing talks about mid-term GHG reduction measures, which are expected to be adopted in 2025. The proposed mid-term measures include a goal-based marine fuel standard, phasing in the mandatory use of fuels with less GHG intensity, and a global GHG emission pricing mechanism.

As of January 1, 2013, MARPOL made mandatory certain measures relating to energy efficiency for ships. All ships are now required to develop and implement Ship Energy Efficiency Management Plans (“SEEMPs”), and new ships must be designed in compliance with minimum energy efficiency levels per capacity mile as defined by the Energy Efficiency Design Index (“EEDI”). Under these measures, by 2025, all newbuild ships built are required to be 30% more energy-efficient than those built-in 2014. Additionally, MEPC 75 adopted amendments to MARPOL Annex VI which brought forward the effective date of the EEDI’s “phase 3” requirements from January 1, 2025, to April 1, 2022, for several ship types, including gas carriers, general cargo ships, and LNG carriers. MEPC 81 adopted amendments to the guidelines for the development of SEEMPs, including methodology for collecting data. These amendments will go into effect on August 1, 2025.

Additionally, MEPC 76 adopted amendments to Annex VI which impose new regulations to reduce greenhouse gas emissions from ships. The revised Annex VI entered into force in November 2022, and includes requirements to assess and measure the energy efficiency of all ships and set the required attainment values, to reduce the carbon intensity of international shipping. The requirements include (1) a technical requirement with the goal of reducing carbon intensity based on a new EEXI, and (2) operational carbon intensity reduction requirements based on a new operational CII. The attained EEXI is required to be calculated for ships of 400 gross tonnage and above, in accordance with different values set for ship types and categories. With respect to the CII requirement, which took effect January 1, 2023, ships of 5,000 gross tonnage are required to document and verify their actual annual operational CII achieved against a determined required annual operational CII. All ships that fall under the new CII regime have to have a CII rating of C or above in order to be compliant. Ships that have a CII rating of D for three consecutive years or E, are required to submit a corrective action plan, to show how the required index (C or above) would be achieved or else they will be deemed non-compliant. The EEXI and CII certification requirements became effective in January 1, 2023. We have conducted a thorough baseline evaluation of the current CII ratings of all vessels in the fleet. This includes analyzing historical data on fuel consumption, distances traveled, and cargo loads. We will use it to set clear performance improvement targets for each vessel based on their baseline CII ratings. To achieve this the Company is currently investigating technologies to install advanced performance monitoring systems on vessels to collect real-time data on fuel consumption, speed, and emissions. We will use this data to optimize operational efficiency and track progress toward CII targets. We are also cooperating with the vessel’s charterers and commercial operators to implement speed optimization strategies, considering weather routing to reduce fuel consumption while maintaining operational schedules, and collaborating with industry partners to share best practices.

Additionally, MEPC 76 adopted amendments requiring ships of 5,000 gross tonnage and above to revise their SEEMP to include a methodology for calculating the ship’s attained annual operation CII and the required annual operational CII, on or before June 1, 2023. MEPC 76 also approved amendments to MARPOL Annex I to prohibit the use and carriage for use as fuel of heavy fuel oil by ships in Arctic waters on and after July 1, 2024. For ships subject to Regulation 12A (oil fuel tank protection), the prohibition will become effective on or after July 1, 2029.

Pursuant to the IMO's short-term targets for the reduction of greenhouse gas emissions in the shipping industry by 2030, we may incur costs to comply with these revised standards. Additional or new conventions, laws, and regulations may be adopted that could require the installation of expensive emission control systems and could adversely affect our business, results of operations, cash flows, and financial condition.

### ***Safety Management System Requirements***

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

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

The Military Sealift Command adopted amendments to modernize the Global Maritime Distress and Safety System (or GMDSS), which entered into force on January 1, 2024. The amendments, which include amendments to SOLAS, may require vessel owners/operators to ensure their radio equipment is compliant.

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

Amendments to SOLAS chapter II-2, intended to prevent the supply of oil fuel not complying with SOLAS flashpoint requirements, requiring that ships carrying oil fuel must, prior to bunkering, be provided with a declaration certifying that the oil fuel supplied is in conformity with SOLAS regulation II-2/4.2.1, will enter into effect January 1, 2026.

Regulation II-1/3-10 of the SOLAS Convention governs ship construction and stipulates that ships over 150 meters in length must have adequate strength, integrity, and stability to minimize risk of loss or pollution. Goal-based standards amendments in SOLAS regulation II-1/3-10 entered into force in 2012, and from July 1, 2016 with respect to new oil tankers and bulk carriers. Regulation II-1/3-10 requires that all oil tankers and bulk carriers of 150 meters in length and above, for which the building contract is placed on or after July 1, 2016, satisfy applicable structural requirements conforming to the functional requirements of the International Goal-based Ship Construction Standards for Bulk Carriers and Oil Tankers, or GBS Standards. Effective July 1, 2024, amendments to the International Code on the Enhanced Programme of Inspections during Surveys of Bulk Carriers and Oil Tankers, 2011 became effective, addressing inconsistencies on examination of ballast tanks at annual surveys for bulk carriers and oil tankers.

Amendments to the SOLAS Convention Chapter VII apply to vessels transporting dangerous goods and require those vessels to comply with the International Maritime Dangerous Goods Code (“IMDG Code”). Effective January 1, 2018, the IMDG Code includes (1) updates to the provisions for radioactive material, reflecting the latest provisions from the International Atomic Energy Agency, (2) new marking, packing, and classification requirements for dangerous goods; and (3) new mandatory training requirements. Amendments which took effect on January 1, 2020, also reflect the latest material from the UN Recommendations on the Transport of Dangerous Goods, including (1) new provisions regarding IMO type 9 tank, (2) new abbreviations for segregation groups; and (3) special provisions for carriage of lithium batteries and vehicles powered by flammable liquid or gas. Amendments to the IMDG Code relating to segregation requirements for certain substances, and classification and transport of carbon came into effect in June 2022. Updates to the IMDG Code, in line with the updates to the United Nations Recommendations on the Transport of Dangerous Goods, which set the recommendations for all transport modes, became effective January 1, 2024.

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

Actions by the IMO’s Maritime Safety Committee and United States agencies indicate that cybersecurity regulations for the maritime industry are likely to be further developed in the near future in an attempt to combat cybersecurity threats. For example, effective January 2021, cyber-risk management systems must be incorporated by shipowners and managers. This might cause companies to create additional procedures for monitoring cybersecurity, which could require additional expenses and/or capital expenditures. The impact of such regulations is hard to predict at this time.

### ***Pollution Control and Liability Requirements***

The IMO has negotiated international conventions that impose liability for pollution in international waters and the territorial waters of the signatories to such conventions. For example, the IMO adopted an International Convention for the Control and Management of Ships’ Ballast Water and Sediments, or the BWM Convention, in 2004. The BWM Convention entered into force on September 8, 2017. The BWM Convention requires ships to manage their ballast water to remove, render harmless, or avoid the uptake or discharge of new or invasive aquatic organisms and pathogens within ballast water and sediments. The BWM Convention’s implementing regulations call for a phased introduction of mandatory ballast water exchange requirements, to be replaced in time with mandatory concentration limits, and require all ships to carry a ballast water record book and an international ballast water management certificate.

Specifically, ships over 400 gross tons generally must comply with a “D-1 standard,” requiring the exchange of ballast water only in open seas and away from coastal waters. The “D-2 standard” specifies the maximum amount of viable organisms allowed to be discharged, and compliance dates vary depending on the IOPP renewal dates. For most ships, compliance with the D-2 standard involves installing onboard systems to treat ballast water and eliminate unwanted organisms. BWMSs, which include systems that make use of chemical, biocides, organisms, or biological mechanisms, or which alter the chemical or physical characteristics of the Ballast Water, must be approved per IMO Guidelines (Regulation D-3). Under the BWM Convention amendments that entered into force in October 2019, BWMS installed on or after October 28, 2020, shall be approved per BWMS Code, while BWMS installed before October 23, 2020, must be approved taking into account guidelines developed by the IMO or the BWMS Code. MEPC 72’s amendments to the BWM Convention requires all ships to meet the D-2 standard. The cost of compliance could increase for ocean carriers and may have a material effect on our operations. However, many countries already regulate the discharge of ballast water carried by vessels from country to country to prevent the introduction of invasive and harmful species via such discharges. The U.S., for example, requires vessels entering its waters from another country to conduct mid-ocean ballast exchange, or undertake some alternate measure, and comply with certain reporting requirements. Amendments to the BWM Convention concerning commissioning testing of BWMS became effective in 2022, and other amendments concerning the form of the Ballast Water Record Book entered into force on February 1, 2025.

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

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

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

#### ***Anti-Fouling Requirements***

In 2001, the IMO adopted the International Convention on the Control of Harmful Anti-fouling Systems on Ships or the Anti-fouling Convention. The Anti-fouling Convention, which entered into force on September 17, 2008, prohibits the use of organotin compound coatings to prevent the attachment of mollusks and other sea life to the hulls of vessels. Vessels of over 400 gross tons engaged in international voyages will also be required to undergo an initial survey before the vessel is put into service, or before an International Anti-fouling System Certificate is issued for the first time and subsequent surveys when the anti-fouling systems are altered or replaced. In 2023, amendments to the Anti-fouling Convention came into effect which includes controls on the biocide cybutryne; Ships shall not apply or reapply anti-fouling systems containing cybutryne from January 1, 2023.

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

#### ***Compliance Enforcement***

Noncompliance with the ISM Code or other IMO regulations may subject the shipowner or bareboat charterer to increased liability, may lead to decreases in available insurance coverage for affected vessels and may result in the denial of access to, or detention in, some ports. The USCG and European Union authorities have indicated that vessels not in compliance with the ISM Code by applicable deadlines will be prohibited from trading in U.S. and European Union ports, respectively. As of the date of this report, each of our vessels has a valid Safety Management Certificate (“SMC”) per ISM Code, a document issued to the vessel which signifies that the Company and its shipboard management operate under the approved Management System. However, there can be no assurance that such certificates will be maintained in the future. The IMO continues to review and introduce new regulations. It is impossible to predict what additional regulations, if any, may be passed by the IMO and what effect if any, such regulations might have on our operations.



## United States Regulations

### General

Newly elected President Donald Trump has signed a number of executive orders and directives that are likely to have an impact on U.S. regulations. For example, a regulatory freeze was issued, which permits the withdrawal of rules sent to be published and authorizes those in charge of federal agencies to delay for 60 days the effective date of rules that have been published but are not yet effective. This regulatory freeze impacts U.S. EPA decisions and proposed amendments. Additionally federal agencies have placed employees on leave as a result of an executive order regarding diversity, equity and inclusion programs, which may impact implementation and enforcement of regulations. This and additional executive orders could impact regulatory requirements.

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

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

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

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

OPA contains statutory caps on liability and damages; such caps do not apply to direct cleanup costs. Effective March 2023, the USCG adjusted the limits of OPA liability for a tank vessel, other than a single-hull tank vessel, over 3,000 gross tons liability to the greater of \$2,500 per gross ton or \$21,521,000 (subject to periodic adjustment for inflation), for non-tank vessels, edible oil tank vessels, and any oil spill response vessels, to the greater of \$1,300 per gross ton or \$1,076,000 (subject to periodic adjustment for inflation). These limits of liability do not apply if an incident was proximately caused by the violation of any applicable U.S. federal safety, construction, or operating regulation by a responsible party (or its agent, employee, or a person acting pursuant to a contractual relationship), or a responsible party’s gross negligence or willful misconduct. The limitation on liability similarly does not apply if the responsible party fails or refuses to (i) report the incident as required by law where the responsible party knows or has reason to know of the incident; (ii) reasonably cooperate and assist as requested in connection with oil removal activities; or (iii) without sufficient cause, comply with an order issued under the Federal Water Pollution Act (Section 311 (c), (e)) or the Intervention on the High Seas Act.

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

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

The 2010 Deepwater Horizon oil spill in the Gulf of Mexico resulted in additional regulatory initiatives or statutes, including higher liability caps under OPA, new regulations regarding offshore oil and gas drilling, and a pilot inspection program for offshore facilities. However, several of these initiatives and regulations have been or may be revised. For example, the U.S. Bureau of Safety and Environmental Enforcement's ("BSEE") revised Production Safety Systems Rule ("PSSR"), effective December 27, 2018, modified and relaxed certain environmental and safety protections under the 2016 PSSR. Additionally, in August 2023, the BSEE amended the Well Control Rule, which strengthens testing and performance requirements, and may affect offshore drilling operations. Compliance with any new requirements of OPA and future legislation or regulations applicable to the operation of our vessels could negatively impact the cost of our operations and adversely affect our business.

OPA permits individual U.S. states to adopt their own liability regimes for oil pollution incidents occurring within their jurisdiction, provided that such regimes meet or exceed the minimum liability thresholds established under OPA. Several coastal states have enacted laws that impose strict liability for the discharge of oil or hazardous substances, including removal costs and natural resource damage. In certain jurisdictions, these laws may be more stringent than federal requirements and, in some cases, impose unlimited liability for pollution within state waters. However, not all states have issued implementing regulations that clearly define vessel owners' responsibilities under these provisions.

To address this regulatory complexity, the Company has established a comprehensive Management System that outlines key operational procedures and compliance protocols to ensure adherence to all applicable federal and state environmental laws in the ports where its vessels operate.

We currently maintain pollution liability coverage insurance for \$1 billion per incident for each of our vessels. If the damages from a catastrophic spill were to exceed our insurance coverage it could have an adverse effect on our business and results of operation.

#### ***Other United States Environmental Initiatives***

The U.S. Clean Air Act of 1970 (including its amendments of 1977 and 1990) ("CAA") requires the EPA to promulgate standards applicable to emissions of volatile organic compounds and other air contaminants. Our vessels are subject to vapor control and recovery requirements for certain cargoes when loading, unloading, ballasting, cleaning and conducting other operations in regulated port areas. The CAA also requires states to draft State Implementation Plans, or "SIPs," designed to attain national health-based air quality standards in each state, some of which regulate emissions resulting from vessel loading and unloading operations, which may affect our vessels. Although state-specific, SIPs may include regulations concerning emissions resulting from vessel loading and unloading operations by requiring the installation of vapor control equipment. Our vessels operating in such regulated port areas with restricted cargoes are equipped with vapor recovery systems that satisfy these existing requirements.

The U.S. Clean Water Act (“CWA”) prohibits the discharge of oil, hazardous substances, and ballast water in U.S. navigable waters unless authorized by a duly issued permit or exemption and imposes strict liability in the form of penalties for any unauthorized discharges. The CWA also imposes substantial liability for the costs of removal, remediation, and damages and complements the remedies available under OPA and CERCLA. In 2015, the EPA expanded the definition of “waters of the United States” (“WOTUS”), thereby expanding federal authority under the CWA. On December 30, 2022, the EPA and U.S. Army Corps of Engineers announced the final revised WOTUS rule, which was published on January 18, 2023. In August 2023, the EPA and Department of the Army issued a final rule to amend the revised WOTUS definition to conform the definition of WOTUS to the U.S. Supreme Court’s interpretation of the CWA in its decision dated May 25, 2023. The final rule became effective on September 8, 2023 and operates to limit the CWA. On March 12, 2025, the EPA announced it would work with the U.S. Army Corp of Engineers further to review the definition of WOTUS further to the U.S. Supreme Court’s interpretation and undertake a rulemaking process to revise the definition of WOTUS. During the rulemaking process, the EPA advised it would provide guidance implementing the pre-2015 definition of WOTUS.

The EPA and the USCG have also enacted rules relating to ballast water discharge, compliance with which requires the installation of equipment on our vessels to treat ballast water before it is discharged or the implementation of other port facility disposal arrangements or procedures at potentially substantial costs, and/or otherwise restrict our vessels from entering U.S. Waters. The EPA will regulate these ballast water discharges and other discharges incidental to the normal operation of certain vessels within United States waters pursuant to the Vessel Incidental Discharge Act (“VIDA”), which was signed into law on December 4, 2018, and requires that the USCG develop implementation, compliance and enforcement regulations regarding ballast water. On October 26, 2020, the EPA published a Notice of Proposed rulemaking for Vessel Incidental Discharge National Standards of Performance under VIDA, and in November 2020, held virtual public meetings. On October 18, 2023, the EPA published a Supplemental Notice to the Vessel Incidental Discharge National Standards of Performance, which shares new ballast water information that the EPA received from the USCG. On September 20, 2024, the EPA finalized national standards of performance for non-recreational vessels 79-feet in length and longer with respect to incidental discharges and on October 9, 2024, the Vessel Incidental Discharge National Standards of Performance were published. Within two years of publication, the USCG is required to develop corresponding implementation regulations. Currently USCG ballast water management regulations adopted under NISA, require mid-ocean ballast exchange programs and installation of approved USCG technology for all vessels equipped with ballast water tanks bound for U.S. ports or entering U.S. waters. Until new USCG regulations are final and enforceable, non-military non-recreational vessels at least 79 feet in length must continue to comply with the requirements of the VGP, including submission of a Notice of Intent (“NOI”) or retention of a PARI form and submission of annual reports. We shall submit NOIs for our vessels where required.

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

### ***European Union Regulations***

In October 2009, the European Union amended a directive to impose criminal sanctions for illicit ship-source discharges of polluting substances, including minor discharges, if committed with intent, recklessly, or with serious negligence, and the discharges individually or in the aggregate result in deterioration of the quality of water. Aiding and abetting the discharge of a polluting substance may also lead to criminal penalties. The directive applies to all types of vessels, irrespective of their flag, but certain exceptions apply to warships or where human safety or that of the ship is in danger. Criminal liability for pollution may result in substantial penalties or fines and increased civil liability claims. Regulation (EU) 2015/757 of the European Parliament and of the Council of 29 April 2015 (amending EU Directive 2009/16/EC) governs the monitoring, reporting, and verification of carbon dioxide emissions from maritime transport, and, subject to some exclusions, requires companies with ships over 5,000 gross tonnage to monitor and report carbon dioxide emissions annually, which may cause us to incur additional expenses. As of January 2019, large ships calling at EU ports have been required to collect and publish data on carbon dioxide emissions and other information. The system entered into force on 1 March 2018. July 2020 saw the European Parliament’s Committee on Environment, Public Health and Food Safety vote in favor of the inclusion of vessels of 5000 gross tons and above in the EU Emissions Trading System (in addition to voting for a revision to the monitoring, reporting, and verification of CO2 emissions). In September 2020, the European Parliament adopted the proposal from the European Commission to amend the regulation on monitoring carbon dioxide emissions from maritime transport.

On July 14, 2021, the European Commission published a package of draft proposals as part of its ‘Fit for 55’ environmental legislative agenda and as part of the wider EU Green Deal growth strategy (the “Proposals”). There are two key initiatives relevant to maritime arising from the Proposals: (a) a bespoke emissions trading scheme for the maritime sector which commenced in 2024 and which applies to all ships above a gross tonnage of 5,000; and (b) a FuelEU draft regulation which seeks to require all ships above a gross tonnage of 5,000 to carry on board a ‘FuelEU certificate of compliance’ from 30 June 2025 as evidence of compliance with the limits on the greenhouse gas intensity of the energy used on-board by a ship and with the requirements on the use of on-shore power supply (OPS) at berth. ETS was agreed in December 2022 and FuelEU was passed into law on July 25, 2023 and entered into force on January 1, 2025. More specifically, ETS is to apply gradually over the period from 2024 to 2026. In 2025 shipping companies would have to surrender 40% of ETS allowances for 2024 emissions; in 2026 shipping companies would have to surrender 70% of ETS allowances for the 2025 emissions and 100% in 2027 2026 emissions. The cap under the ETS would be set by taking into account EU MRV system emissions data for the years 2018 and 2019, adjusted, from 2021, and is to capture 100% of the emissions from intra-EU maritime voyages; 100% of emissions from ships at berth in EU ports; and 50% of emissions from voyages which start or end at EU ports (but the other destination is outside the EU). More recent proposed amendments signal that 100% of non-EU emissions may be caught if the IMO does not introduce a global market-based measure by 2028. All maritime allowances will be auctioned and there will be no free allocation for the shipping sector. From a risk management perspective, new systems, including personnel, data management systems, cost recovery mechanisms, revised service agreement terms, and emissions reporting procedures will have to be put in place, at significant cost, to prepare for and manage the administrative aspect of ETS compliance.

Additionally, on July 25, 2023, the European Council of the European Union adopted the Fuel EU Maritime Regulation 2023/1805 (“FuelEU”) under the FuelEU Initiative of its “Fit-for-55” package which sets limitations on the acceptable yearly greenhouse gas intensity of the energy used by covered vessels. Among other things, the Maritime Fuel Regulation requires that greenhouse gas intensity of fuel used by covered vessels is reduced by 2% starting January 1, 2025, with additional reductions contemplated every five years (up to 80% by 2050). Shipping companies may enter into pooling mechanisms with other shipping companies in order to achieve compliance, bank surplus emissions and borrow compliance balances from future years. A FuelEU Document of Compliance is required to be kept on board a vessel to show compliance by June 30, 2026. Both the ETS and FuelEU schemes have significant impacts on the management of the vessels calling to EU ports, by increasing the complexity and monitoring of, and costs associated with the operation of vessels and affecting the relationships with our time charterers.

Responsible recycling and scrapping of ships are becoming increasingly important issues for shipowners and charterers alike as the industry strives to replace old ships with cleaner, more energy-efficient models. The recognition of the need to impose recycling obligations on the shipping industry is not new. In 2009, the IMO oversaw the creation of the Hong Kong Ship Recycling Convention (the “Hong Kong Convention”), which sets standards for ship recycling. Concerned at the lack of progress in satisfying the conditions needed to bring the Hong Kong Convention into force, the EU published its own Ship Recycling Regulation 1257/2013 (SRR) in 2013, to facilitate early ratification of the Hong Kong Convention both within the EU and in other countries outside the EU. The 2013 regulations are vital to responsible ship recycling in the EU. SRR requires that, from 31 December 2020, all existing ships sailing under the flag of EU member states and non-EU flagged ships calling at an EU port or anchorage must carry on board an Inventory of Hazardous Materials with a certificate or statement of compliance, as appropriate. For EU-flagged vessels, a certificate (either an Inventory Certificate or Ready for Recycling Certificate) will be necessary, while non-EU-flagged vessels will need a Statement of Compliance. Now that the Hong Kong Convention has been ratified and will enter into force on June 26, 2025, it is expected the EU Ship Recycling Regulation will be reviewed in light of this.

The European Union has adopted several regulations and directives requiring, among other things, more frequent inspections of high-risk ships, as determined by the type, age, and flag, as well as the number of times the ship has been detained. The European Union also adopted and extended a ban on substandard ships and enacted a minimum ban period and a definitive ban for repeated offenses. The regulation also provided the European Union with greater authority and control over classification societies, by imposing more requirements on classification societies and providing for fines or penalty payments for organizations that failed to comply. Furthermore, the EU has implemented regulations requiring vessels to use reduced sulfur content fuel for their main and auxiliary engines. The EU Directive 2005/33/EC (amending Directive 1999/32/EC) introduced requirements parallel to those in Annex VI relating to the sulfur content of marine fuels. In addition, the EU imposed a 0.1% maximum sulfur requirement for fuel used by ships at berths in the Baltic, the North Sea, and the English Channel (the so-called “SOx-Emission Control Area”). As of January 2020, EU member states must also ensure that ships in all EU waters, except the SOx-Emission Control Area, use fuels with a 0.5% maximum sulfur content.

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

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

On November 10, 2022, the EU Parliament adopted the Corporate Sustainability Reporting Directive (“CSRD”). EU member states have 18 months to integrate it into national law. The CSRD will create new, detailed sustainability reporting requirements and will significantly expand the number of EU and non-EU companies subject to the EU sustainability reporting framework. The required disclosures will go beyond environmental and climate change reporting to include social and governance matters (for example, respect for employee and human rights, anti-corruption and bribery, corporate governance, and diversity and inclusion). In addition, it will require disclosure regarding the due diligence processes implemented by a company in relation to sustainability matters and the actual and potential adverse sustainability impacts of an in-scope company’s operations and value chain. The CSRD will begin to apply for financial years starting in 2024 to large EU and non-EU undertakings subject to certain financial and employee thresholds being met. New systems, personnel, data management systems and reporting procedures will have to be put in place, at significant cost, to prepare for and manage the administrative aspect of CSRD compliance. We note that following the publication of the Omnibus package of proposals on 26 February 2025 which are designed to simplify EU regulations and cut red tape, the application of all reporting requirements in the CSRD for companies that are due to report in 2026 and 2027 is postponed and to 2028. If implemented into law, the Omnibus package will simplify compliance for SMEs and all companies with up to 1,000 employees and 50 million turnover will be outside the scope of the CSRD. For the companies in scope (above 1,000 employees and 50 million turnover), the Commission will adopt a delegated act to revise and simplify the existing sustainability reporting standards (ESRS). The proposed provisions in CSRD also create a derogation for companies with more than 1,000 employees and a turnover below EUR 450 million by making the reporting of Taxonomy voluntary, and also, put a stronger emphasis on transition finance by introducing the option of reporting on partial Taxonomy-alignment.

### ***International Labour Organization***

The International Labour Organization, a specialized agency of the United Nations, adopted the Maritime Labour Convention, 2006 (“MLC 2006”) to establish minimum standards for the working and living conditions of seafarers. The MLC 2006 applies to all ships of 500 gross tonnage or more that are engaged in international voyages or fly the flag of a ratifying Member State and operate between ports in different countries. To demonstrate compliance, affected vessels must carry both a Maritime Labour Certificate and a Declaration of Maritime Labour Compliance, issued following inspection and approval by the vessel’s flag state. The Company has implemented a comprehensive Management System that establishes working and living standards for all seafarers onboard, which exceed the minimum requirements of the MLC 2006. As of the date of this report, all Company vessels have been issued valid MLC Certificates by their respective flag states. The MLC 2006 has been subject to periodic updates, with the most recent amendments entering into force on December 23, 2024, addressing issues such as access to drinking water, internet connectivity, repatriation costs, and protections during public health emergencies.

## **Greenhouse Gas Regulation**

Currently, the emissions of greenhouse gases from international shipping are not subject to the Kyoto Protocol to the United Nations Framework Convention on Climate Change, which entered into force in 2005 and according to which adopting countries have been required to implement national programs to reduce greenhouse gas emissions with targets extended through 2020. In December 2009, more than 27 nations, including the U.S. and China, signed the Copenhagen Accord, which includes a non-binding commitment to reduce greenhouse gas emissions. The 2015 United Nations Climate Change Conference in Paris resulted in the Paris Agreement, which entered into force on November 4, 2016, and does not directly limit greenhouse gas emissions from ships. In January 2025, President Trump signed an executive order to start the process of withdrawing the United States from the Paris Agreement; the withdrawal will take at least one year to complete.

At MEPC 70 and MEPC 71, a draft outline of the structure of the initial strategy for developing a comprehensive IMO strategy on the reduction of greenhouse gas emissions from ships was approved. Following this roadmap, at MEPC 80 in July 2023, the IMO adopted the 2023 IMO Strategy on Reduction of GHG Emissions from Ships, which revoked the 2018 initial strategy. The 2023 IMO GHG Strategy identifies a number of levels of ambition, including: (i) decline of carbon intensity through further improvement of the energy efficiency for new ships; (ii) decline of carbon intensity of international shipping, to reduce CO<sub>2</sub> emissions by at least 40% by 2030, compared to 2008; (iii) uptake of zero or near-zero GHG emission technologies, fuels, and/or energy sources, striving to represent 10% of the energy sources used by international shipping by 2030; and (iv) to reach net-zero GHG emission by or around 2050. At the conclusion of MEPC 82, a draft legal text was used as a basis for ongoing talks about mid-term GHG reduction measures, which are expected to be adopted in 2025. The proposed mid-term measures include a goal-based marine fuel standard, phasing in the mandatory use of fuels with less GHG intensity, and a global GHG emission pricing mechanism. The latter could be in the form of a global carbon levy or in the form of a global emissions trading scheme thus removing the need for the existing fragmented and localized schemes as are present in the EU, China, Japan and Singapore. UK too is consulting on introducing a UK based emissions trading scheme to apply from 2026 for ships above 5000GT but for domestic voyages only (i.e voyages taking place between two UK ports). These regulations could cause us to incur additional substantial expenses.

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

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

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

In the United States, the EPA issued a finding that greenhouse gases endanger public health and safety, adopted regulations to limit greenhouse gas emissions from certain mobile sources, and proposed regulations to limit greenhouse gas emissions from large stationary sources. The EPA or individual U.S. states could enact environmental regulations that would affect our operations. On November 2, 2021, the EPA issued a proposed rule under the CAA designed to reduce methane emissions from oil and gas sources. In November 2022, the EPA issued a supplemental proposal that would achieve more comprehensive emissions reductions and add proposed requirements for sources not previously covered. The EPA held a public hearing in January 2023 on the proposal and in December 2023, issued a final rule to sharply reduce emissions of methane and other air pollution from oil and natural gas operations, including storage vessels. In 2024, the EPA issued a final Waste Emissions Charge rule to reduce methane emissions, applicable to waste emissions from high-emitting oil and gas facilities. On March 14, 2025, a Congressional resolution, signed by President Trump, disapproved the 2024 Waste Emissions Charge Rule, such that it is no longer in effect.

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

### ***Vessel Security Regulations***

Since the terrorist attacks of September 11, 2001, in the United States, there have been a variety of initiatives intended to enhance vessel security, such as the U.S. Maritime Transportation Security Act of 2002 (“MTSA”). To implement certain portions of the MTSA, the USCG issued regulations requiring the implementation of certain security requirements aboard vessels operating in waters subject to the jurisdiction of the United States and at certain ports and facilities, some of which are regulated by the EPA.

Similarly, Chapter XI-2 of the SOLAS Convention imposes detailed security obligations on vessels and port authorities and mandates compliance with the International Ship and Port Facility Security Code (the “ISPS Code”). The ISPS Code is designed to enhance the security of ports and ships against terrorism. To trade internationally, a vessel must attain an International Ship Security Certificate (“ISSC”) from a recognized security organization approved by the vessel’s flag state. Ships operating without a valid certificate may be detained, expelled from, or refused entry at a port until they obtain an ISSC. The various requirements, some of which are found in the SOLAS Convention, include, for example:

- on-board installation of automatic identification systems to provide a means for the automatic transmission of safety-related information from among similarly equipped ships and shore stations, including information on a ship’s identity, position, course, speed, and navigational status;
- on-board installation of ship security alert systems, which do not sound on the vessel but only alert the authorities onshore;
- the development of vessel security plans;
- a ship identification number to be permanently marked on a vessel’s hull;
- a continuous synopsis record kept onboard showing a vessel’s history, including the name of the ship, the state whose flag the ship is entitled to fly, the date on which the ship was registered with that state, the ship’s identification number, the port at which the ship is registered and the name of the registered owner(s) and their registered address; and
- compliance with flag state security certification requirements.

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

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

The cost of vessel security measures has also been affected by the escalation in the frequency of acts of piracy against ships, notably off the coast of Somalia, including the Gulf of Aden and the Red Sea and Arabian Sea areas and the West Africa area, including the Gulf of Guinea. Substantial loss of revenue and other costs may be incurred as a result of the detention of a vessel or additional security measures, and the risk of uninsured losses could significantly affect our business. The Company incurs additional costs in implementing enhanced vessel security measures in accordance with Best Management Practices to Deter Piracy, including those outlined in the latest industry edition issued in March 2025. These measures include compliance with recommended protocols for high-risk areas, and may also involve physical hardening of vessels as per additional security protocols required by charterers.

### ***Inspection by Classification Societies***

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

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

### **Risk of Loss and Liability Insurance Coverage**

#### ***General***

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



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

***Hull and Machinery and War Risk Insurance***

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

***Protection and Indemnity Insurance***

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

We procure protection and indemnity insurance coverage for pollution in the amount of \$1 billion per vessel per incident. The 12 P&I Associations that comprise the International Group insure approximately 90% of the world's commercial tonnage and have entered into a pooling agreement to reinsure each association's liabilities. The International Group's website states that the Pool provides a mechanism for sharing all claims in excess of \$10 million up to approximately \$8.9 billion. As a member of certain P&I Associations which are members of the International Group, we are subject to calls payable to the associations based on the group's claim records as well as the claim records of all other members of the individual associations and members of the pool of P&I Associations comprising the International Group. Supplemental calls may be made by the P&I Associations based on estimates of premium income and anticipated and paid claims, and such estimates are adjusted each year by the board of directors of the P&I Associations until the closing of the relevant policy year, which generally occurs within three years from the end of the policy year. We do not know whether any supplemental calls will be charged in respect of any policy year by the P&I Associations in which the Company's vessels are entered. To the extent we experience supplemental calls, our policy is to expense such amounts.

**C. *Organizational Structure***

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

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

Our in-house fleet manager, Performance Shipping Management Inc., rents our office space from unrelated third parties and owns office furniture and equipment.

Our only material properties are the vessels in our fleet.

**Item 4A. *Unresolved Staff Comments***

Not applicable.

## Item 5. Operating and Financial Review and Prospects

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

### A. Operating Results

We have historically chartered our vessels to customers primarily through short-term and medium-term time charters, on spot voyages and pool arrangements. Under our time charters, the charterer typically pays us a fixed daily charter hire rate and bears all voyage expenses, including the cost of bunkers (fuel oil) and port and canal charges. Under spot charter arrangements, voyage expenses that are unique to a particular charter are paid for by us. For vessels operating in pooling arrangements, we earn a portion of total revenues generated by the pool, net of expenses incurred by the pool. We remain responsible for paying the chartered vessel's operating expenses, including the cost of crewing, insuring, repairing and maintaining the vessel, the costs of spares and consumable stores, tonnage taxes, environmental costs, and other miscellaneous expenses. We also pay commissions to unaffiliated shipbrokers for the arrangement of the relevant charter and have historically paid for a limited period of time management fees and commissions to third-party managers.

#### Factors Affecting Our Results of Operations

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

- *Ownership days.* We define ownership days as the aggregate number of days in a period during which each vessel in our fleet has been owned by us. Ownership days are an indicator of the size of our fleet over a period and affect both the amount of revenues and the amount of expenses that we record during a period.
- *Available days.* We define available days as the number of our ownership days less the aggregate number of days that our vessels are off-hire due to scheduled repairs or repairs under guarantee, vessel upgrades or special surveys, including the aggregate amount of time that we spend positioning our vessels for such events. The shipping industry uses available days to measure the number of days in a period during which vessels should be capable of generating revenues.
- *Operating days.* We define operating days, including ballast leg, as the number of available days in a period less the aggregate number of days that our vessels are off-hire. The specific calculation counts as on-hire the days of the ballast leg of the spot voyages, as long as a charter party is in place. The shipping industry uses operating days to measure the aggregate number of days in a period during which vessels actually generate revenues.
- *Fleet utilization.* We calculate fleet utilization by dividing the number of our operating days during a period by the number of our available days during the period. The shipping industry uses fleet utilization to measure a company's efficiency in finding suitable employment for its vessels and minimizing the amount of days that its vessels are off-hire for reasons other than scheduled repairs or repairs under guarantee, vessel upgrades and special surveys, including vessel positioning for such events.
- *Time Charter Equivalent ("TCE") rates.* We define TCE rates as revenue (voyage, time-charter and pool revenue), less voyage expenses during a period divided by the number of our available days during the period, which is consistent with industry standards. Voyage expenses include port charges, bunker (fuel) expenses, canal charges and commissions. TCE is a non-GAAP measure. TCE rate is a standard shipping industry performance measure used primarily to compare daily earnings generated by vessels despite changes in the mix of charter types (i.e., voyage (spot) charters, time charters, and bareboat charters).
- *Daily Operating Expenses.* We define daily operating expenses as total vessel operating expenses, which include crew wages and related costs, the cost of insurance and vessel registry, expenses relating to repairs and maintenance, the costs of spares and consumable stores, lubricant costs, tonnage taxes, regulatory fees, environmental costs, lay-up expenses and other miscellaneous expenses divided by total ownership days for the relevant period.

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

	<b>For the year ended December 31, 2024</b>	<b>For the year ended December 31, 2023</b>	<b>For the year ended December 31, 2022</b>
Ownership days	2,562	2,901	2,069
Available days	2,525	2,830	2,039
Operating days	2,506	2,793	1,974
Fleet utilization	99.2%	98.7%	96.8%
Time charter equivalent (TCE) rate	\$ 32,954	\$ 36,954	\$ 29,579
Daily operating expenses	\$ 7,712	\$ 7,537	\$ 6,683

	<b>For the year ended December 31, 2024</b>	<b>For the year ended December 31, 2023</b>	<b>For the year ended December 31, 2022</b>
Revenue	\$ 87,445	\$ 108,938	\$ 75,173
Less voyage expenses	\$ (4,237)	\$ (4,358)	\$ (14,861)
Voyage and time charter equivalent rates	\$ 83,208	\$ 104,580	\$ 60,312
Available days	2,525	2,830	2,039
Time charter equivalent (TCE) rate	\$ 32,954	\$ 36,954	\$ 29,579

**Revenue**

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

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

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

Currently, the vessels in our fleet are employed either on pool charters or on time charters. Our charter agreements subject us to counterparty risk. In depressed market conditions, charterers may seek to renegotiate the terms of their existing charter agreements or avoid their obligations under those contracts. Should a counterparty fail to honor its obligations under agreements with us, we could sustain significant losses, which could have a material adverse effect on our business, financial condition, results of operations and cash flows.

### ***Voyage Expenses***

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

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

### ***Vessel Operating Expenses***

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

### ***Vessel Depreciation***

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

### ***General and Administrative Expenses***

We incur general and administrative expenses, including our onshore related expenses such as legal and professional expenses. Certain of our general and administrative expenses have been provided for under our Brokerage Services Agreement with Pure Brokerage and Shipping Corp. We also incur payroll expenses of employees and general and administrative expenses reflecting the costs associated with running a public company, including board of director costs, director and officer insurance, investor relations, registrar and transfer agent fees, and legal and accounting costs related to our compliance with public reporting obligations and the Sarbanes-Oxley Act of 2002. For 2025, we expect our general and administrative expenses to remain relatively stable, as these expenses are largely fixed and not significantly impacted by changes in our fleet size. However, if inflation rates rise, we anticipate an increase in these expenses.

## **Interest and Finance Costs**

We have historically incurred interest expense and financing costs in connection with vessel-specific debt. As of December 31, 2024, our aggregate outstanding debt amounted to \$47.7 million. We expect to manage any exposure in interest rates through our regular operating and financing activities and, when deemed appropriate, through the use of derivative financial instruments.

## **Interest Income**

Interest earned on cash and cash equivalents and restricted cash constitutes our interest income, which is separately presented in the consolidated statement of operations. For 2025, we expect our interest income to remain relatively constant, should we maintain our current level of cash balances, and assuming that the interest rates remain approximately the same.

## **Lack of Historical Operating Data for Vessels before their Acquisition**

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

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

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

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

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

Our business is mainly comprised of the following elements:

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

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

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

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

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

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

- rates and periods of charter hire;
- levels of vessel operating expenses;

- depreciation expenses;
- financing costs; and
- fluctuations in foreign exchange rates.

See “Item 3. Key Information—D. Risk Factors” for additional factors that may affect our business.

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

In “Critical Accounting Estimates and Policies” we discuss our policy for impairing the carrying values of our vessels. Historically, the market values of vessels have experienced volatility, which from time to time may be substantial. As a result, the charter-free market value of certain of our vessels may have declined below those vessels’ carrying value, even though we would not impair those vessels’ carrying value under our accounting impairment policy. In 2024, 2023 and 2022, we did not record any impairment charge.

Based on: (i) the carrying value of each of our vessels as of December 31, 2024 plus the carrying value of any unamortized dry docking cost; and (ii) what we believe the charter-free market value of each of our vessels was as of December 31, 2024, the aggregate carrying value of all of our vessels at the time exceeded their aggregate charter-free market values by approximately \$88.5 million, and also there were no individual vessels whose charter-free market value was below its book value.

Based on: (i) the carrying value of each of our vessels as of December 31, 2023 plus the carrying value of any unamortized dry docking cost; and (ii) what we believe the charter-free market value of each of our vessels was as of December 31, 2023, the aggregate carrying value of all of our vessels exceeded their aggregate charter-free market values by approximately \$98.7 million, and also there were no individual vessels whose charter-free market value was below its book value.

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

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

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

**Carrying Value of  
vessels; net book value,  
unamortized drydock  
cost  
(in millions of US  
dollars)**

Vessel	DWT	Year Built	At December 31, 2024	At December 31, 2023
1. Blue Moon	104,623	2011	\$ 23.7	\$ 25.4
2. Briquette	104,588	2011	\$ 23.6	\$ 25.3
3. P. Yanbu	105,391	2011	\$ 17.7	\$ 18.8
4. P. Sophia	105,071	2009	\$ 24.8	\$ 25.2
5. P. Aliko	105,304	2010	\$ 31.6	\$ 34.0
6. P. Monterey	105,525	2011	\$ 30.8	\$ 32.9
7. P. Long Beach	105,408	2013	\$ 39.8	\$ 42.3
<b>Total Carrying Value</b>			<b>\$ 192.0</b>	<b>\$ 203.9</b>

**Critical Accounting Estimates and Policies**

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

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

**Fair Value Measurements**

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

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

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

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

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



The fair values of the Series B and Series C Preferred Shares at their issuance, as well as the fair value of the Series C Preferred Shares and of the Warrants that were assessed on the date of triggering of their down-round feature, were determined through Level 3 of the fair value hierarchy as defined in FASB guidance for Fair Value Measurements, as they are derived by using unobservable inputs. Determining the fair value of the equity instruments requires management to make judgments about the valuation methodologies, including the unobservable inputs and other assumptions and estimates, which are significant in the fair value measurement of the preferred stock. For the estimation of the fair values of the Series C Preferred Stock, we used the Black & Scholes and the discounted cash flow model, as applicable, and we also used significant unobservable inputs which are sensitive in nature and subject to uncertainty, such as expected volatility and expected life of convertibility option. Indicatively, the expected volatility used in our various valuations during the year for the fair value measurement of our Series C Preferred Stock fluctuated in a range from 86.83% to 118.14% from January 2023 to December 2023, depending, as applicable, on the expected life of convertibility option which fluctuated between 1 and 5 years in the non-recurring fair value measurements performed during the year. As part of the methodology used to estimate the fair values of these equity instruments, and specifically the value of the embedded convertibility option, which is perpetual in nature, the Company applied moneyness scenarios. Based on these moneyness scenarios, it performed an analysis of the option deltas using different assumed expected life of the convertibility option (term) and equivalent (same term) historical volatilities of the Company's stock price to determine the most appropriate term and volatility inputs for the Black & Scholes option pricing formula. The Company selected the most appropriate term and volatility inputs based on these moneyness scenarios considering the probability that the option will be in the money and thus will be exercised. Therefore, the significant unobservable inputs of the fair value measurement, such as the expected life of the convertibility option (term) and (same term) historical volatility, are determined by applying the option moneyness scenarios and therefore are considered highly interdependent. For example, applying a higher volatility input without altering the expected life of the convertibility option (term) would increase the probability that the option will be exercised and would indicate that a shorter equivalent term should be applied to measure the fair value of the instrument. On the other hand, applying a longer-term input without altering the volatility would increase the probability that the option will be exercised and would indicate that a lower volatility should be applied to measure the fair value of the instrument. As such, the specific assumptions are deemed as complex in nature and highly sensitive, affecting the Company's earnings per share.

#### **Accounting for Revenues**

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

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

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

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

#### ***Impairment of Long-lived Assets***

We follow ASC 360-10-40 "Impairment or Disposal of Long-Lived Assets", which addresses financial accounting and reporting for the impairment or disposal of long-lived assets. We review vessels for impairment whenever events or changes in circumstances (such as market conditions, the economic outlook, technological, regulatory and environmental developments, obsolescence or damage to the asset, potential sales and other business plans) indicate that the carrying amount of a vessel plus her unamortized dry-dock costs may not be recoverable. When the estimate of future undiscounted net operating cash flows, excluding interest charges, expected to be generated by the use of the vessel over her remaining useful life and her eventual disposition is less than her carrying amount plus unamortized dry-dock costs, we evaluate the vessel for an impairment loss. The measurement of the impairment loss is based on the fair value of the vessel. We determine the fair value of our vessels based on assumptions, by making use of available market data and taking into consideration third-party valuations. We evaluate the carrying amounts and periods over which vessels are depreciated to determine if events have occurred which would require modification to their carrying values or useful lives. In evaluating useful lives and carrying values of long-lived assets, management reviews certain indicators of potential impairment, such as undiscounted projected operating cash flows, vessel sales and purchases, business plans, and overall market conditions. In developing estimates of future undiscounted cash flows, we make assumptions and estimates about the vessels' future performance, with the significant assumptions being related to charter rates and fleet utilization, while other assumptions include vessels' operating expenses, vessels' residual value, dry-dock costs, and the estimated remaining useful life of each vessel. The assumptions used to develop estimates of future undiscounted cash flows are based on historical trends as well as future expectations. We also take into account factors such as the vessels' age and employment prospects under the then current market conditions, and determine the future undiscounted cash flows considering its various alternatives, including sale possibilities existing for each vessel as of the testing dates.

In detail, the projected net operating cash flows are determined by considering the historical and estimated vessels' performance and utilization, as well as historical utilization of other vessels of similar type and size considering our recent shift to the tanker market and the lack of extended historical data, the charter revenues from existing time charters for the fixed fleet days and an estimated daily rate for the unfixed days (based on the most recent 10 year average historical rates available for each type of vessel) over the remaining estimated life of each vessel, net of commissions, expected outflows for scheduled vessels' maintenance and vessel operating expenses assuming an average annual inflation rate. Effective fleet utilization, which is estimated based on the vessels' historical performance, is included in our exercise, taking into account the period(s) each vessel is expected to undergo her scheduled maintenance (dry docking and special surveys), assumptions in line with our historical performance since the acquisition of our tanker vessels, peers' historical performance, and our expectations for future fleet utilization under our fleet employment strategy. For 2024, 2023 and 2022, we assessed that there were no indications for potential impairment of any of our vessels.

**RESULTS OF OPERATIONS**
*Year ended December 31, 2024, compared to the year ended December 31, 2023*

	Results of Operations				For the Years Ended December 31,		% change
	2024	2023		variation			
	in millions of U.S. dollars						
Revenue	\$ 87.5	\$ 108.9	\$ (21.4)			(19.7)%	
Voyage expenses	\$ (4.2)	\$ (4.4)	\$ 0.2			(4.5)%	
Vessel operating expenses	\$ (19.8)	\$ (21.9)	\$ 2.1			(9.6)%	
Depreciation and amortization of deferred charges	\$ (13.4)	\$ (14.8)	\$ 1.4			(9.5)%	
General and administrative expenses	\$ (8.3)	\$ (8.0)	\$ (0.3)			3.8%	
Gain on vessels' sale	\$ 0.0	\$ 15.7	\$ (15.7)			(100)%	
Interest and finance costs	\$ (1.4)	\$ (9.6)	\$ 8.2			(85.4)%	
Loss from debt extinguishment	\$ 0.0	\$ (0.4)	\$ 0.4			100%	
Interest income	\$ 3.3	\$ 3.3	\$ 0			0%	
Changes in fair value of warrants' liability	\$ 0.0	\$ 0.6	\$ (0.6)			(100)%	
Net income	\$ 43.7	\$ 69.4	\$ (25.7)			(37.0)%	

*Net Income.* Net income for 2024 amounted to \$43.7 million, compared to a net income of \$69.4 million in 2023. The income of the year ended December 31, 2024, was lower as compared to 2023, mainly because of reduced ownership days after the sale of the vessel *P. Kikuma* in late 2023, which also resulted in a gain on sale of \$15.7 million, included in 2023 statements of operations.

*Revenues.* Revenues for 2024 amounted to \$87.5 million, compared to \$108.9 million in 2023. In 2024, revenues decreased mainly as a result of reduced ownership days after the sale of the vessel *P. Kikuma* in late 2023, and partially due to lower TCE rates achieved in 2024. On average, the TCE's achieved by our tanker vessels amounted to \$32,954 in 2024 and \$36,954 in 2023.

*Voyage Expenses.* Voyage expenses for 2024 amounted to \$4.2 million, compared to \$4.4 million in 2023. Voyage expenses mainly consist of bunkers costs, port and canal expenses, and commissions paid to third-party brokers. The decrease in voyage expenses in 2024 compared to 2023 was mainly attributable to lower commissions, as commissions are a percentage on revenues and follow their trend, and also due to reduced bunkers and port expenses as a result of lighter exposure to spot voyages in 2024 as compared to 2023.

*Vessel Operating Expenses.* Vessel operating expenses for 2024 amounted to \$19.8 million, compared to \$21.9 million in 2023, and mainly consist of crew wages and related costs, consumables and stores, insurances, repairs and maintenance costs, environmental compliance and other miscellaneous expenses. The decrease in operating expenses is attributable to reduced ownership days in 2024, and was partially offset by increased daily operating crew costs and environmental costs. On an average basis, daily operating expenses for our vessels increased during the year (\$7,712 in 2024, as compared to \$7,537 in 2023).

*Depreciation and Amortization of Deferred Charges.* Depreciation and amortization of deferred charges in 2024 amounted to \$13.4 million, compared to \$14.8 million in 2023, and mainly represent the depreciation expense and the amortization of the dry-dock costs for our vessels. The decrease in 2024 mainly attributable to decreased depreciation expense, as a result of the sale of the vessel *P. Kikuma* in late 2023, while the dry-dock amortization remained almost unaltered across the years 2023-2024.

*General and Administrative Expenses.* General and administrative expenses for 2024 amounted to \$8.3 million, compared to \$8.0 million in 2023, and mainly consist of payroll expenses of the office employees, consultancy fees, brokerage services fees, compensation cost on restricted stock awards, legal fees and audit fees. The increase in general administrative expenses was mainly attributable to the increase in the costs associated with the Sphinx lawsuit, and partially to the increase in our legal fees. These increases were counterbalanced by decreased salaries and bonuses, and also lower consultancy fees.

*Gain on Vessel's Sale.* During 2024, there have been no vessels' disposals, while in 2023 there was a gain on sale of \$15.7 million, which related to the sale of the vessel *P. Kikuma*.

*Interest and Finance Costs.* Interest and finance costs for 2024 amounted to \$1.4 million, compared to \$9.6 million in 2023, and includes the interest expense on our bank loans, and imputed interest capitalized for our four newbuilding vessels. The decrease of interest and finance costs in 2024 is attributable to the decrease in our average debt following the full repayment of our indebtedness to Piraeus Bank during 2023 contributed to the lower costs, and also to the decrease in our loan interest rates, as our weighted average interest rate in 2024 was 6.91%, compared to 7.60% in 2023. Imputed interest, capitalized, increased to \$2.4 million in 2024 from \$0.5 million in 2023, as in 2024 we paid additional installments for all our four newbuilding vessels.

*Loss from Debt Extinguishment.* Loss from debt extinguishment for 2023 amounted to \$0.4 million, while there was no such loss in 2024. Loss from debt extinguishment in 2023 related to the write off of the unamortized financing costs of our loans with Piraeus Bank, which were fully repaid in 2023.

*Changes in Fair Value of Warrants' Liability.* Changes in fair value of warrant's liability for 2024 was negligible, while for 2023 they amounted to \$0.6 million and represent the subsequent changes in the fair values of our Series A Warrants, which were classified as non-current liabilities on our consolidated balance sheets.

*Interest Income.* Interest income for 2024 and 2023 amounted to \$3.3 million and \$3.3 million respectively, and mainly consisted of interest income received on deposits of cash and cash equivalents. The interest income remained at the same levels in 2024 and 2023.

***Year ended December 31, 2023, compared to the year ended December 31, 2022***

Please refer to our annual report on Form 20-F for the year ended December 31, 2023, as filed with the SEC on March 28, 2024.

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

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

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

As of December 31, 2024 and 2023, our working capital, which is current assets minus current liabilities, including the current portion of long-term debt, was \$64.0 million and \$64.6 million, respectively. Management monitors the Company's liquidity position to ensure that it has access to sufficient funds to meet its forecasted cash requirements, including debt service commitments, and to monitor compliance with the financial covenants within its loan facilities. Our loan facilities require that we maintain a minimum liquidity balance (compensating cash balance) and a certain level of restricted cash throughout the life of the loans. Currently, and in the short- and long-term, our primary sources of funds are and are expected to be available cash, cash from operations, proceeds from long-term debt and proceeds from equity offerings, or a combination of those. Our primary liquidity needs in the short- and long-term are expected to include debt amortization, capital expenditures for the acquisition of new vessels, and the payment of preferred dividends. We believe that our working capital will be sufficient to meet our liquidity needs and to comply with our banking covenants for at least twelve months from the end of the period presented in the financial statements included in this report, and that these sources of funds which we anticipate being available to us will be sufficient to meet our long-term liquidity needs. For the upcoming 12 months from the date of this annual report, we expect to drawdown approximately \$134.6 million under our sale and leaseback agreements, and we are obligated to make debt payments of \$7.5 million in the aggregate under the terms of our existing loan facilities, payments under our sale and leaseback agreements of our newbuilding vessels of \$3.2 million, and dividends of \$1.9 million in the aggregate will accrue on our outstanding Series B Preferred Shares and Series C Preferred Shares, assuming that the number of our Series B Preferred Shares and Series C Preferred Shares remained unaltered, and that such dividends are paid in cash. Installment payments under the shipbuilding contracts we entered into on March 7, 2023 and December 18, 2023 are tied to specific construction milestones, the timing of which is uncertain. With respect to the shipbuilding contract of Hull 1515 that we entered into in March 2023, we paid the first installment of \$9.5 million in April 2023, and further paid an instalment of \$6.3 million in August 2024, and an instalment of \$6.3 million in February 2025. We will further pay 10% of the vessel's purchase price at the milestone of launching of the vessel, and the remaining 55% of the purchase price is payable upon the vessel's delivery. With respect to the shipbuilding contract of the Hull 1596 that we entered into in December 2023, in January and October 2024, we paid the first and second installments of the purchase price in the amounts of \$9.7 million and \$6.5 million, respectively, and we will additionally pay 10% of the purchase price at each of the milestones of keel laying, and launching of the vessel, and the remaining 55% of the purchase price is payable upon the delivery of the vessel. With respect to the shipbuilding contract of the Hull 1597 that we entered into in December 2023, in January 2024 and February 2025 we paid the first and second installments of the purchase price in the amounts of \$9.7 million and \$6.5 million, respectively, and we will additionally pay 10% of the purchase price at each of the milestones of keel laying, and launching of the vessel, and the remaining 55% of the purchase price is payable upon the delivery of the vessel. As regards to the shipbuilding contract of the Hull 1624 that we entered into in April 2024, in June 2024 we paid the first installment of the purchase price in the amount of \$8.5 million, and we will additionally pay 10% of the purchase price at each of the milestones of steel cutting, keel laying, and launching of the vessel, and the remaining 55% of the purchase price is payable upon the delivery of the vessel. For additional information on the amortization of our long-term debt obligations, see "—Loan Facilities." For information on our future capital expenditures, see "—Capital Expenditures." In order to meet our liquidity needs, we may enter into new debt facilities in the future, as well as equity or debt instruments, although there can be no assurance that we will be able to obtain additional debt or equity financing on terms acceptable to us, which will also depend on financial, commercial and other factors, as well as a significant recovery in capital market conditions and a sustainable improvement in the tankers' charter market, that are beyond our control.

### **Cash Flow**

As of December 31, 2024, cash and cash equivalents amounted to \$71.3 million (including restricted cash of \$1.0 million and compensating cash balances of \$10.0 million), compared to \$68.3 million (including restricted cash of \$1.0 million and compensating cash balances of \$10.0 million) for the prior year. We consider highly liquid investments such as time deposits and certificates of deposit with an original maturity of three months or less to be cash equivalents. Cash and cash equivalents are primarily held in U.S. dollars.

### **Net Cash Provided by Operating Activities**

Net cash provided by operating activities in 2024 amounted to \$59.9 million. Net cash provided by operating activities in 2023 amounted to \$68.0 million. Net cash provided by operating activities in 2022 amounted to \$33.8 million. Cash from operations in 2024 decreased compared to 2023, mainly due to reduced ownership days of our fleet and to slightly lower TCE, as compared to 2023. Cash from operations in 2023 increased compared to 2022, mainly due to the higher revenues generated during 2023 as a result of the recovery market conditions in the tankers' shipping industry which are depicted in the higher TCE achieved by the Company, as compared to 2022.

### **Net Cash (Used in) / Provided by Investing Activities**

Net cash used in investing activities in 2024 was \$47.4 million and consists of \$47.2 million that we paid as advances and other capitalized costs for our newbuildings, \$0.2 million that we paid for vessels' improvement costs mainly relating to Panama canal fittings on one of our vessels, and \$17 thousand we paid for equipment additions.

Net cash provided by investing activities in 2023 was \$25.7 million and consists of \$37.6 million net proceeds received from the sale of one Aframax tanker vessel during the year, \$11.3 million that we paid as advances and other capitalized costs for our newbuildings, \$0.1 million that we paid for vessel acquisitions, \$0.5 million that we paid for vessels' improvement costs mainly relating to the installation of the ballast water treatment system on certain of our vessels, and \$38 thousand we paid for equipment additions.

Net cash used in investing activities in 2022 was \$113.0 million and consists of \$2.1 million we paid for vessels' improvement costs mainly relating to the installation of the ballast water treatment system on certain of our vessels, \$143.4 million that we paid for the acquisition of four tanker vessels, \$32.6 million net proceeds received from the sale of one Aframax tanker vessel during the year, and \$27 thousand we paid for equipment additions.

#### ***Net Cash (Used in) / Provided by / Financing Activities***

Net cash used in financing activities in 2024 was \$9.4 million and consists of \$7.5 million of bank loan repayments, \$0.2 million proceeds from the exercise of warrants, \$1.8 million that we paid as cash dividends to our preferred shareholders, and \$0.2 million of payments of financing costs.

Net cash used in financing activities in 2023 was \$65.1 million and consists of \$75.4 million of bank loan repayments, \$2.1 million of bank loan proceeds, \$11.4 million net proceeds from the issuance of units, common shares and warrants, \$0.3 million proceeds from the exercise of warrants, \$0.5 million proceeds from the issuance of preferred shares, \$0.7 million net proceeds from the issuance of common shares under our ATM program, \$2.8 million that we paid for the repurchase of our common shares and \$1.9 million that we paid as cash dividends to our preferred shareholders.

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

#### **Loan Facilities and Sale – Leaseback Agreements**

As of December 31, 2024, we had \$47.7 million of long-term debt outstanding under our bank loan facilities. As of April 15, 2025, we had \$45.8 million aggregate amount of indebtedness outstanding under our bank loan facilities.

As of December 31, 2023, we had \$55.2 million of long-term debt outstanding under our bank loan facilities.

As of December 31, 2024 and 2023, and the date of this report, we have not used any derivative instruments for hedging purposes or other purposes.

Our loans are repayable in quarterly installments plus one balloon installment per loan agreement to be paid together with the last installment, and currently bear variable interest at SOFR plus a fixed margin ranging from 0.65% to 2.60%. Their maturities fall due from November 2027 to August 2028. As of December 31, 2024, all our loans were collateralized by four out of our seven tanker vessels. For a description of our loan facilities, please see Note 7 to our annual consolidated financial statements included elsewhere in this annual report.

#### ***Nordea Bank Abp, Filial i Norge (Nordea):***

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

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

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

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

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

On August 7, 2023, we refinanced the Nordea Facility, which at that time had an outstanding balance (including interest) of \$17.9 million, by entering into an agreement for a Revolving Credit Facility (the “Nordea RCF”) in an amount not exceeding \$20.0 million at any one time with Nordea, through certain wholly-owned subsidiaries. As such, we drew down an amount of \$2.1 million, which is reflected line item “Proceeds from Long-term bank debt” in the accompanying consolidated statements of cash flows. The Nordea RCF matures in 5 years from the signing date of the agreement.

As of December 31, 2024, the outstanding balance on the Nordea RCF was \$15.8million.

**Alpha Bank S.A.:**

In November 2022, we, through our vessel-owning subsidiary of the vessel “P. Aliko” signed a loan agreement with Alpha Bank S.A (“Alpha Bank”), to support the acquisition of the vessel by providing a secured term loan of up to \$18.3 million, or the “P. Aliko” loan. The maximum loan amount was drawn down upon the vessel’s delivery to us in November 2022. As of December 31, 2024, the outstanding balance on the “P. Aliko” loan was \$14.3 million.

In December 2022, we, through our vessel-owning subsidiary of the vessel “P. Long Beach” signed a loan agreement with Alpha Bank S.A, to support the acquisition of the vessel by providing a secured term loan of up to \$22.0 million, or the “P. Long Beach” loan. The maximum loan amount was drawn down upon the vessel’s delivery to us in December 2022. As of December 31, 2024, the outstanding balance on the “P. Long Beach” loan was \$17.6 million.

In April 2024, we agreed with Alpha Bank to amend the interest rate clauses of the two loan agreements discussed above. We can, at our option, place in collateral accounts amounts equal, or less, to each outstanding loan principal for the benefit of lowering the margin of the loans from 2.35% and 2.60% to 0.65%. The amounts placed in the collateral accounts are not legally restricted as long as we have not received from the lenders any notice for an event of default, and may, at our option, be withdrawn from the respective collateral accounts on the last day of an interest period with prior written notice to the Lender. Upon such withdrawal, the initial margin (2.35% for the “P. Long Beach” loan, and 2.60% for the “P. Aliko” loan) shall reinstate on such part of the loan. Accordingly, as of December 31, 2024, we had placed in Alpha Bank’s collateral accounts the aggregate amount of \$31.9 million, being equal to the loans’ outstanding principal amounts, and these cash amounts are included in Cash and cash equivalents in our consolidated balance sheets.

**Piraeus Bank S.A.:**

In June 2022, we, through our vessel-owning subsidiaries of the vessels “P. Sophia” and “P. Yanbu”, entered into a loan agreement with Piraeus Bank S.A. (“Piraeus Bank”) for a senior secured term loan facility of up to \$31.9 million. The purpose of this facility was to finance the acquisition of “P. Sophia” by up to \$24.6 million and refinance the then-existing indebtedness of \$7.3 million of the vessel “P. Yanbu”. The Company utilized the full amount of \$31.9 million in July 2022.

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

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

On December 18, 2023, we completed the approximately \$44.6 million voluntary prepayment of all of our existing loans with Piraeus Bank S.A. and released the security over our vessels *P. Monterey*, *P. Yanbu* and *P. Sophia*. The prepayment was completed through the deployment of our excess liquidity. In light of the prepayments, as of December 31, 2023, no amounts are outstanding under the Piraeus Bank loans.

**Mango Shipping Corp.:**

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

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

**Sale-Leaseback Agreements:**

On July 16, 2024, we entered into a sale and leaseback agreement with an unaffiliated third party for one of our newbuild LR2 Aframax tanker vessels. The bareboat financing amount totals \$44.3 million and as part of this agreement, the vessel will be sold and chartered back on a bareboat basis for an eight-year period from delivery at bareboat charter rates equivalent to 96 monthly installments of \$7,132 per day and a balloon payment of approximately \$23.7 million payable together with the last installment, with an implied interest rate of Term SOFR plus 2.425% per annum. We have continuous options to repurchase the vessel at predetermined rates following the second anniversary of the bareboat charter.



On October 24, 2024, we entered into a sale and leaseback agreement with an unaffiliated third party for one of our newbuild LR2 Aframax tanker vessels. The bareboat financing amount totals approximately US\$45.39 million. As part of this agreement, the vessel will be sold and then chartered back on a bareboat basis for a ten-year period starting from delivery from the shipyard. The bareboat charter includes 120 monthly installments at a fixed rate of US\$211,500 plus a variable rate calculated monthly at an implied interest rate of SOFR plus 2.1% per annum. Additionally, a balloon payment of approximately \$20 million payable together with the last installment for the repurchase of the vessel. We have continuous options to repurchase the vessel at predetermined rates following the second anniversary of the bareboat charter.

On March 5, 2025, we entered into a sale and leaseback agreement with an unaffiliated third party for one of our newbuild LR2 Aframax tanker vessels. The bareboat financing amount totals \$45 million and as part of this agreement, the vessel will be sold and chartered back on a bareboat basis for an eight-year period from delivery at bareboat charter rates equivalent to 96 monthly installments of \$6,850 per day and a balloon payment of approximately \$25 million payable together with the last installment, with an implied interest rate of Term SOFR plus 2.05% per annum. We have continuous options to repurchase the vessel at predetermined rates following the second anniversary of the bareboat charter.

### ***Covenants and Security***

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

- Minimum hull value of the financed vessels.
- Minimum cash liquidity. As of December 31, 2024 and 2023, the maximum compensating cash balance required under our loan agreements amounted to \$10.0 million and \$10.0 million, respectively.

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

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

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

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

As of December 31, 2024, and the date of this report, we were in compliance with all of our loan covenants.

### ***Capital Expenditures***

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

On March 7, 2023, we entered into a shipbuilding contract with China Shipbuilding Trading Company Limited and Shanghai Waigaoqiao Shipbuilding Company Limited for the construction of a product/crude oil tanker of approximately 114,000 dwt. The newbuilding (H1515) has a gross contract price of \$63.3 million and we expect to take delivery of it in the third quarter 2025. The purchase price of the newbuilding is payable in five instalments, with the first one at the signing of the contract at \$9.5 million, the second, third and fourth at \$6.3 million each at each of the milestones of steel cutting, keel laying, and launching of the vessel, and the final instalment for the balance of the amount or \$34.9 million at the delivery of the vessel.

On December 18, 2023, we further entered into two shipbuilding contracts with China Shipbuilding Trading Co. Ltd. and Shanghai Waigaoqiao Shipbuilding Co. Ltd. for the construction of two 114,000 DWT LNG-ready LR2 Aframax product/crude oil tanker vessels, at a gross purchase price of \$64.8 million per vessel. The two vessels (Hulls 1596 and 1597) are expected to be delivered in the third quarter 2025 and first quarter 2026, respectively. The purchase price for each newbuilding is payable in instalments as follows: 15% of the purchase price is payable upon receipt of a refund guarantee; 10% of the purchase price is payable at each of the milestones of steel cutting, keel laying, and launching of the vessels, and the remaining 55% of the purchase price is payable upon the delivery of the vessels.

Finally, on April 30, 2024, we entered into a shipbuilding contract with Jiangsu Yangzijiang Shipbuilding Group Co., Ltd., Jiangsu New Yangzi Shipbuilding Co., Ltd., and Jiangsu Yangzi Xinfu Shipbuilding Co., Ltd. for the construction of a scrubber fitted 75,000 DWT LR1 chemical/product oil tanker for a gross contract price of \$56.5 million. We expect to take delivery of the vessel (Hull 1624) in the first quarter of 2027. The gross purchase price of the newbuilding is payable in five instalments, with the first one at the signing of the contract at \$8.4 million, the second, third and fourth at \$5.7 million each at each of the milestones of steel cutting, keel laying, and launching of the vessel, and the final instalment for the balance of the amount or \$31.0 million at the delivery of the vessel. The final purchase price may be reduced to \$54.1 million, should certain technical conditions exist at delivery.

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

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

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

**D. Trend Information**

**Tanker Shipping Market**

Global crude oil demand increased by 0.8% in 2024 and is currently projected to rise at a similar rate by 1.0% in 2025 (104.1 million barrels per day), while seaborne crude oil trade is expected to grow by 1.6% in 2025 (39.7 million barrels per day) driven by an expected recovery in OPEC+ oil production.

Market conditions across the crude oil tanker sector appear balanced for 2025, as crude tanker dwt demand is projected to grow by 1.3% while the crude tanker fleet is projected to grow marginally by 0.8%. Geopolitical events, such as the ongoing conflict between Russia and Ukraine and the reported missile attacks to vessels operating in the Red Sea area have had a positive impact on ton mile demand growth as in both cases the disruptions have resulted in significant shifts in crude oil trade patterns towards longer-haul destinations, thus supporting tanker charter rates and ton-mile demand. Nevertheless, the broader implications of such geopolitical events, combined with the uncertainty surrounding tighter sanctions, remain challenging factors, with their long-term impact on the tanker markets yet to be determined.

According to industry sources, the average spot earnings for an Aframax tanker trading on selected routes (e.g., Intra-Asia, Med-Med, Black Sea-Med and others) in 2024 was a daily TCE rate of \$44,487. This compares to an estimated daily TCE rate of \$56,827 in 2023.

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

### ***Impact of War in Ukraine and other global conflicts***

Furthermore, the ongoing war between Russia and the Ukraine has amplified volatility in the tanker market, disrupting supply chains and causing instability in the global economy. The United States and the European Union, among other countries, announced sanctions against Russia, including sanctions targeting the Russian oil sector, among those a prohibition on the import of oil from Russia to the United States. The ongoing conflict in Ukraine could result in the imposition of further economic sanctions against Russia and given Russia's role as a major global exporter of crude oil, the Company's business may be adversely impacted. Currently, none of the Company's contracts have been affected by the events in Russia and Ukraine. In the short term, the effect of the invasion of Ukraine has been positive for the tanker market, yet the overall longer term effect on ton-mile demand is uncertain given that cargoes exported previously from Russia will need to be substituted by cargoes from different sources due to the oil and oil products embargo enacted by the United States, the European Union and the United Kingdom. As of December 31, 2024, and during the year ended December 31, 2024, the Company's financial results have not been adversely affected from the impact of war between Russia and Ukraine. However, it is possible that in the future third parties with whom the Company has or will have contracts may be impacted by such events. While in general much uncertainty remains regarding the global impact of the conflict in Ukraine, it is possible that such tensions could adversely affect the Company's business, financial condition, results of operation and cash flows.

Following the outbreak of the 2023 Israel–Hamas war, missile attacks by the Houthis have been reported on vessels passing off Yemen's coast in the Red Sea in December 2023. This has caused several vessels to divert via the Cape of Good Hope in South Africa, in order to avoid transiting the Red Sea. The initial effect of Red Sea tensions on the tanker market has been positive for the tanker market as the longer route via Cape of Good Hope is absorbing more vessels, thereby reducing supply. Looking forward, it is impossible to predict the course of this conflict and whether there would be any serious escalation emanating from the current state of affairs. Similar to the war in Ukraine, we believe that a generalized conflict involving several Middle Eastern nations would possibly result in higher inflation and possibly slower economic growth, which could potentially have an adverse effect on the demand for crude oil and petroleum products. To the extent that Red Sea tensions remain contained to the region, the effects on the tanker market could be similar to what we have seen so far. Apart from the effect on the tanker market, the current situation presents a significant safety hazard for all vessels transiting the Red Sea, and could ultimately potentially result in heavy damage being sustained due to successful missile strikes.

### ***Impact of Inflation and Interest Rate Increases***

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

### ***E. Critical Accounting Estimates***

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

### **Item 6. Directors, Senior Management, and Employees**

#### ***A. Directors and Senior Management***

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

<b>Name</b>	<b>Age</b>	<b>Position</b>
Andreas Michalopoulos	54	Class I Director, Chief Executive Officer and Secretary
Loïsa Ranunkel	47	Class I Director
Aliki Paliou	49	Class II Director and Chairperson of the Board
Alex Papageorgiou	53	Class III Director
Mihalis Boutaris	50	Class III Director
Anthony Argyropoulos	60	Chief Financial Officer

The term of the Class I directors expires in 2026, the term of the Class II directors expires in 2027, and the term of the Class III directors expires in 2025.

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

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

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

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

**Aliki Paliou** has served as a Director since February 2020 and as Chairperson of our Board as of the 2022 annual meeting of shareholders. She also serves as Director, Vice-President and Treasurer of Unitized Ocean Transport Limited since January 2020. From 2010 to 2015 she was employed as a Director and Treasurer of Alpha Sigma Shipping Corp. Aliki Paliou studied Theatre Studies at the University of Kent in Canterbury, UK and obtained an M.A. in Scenography at Central Saint Martins School of Art and Design in London, UK. In 2005 she graduated with honors from the Greek School of Fine Art in Athens, Greece. She is married to Andreas Michalopoulos, our current Chief Executive Officer, Director and Secretary.

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

**Mihalis Boutaris** serves as an independent Director of the Company, as a member of our Audit Committee, and as a member of our Compensation Committee as of the 2022 annual meeting of shareholders. As a 5th-generation winemaker, he is the vice-president of Kir-Yianni and the secretary of the Yiannis Boutaris Foundation. He has worked for wineries in California, Chile, France, and Greece. In 2006 Mihalis joined BCG as an associate and grew his track record by managing clean-tech joint ventures including eco-friendly biopesticides, hydroelectric energy, and a pilot project of Motor Oil Hellas in concentrated solar power. In 2011 he moved to Shanghai to establish XiGu, a pioneering fine wine estate in Northwest China, while growing Greek exports in Asia Pacific. In 2019 he became an advisor to the Innovation Office of NCSR "Demokritos" in Athens. A year later he also founded Athroa, a venture studio backed by private investors & BigPi, one of the leading deep-tech VCs in Greece, that commercialized several patents by inventors in Greece and beyond. He graduated from Harvard with a BA in philosophy and from UC Davis with a MSc in horticulture. He has served in the Greek Marine Corps and co-founded Arcturos, a wildlife NGO.

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

## **B. Compensation**

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

For 2024, the aggregate fees and bonuses of our executive officers amounted to \$1.5 million.

During 2024, our non-executive directors received annual compensation in the aggregate amount of \$30,000 plus reimbursement of their out-of-pocket expenses incurred while attending any meeting of the board of directors or any board committee, and the chairperson of the board received annual compensation of \$60,000. In addition, a committee chairman received an additional \$10,000 annually, and other committee members received an additional \$5,000 annually. In addition, on October 12, 2023, a special committee was formed in connection with the tender offer commenced by Sphinx Investments Corp. and any related matters, the members of which will receive \$10,000 annually and the chairman \$20,000 annually. We do not have a retirement plan for our officers or directors. For 2024, fees, bonuses and expenses to non-executive directors amounted to \$0.3 million.

On January 1, 2021, we granted to Anthony Argyropoulos, our Chief Financial Officer, stock options to purchase 8,000 of our common shares as share-based remuneration, which can be exercised only when our stock price increases. The stock options are exercisable at a price range between \$150.00 and \$450.00 per share, for a term of five years. As of December 31, 2024, and as of the date of this annual report, no stock options have been exercised.

In 2024, compensation costs relating to the aggregate amount of stock option awards amounted to \$Nil. In addition, in 2024, compensation costs relating to restricted stock awards that were issued in prior years were \$Nil.

## **2015 Equity Incentive Plan**

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

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

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

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

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

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

### **C. Board Practices**

#### **Actions by our Board of Directors**

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

#### **Committees of our Board of Directors**

Our Audit Committee, comprised of two members of our board of directors, is responsible for reviewing our accounting controls, recommending to the board of directors the engagement of our independent auditors, and pre-approving audit and audit-related services and fees. Each member has been determined by our board of directors to be “independent” under Nasdaq rules and the rules and regulations of the SEC. As directed by its written charter, the Audit Committee is responsible for reviewing all related party transactions for potential conflicts of interest and all related party transactions are subject to the approval of the Audit Committee. Alex Papageorgiou serves as the Chairman of the Audit Committee. We believe that Alex Papageorgiou qualifies as an Audit Committee financial expert as such term is defined under SEC rules. Mihalis Boutaris serves as a member of our Audit Committee.

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

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

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

### **D. Employees**

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

The following table presents the number of shoreside personnel employed by our in-house manager and the number of seafaring personnel employed by our vessel-owning subsidiaries as of December 31, 2024, 2023, and 2022.

	As of December 31, 2024	As of December 31, 2023	As of December 31, 2022
Shoreside	34	30	30
Seafaring	177	179	197
<b>Total</b>	<b>211</b>	<b>209</b>	<b>227</b>

**E. Share Ownership**

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

**F. Disclosure of a registrant’s action to recover erroneously awarded compensation**

None.

**Item 7. Major Shareholders and Related Party Transactions****A. Major Shareholders**

The following table sets forth current information regarding ownership of our common shares of which we are aware as of April 14, 2025, for (i) beneficial owners of five percent or more of our common shares; and (ii) our officers and directors, individually and as a group. All of our shareholders, including the shareholders listed in this table, are entitled to one vote for each common share held.

Name	Number of Common Shares	Percentage Owned (1)
Mango Shipping Corp. (2)(4)	24,312,859	66.2%
Mitzela Corp.(3)(4)	1,042,272	7.7%
Sphinx Investment Corp.(5)	1,033,859	8.3%
All officers and directors as a group	25,363,131	67.1%

(1) Percentages based on 12,432,158 common shares outstanding as of April 14, 2025.

(2) This information is derived from Amendment No. 1 to Schedule 13D jointly filed with the SEC on September 1, 2023 by Mango Shipping Corp. and Aliko Paliou. Aliko Paliou, the Chairperson of our board of directors, owns and controls Mango Shipping Corp. As a result, Aliko Paliou may be deemed to beneficially own shares held by Mango Shipping. Mango Shipping acquired 156,803 common shares (as adjusted after the effectiveness of the reverse stock splits of November 2, 2020 and of November 15, 2022) from Taracan Investments S.A. (“Taracan”), a Marshall Islands corporation ultimately beneficially owned by Symeon Palios, our Chairman of the Board until the 2022 annual shareholders meeting and former Chief Executive Officer, pursuant to a Contribution Agreement dated September 29, 2020, by and between Taracan and Mango Shipping. In exchange, Mango Shipping issued 999 shares of its own common stock to Taracan. Taracan thereafter distributed as dividend in kind such 999 shares of Mango Shipping (through an intermediary holding company) to its ultimate beneficial owner, Symeon Palios. Subsequently, also on September 29, 2020, Symeon Palios transferred in a private transaction all of his interest in Mango Shipping to Aliko Paliou. We conducted an exchange offer, pursuant to which we offered to exchange issued and outstanding Common Shares for newly issued shares of our Series B Convertible Cumulative Perpetual Preferred Stock, which closed on January 27, 2022. Pursuant to the Exchange Offer, Mango Shipping exchanged 156,523 Common Shares (as adjusted after the effectiveness of the reverse stock splits of November 2, 2020 and of November 15, 2022), representing the majority of the Common Shares beneficially owned by Mango Shipping at that time, for Series B Preferred Shares at an exchange ratio of 0.28 Series B Preferred Shares per Common Share. On October 17, 2022, we entered into a stock purchase agreement with Mango Shipping, pursuant to which we agreed to issue to Mango Shipping in a private placement 1,314,792 shares of our newly-designated Series C Preferred Shares in exchange for, in part, all 657,396 Series B Preferred Shares held by Mango Shipping. See “Related Party Transactions” for a description of the private placement transaction with Mango Shipping. Mango Shipping beneficially owns 1,314,792 Series C Preferred Shares, or approximately 92% of the outstanding Series C Preferred Shares as of the date of this report. The Series C Preferred Shares carry superior voting rights. For a description of the rights of the Series C Preferred Shares, see “Description of Securities,” attached hereto as Exhibit 2.5 and incorporated by reference herein, and the risk factor under “Item 3. Key Information—D. Risk Factors” entitled “Aliko Paliou, the Chairperson of the Board, controls a majority of voting power over matters on which our shareholders are entitled to vote, and accordingly, may exert considerable influence over us and may have interests that are different from the interests of our other shareholders.”



(3) This information is derived from a Schedule 13D jointly filed with the SEC on September 1, 2023 by Mitzela Corp. and Andreas Michalopoulos. Andreas Michalopoulos, our Chief Executive Officer, Director and Secretary, owns and controls Mitzela Corp. As a result, Andreas Michalopoulos may be deemed to beneficially own shares held by Mitzela Corp. Mitzela Corp. beneficially owns 56,342 Series C Preferred Shares, or approximately 4% of the outstanding Series C Preferred Shares as of the date of this report.

(4) Aliko Paliou may be deemed to beneficially own 24,312,579 common shares through Mango Shipping Corp. issuable upon conversion of Series C Preferred Shares. Andreas Michalopoulos may be deemed to beneficially own 1,041,852 common shares through Mitzela Corp. issuable upon conversion of Series C Preferred Shares. Additionally, Aliko Paliou may be deemed to beneficially own 280 restricted common shares through Mango Shipping Corp. Andreas Michalopoulos may be deemed to beneficially own 420 restricted common shares through Mitzela Corp. Anthony Argyropoulos, our Chief Financial Officer, holds stock options to purchase up to 8,000 of our common shares, which stock options we granted to Anthony Argyropoulos as stock-based remuneration. The stock options are exercisable at a price range between \$150.00 and \$450.00 per share, for a term of five years. Anthony Argyropoulos does not directly own any of our common shares. All other officers and directors each own 0% of our outstanding common shares.

(5) This information is derived from an Amendment No. 15 to Schedule 13D jointly filed with the SEC on February 5, 2025 by Sphinx Investment Corp., Maryport Navigation Corp. and Mr. George Economou. Sphinx Investment Corp. is a wholly-owned subsidiary of Maryport Navigation Corp., which is a Liberian company owned by Mr. George Economou.

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

As of April 14, 2025, we had 8 shareholders of record, 1 of which was located in the United States, 1 of which was CEDE & CO., a nominee of The Depository Trust Company, which is located in the United States and held an aggregate of 12,430,363 of our common shares, representing 99.9% of our outstanding common shares. CEDE & CO. is the sole record shareholder of our Class B Preferred Shares and Class C Preferred Shares. We believe that the shares held by CEDE & CO. include shares beneficially owned by both holders in the United States and non-U.S. beneficial owners. We are not aware of any arrangements the operation of which may at a subsequent date result in our change of control.

## **B. Related Party Transactions**

### **Pure Brokerage and Shipping Corp.**

Pure Brokerage and Shipping Corp., or Pure, a company controlled by Aliko Paliou, our Chairperson of the board of directors, provides us with brokerage services since June 15, 2020, pursuant to a Brokerage Services Agreement for a fixed monthly fee of \$3,000 for each of our owned tanker vessels. Additionally, Pure Brokerage and Shipping Corp, an affiliated entity, receives from us a fixed commission of 1.25% on gross freight and hire income generated by the vessels, subject to the specific terms of each employment contract, and may also receive sale and purchase brokerage commissions of 1.0% per transaction. For 2024, commissions and brokerage fees paid to Pure Brokerage amounted to \$1.1 million and \$0.3 million, respectively.

### **Mango Shipping Corp.**

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

C. **Interests of Experts and Counsel**

Not applicable.

**Item 8. Financial information**

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

See “Item 18. Financial Statements.”

**Legal Proceedings**

Between October 23, 2017, and December 15, 2017, three largely similar lawsuits were filed against the Company and three of its executive officers. On October 23, 2017, a complaint captioned Jimmie O. Robinson v. Diana Containerships Inc., Case No. 2:17-cv-6160, was filed in the United States District Court for the Eastern District of New York (“Eastern District”). The complaint was brought as a purported class action lawsuit on behalf of a putative class consisting of purchasers of common shares of the Company between January 26, 2017 and October 3, 2017. On October 25, 2017, a complaint captioned Logan Little v. Diana Containerships Inc., Case No. 2:17-cv-6236, was filed in the Eastern District. The complaint was brought as a purported class action lawsuit on behalf of a putative class consisting of purchasers of common shares of the Company between January 26, 2017, and October 3, 2017. On December 15, 2017, a complaint captioned Emmanuel S. Austin v. Diana Containerships Inc., Case No. 2:17-cv-7329, was filed in the Eastern District. The complaint was brought as a purported class action lawsuit on behalf of a putative class consisting of purchasers of common shares of the Company between June 9, 2016, and October 3, 2017. The complaints named as defendants, among others, the Company and three of its executive officers. The complaints asserted claims under Sections 9, 10(b) and/or 20(a) of the Securities Exchange Act of 1934. On April 30, 2018, the Court consolidated the three lawsuits into the first-filed Robinson lawsuit, appointed lead plaintiffs and approved lead plaintiffs’ selection of lead plaintiffs’ counsel. On July 13, 2018, lead plaintiffs filed a consolidated amended complaint (superseding the three initial complaints). On September 21, 2018, the defendants filed a motion to dismiss the lawsuit. Briefing on that motion was concluded on November 30, 2018. On May 28, 2020, prior to any ruling on that motion, lead plaintiffs filed a superseding second amended complaint. On July 22, 2020, the defendants filed a motion to dismiss the second amended complaint. Briefing on that motion concluded on October 9, 2020. On October 1, 2021, prior to any ruling on that motion, lead plaintiffs filed a superseding third amended complaint. On October 15, 2021, the defendants filed a motion to dismiss the third amended complaint. Briefing on that motion concluded on November 5, 2021. This lawsuit was voluntarily dismissed by the plaintiffs in November 2024.

The Company, its Chief Executive Officer, Chairperson of the Board, five former directors of the Company, and two entities affiliated with the Company’s Chief Executive Officer and Chairperson of the Board were named as defendants in a lawsuit commenced on October 27, 2023 in New York State Supreme Court, County of New York, by a purported shareholder of the Company, Sphinx Investment Corp., the plaintiff. The complaint alleged, among other things, violations of fiduciary duties by the named defendants in connection with an exchange offer commenced by the Company in December 2021. In January 2024, the defendants filed motions to dismiss the lawsuit. In August 2024, the Supreme Court of the State of New York granted the Company’s motions to dismiss the litigation filed by Sphinx on October 27, 2023, on the basis that New York lacked personal jurisdiction over the defendants. Subsequently, in August 2024, Sphinx initiated legal proceedings in the High Court of the Republic of the Marshall Islands against the same defendants that had been named in the New York lawsuit. The complaint filed in the High Court is substantially similar to the complaint previously filed in New York. The defendants filed motions to dismiss the complaint in the High Court of the Republic of the Marshall Islands. The parties have completed briefing on those motions to dismiss. The Company, although it cannot predict its outcome, believes that the lawsuit is without merit and will vigorously defend against the lawsuit.

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

### ***Dividend Policy***

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

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

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

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

### **B. *Significant Changes***

There have been no significant changes since the date of the annual consolidated financial statements included in this annual report, other than those described in “Note 14- Subsequent Events” of our annual consolidated financial statements.

## **Item 9. The Offer and Listing**

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

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

**B. Plan of Distribution**

Not Applicable.

**C. Markets**

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

**D. Selling Shareholders**

Not Applicable.

**E. Dilution**

Not Applicable.

**F. Expenses of the Issue**

Not Applicable.

**Item 10. Additional Information**

**A. Share capital**

Not Applicable.

**B. Memorandum and Articles of Association**

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

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

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

#### **Description of Common Shares**

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

#### **Description of Preferred Stock**

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

#### **Stockholders’ Rights Agreement**

On December 20, 2021, we entered into a Stockholders’ Rights Agreement, or the Rights Agreement, with Computershare Inc. as Rights Agent. Pursuant to the Rights Agreement, each common share includes one right, or a Right, that entitles the holder to purchase from us one one-thousandth of a share of our Series A Participating Preferred Stock at an exercise price of \$750.00 per one one-thousandth of a Series A Preferred Stock, subject to specified adjustments. The Rights will separate from the common shares and become exercisable only if a person or group acquires beneficial ownership of 10% or more of our common shares in a transaction not approved by our board of directors. In that situation, each holder of a Right (other than the acquiring person, whose Rights will become void and will not be exercisable) will have the right to purchase, in lieu of one one-thousandth of a share of Series A Preferred Stock, upon payment of the exercise price, a number of our common shares having a then-current market value equal to twice the exercise price. In addition, if we are acquired in a merger or other business combination after an acquiring person acquires 10% or more of our common shares, each holder of the Right will thereafter have the right to purchase, in lieu of one one-thousandth of a share of Series A Preferred Stock, upon payment of the exercise price, a number of common shares of the acquiring person having a then-current market value equal to twice the exercise price. The acquiring person will not be entitled to exercise these Rights. Under the Rights Agreement’s terms, it will expire on December 20, 2031.

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

#### **C. *Material Contracts***

The contracts included as exhibits to this annual report are the contracts we consider to be both material and not entered into in the ordinary course of business, which (i) are to be performed in whole or in part on or after the filing date of this annual report or (ii) were entered into not more than two years before the filing date of this annual report. Other than these agreements, we have no material contracts, other than contracts entered into in the ordinary course of business, to which we or any member of the group is a party. We refer you to “Item 5. Operating and Financial Review and Prospects—B. Liquidity and Capital Resources” for a discussion of our loan facilities and sale and leaseback agreements, “Item 4. Information on the Company—B. Business Overview” and “Item 7. Major Shareholders and Related Party Transactions—B. Related Party Transactions” for a discussion of our agreements with our related parties and “Item 6. Directors, Senior Management, and Employees—B. Compensation” for a discussion of our 2015 Equity Incentive Plan.

**D. Exchange Controls**

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

**E. Taxation**

The following represents the opinion of our United States and Marshall Islands tax counsel, Watson Farley & Williams LLP, and is a summary of the material Marshall Islands and U.S. federal income tax considerations of the ownership and disposition by a U.S. Holder and a Non-U.S. Holder, each as defined below, of our common shares. This discussion does not purport to deal with the tax consequences of owning common shares to all categories of investors, who may be subject to special rules such as dealers in securities or commodities, financial institutions, insurance companies, tax-exempt organizations, U.S. expatriates, persons liable for the alternative minimum tax, persons who hold common shares as part of a straddle, hedge, conversion transaction or integrated investment, U.S. Holders whose functional currency is not the United States dollar, persons required to recognize income for U.S. federal income tax purposes no later than when such income is reported on an “applicable financial statement”, persons subject to the “base erosion and anti-avoidance” tax and investors that own, actually or under applicable constructive ownership rules, 10% or more of the vote or value of the Company’s equity. This discussion deals only with holders who hold the common shares as a capital asset. You are encouraged to consult your own tax advisors concerning the overall tax consequences arising in your own particular situation under U.S. federal, state, local or foreign law of the ownership of our common shares.

**Marshall Islands Tax Considerations**

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

**United States Federal Income Tax Considerations**

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

***Taxation of Operating Income: In General***

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

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

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

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

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

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

either:

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

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

***Publicly-Traded Test***

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

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

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

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

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

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

We believe that we did not satisfy the Publicly-Traded Test during our 2024 taxable year.

#### *50% Ownership Test*

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

We believe that we satisfied the 50% Ownership Test for our 2024 taxable year, and expect to satisfy the substantiation and reporting requirements to claim the benefits of the 50% Ownership Test. Therefore, we intend to take the position that we were exempt from U.S. federal income tax under Section 883 of the Code during our 2024 taxable year. However, there can be no assurance that we will continue to satisfy the requirements of the 50% Ownership Test in future taxable years. Furthermore, the substantiation requirements are onerous and therefore there can be no assurance that we would be able to satisfy them, even if our share ownership would otherwise satisfy the requirements of the 50% Ownership Test.

#### *Taxation in Absence of Exemption*

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

To the extent our U.S.-source shipping income is considered to be “effectively connected” with the conduct of a U.S. trade or business, as described below, any such “effectively connected” U.S.-source shipping income, net of applicable deductions, would be subject to the U.S. federal corporate income tax currently imposed at a rate of 21%. In addition, we may be subject to an additional 30% “branch profits” tax on earnings effectively connected with the conduct of such trade or business, as determined after allowance for certain adjustments, and on certain interest paid or deemed paid attributable to the conduct of such U.S. trade or business.

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

- we have, or are considered to have, a fixed place of business in the United States involved in the earning of shipping income; and



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

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

#### ***United States Federal Income Taxation of Gain on Sale of Vessels***

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

#### ***United States Federal Income Taxation of U.S. Holders***

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

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

If a partnership holds the common shares, the tax treatment of a partner will generally depend upon the status of the partner and upon the activities of the partnership. If you are a partner in a partnership holding the common shares, you are encouraged to consult your tax advisor.

#### ***Distributions***

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

Dividends paid on our common shares to a U.S. Holder who is an individual, trust or estate, which we refer to as a U.S. Individual Holder, will generally be treated as “qualified dividend income” that is taxable to such U.S. Individual Holders at preferential tax rates, provided that (1) the common shares are readily tradable on an established securities market in the United States such as the Nasdaq Capital Market, on which our common shares are traded; (2) we are not a PFIC for the taxable year during which the dividend is paid or the immediately preceding taxable year, as discussed below; (3) the U.S. Individual Holder has held the common shares for more than 60 days in the 121-day period beginning 60 days before the date on which the common shares become ex-dividend; and (4) the U.S. Individual Holder is not under an obligation to make related payments with respect to positions in substantially similar or related property.

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

Special rules may apply to any “extraordinary dividend,” generally, a dividend paid by us in an amount which is equal to or in excess of ten percent of a U.S. Holder’s adjusted tax basis, or fair market value in certain circumstances, in a common share. If we pay an “extraordinary dividend” on our common shares that is treated as “qualified dividend income,” then any loss derived by a U.S. Individual Holder from the sale or exchange of such common shares will be treated as long-term capital loss to the extent of such dividend.

#### *Sale, Exchange or other Disposition of Common Shares*

Subject to the discussion of the PFIC rules below, a U.S. Holder generally will recognize taxable gain or loss upon a sale, exchange or other disposition of our common shares in an amount equal to the difference between the amount realized by the U.S. Holder from such sale, exchange or other disposition and the U.S. Holder’s tax basis in such stock. A U.S. Holder’s tax basis in the common shares generally will equal the U.S. Holder’s acquisition cost less any prior return of capital. Such gain or loss will be treated as long-term capital gain or loss if the U.S. Holder’s holding period is greater than one year at the time of the sale, exchange or other disposition and will generally be treated as U.S.-source income or loss, as applicable, for U.S. foreign tax credit purposes. A U.S. Holder’s ability to deduct capital losses is subject to certain limitations.

#### *PFIC Status and Significant Tax Consequences*

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

- at least 75% of our gross income for such taxable year consists of passive income (e.g., dividends, interest, capital gains and rents derived other than in the active conduct of a rental business), which we refer to as the income test; or
- at least 50% of the average value of our assets during such taxable year produce, or are held for the production of, passive income, which we refer to as the asset test.

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

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

On the basis of the foregoing, we do not believe that we were a PFIC in 2024, and do not anticipate becoming a PFIC in the near future.

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

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

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

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

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

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

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

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

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

#### *Net Investment Income Tax*

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

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

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

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

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

- the gain is effectively connected with the Non-U.S. Holder's conduct of a trade or business in the United States. In general, if the Non-U.S. Holder is entitled to the benefits of certain income tax treaties with respect to that gain, that gain is taxable only if it is attributable to a permanent establishment maintained by the Non-U.S. Holder in the United States; or
- the Non-U.S. Holder is an individual who is present in the United States for 183 days or more during the taxable year of disposition and other conditions are met.

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

### **Backup Withholding and Information Reporting**

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

- fail to provide an accurate taxpayer identification number;
- are notified by the IRS that you have failed to report all interest or dividends required to be shown on your U.S. federal income tax returns; or
- in certain circumstances, fail to comply with applicable certification requirements.

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

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

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

U.S. Holders who are individuals (and to the extent specified in applicable Treasury Regulations, certain U.S. entities) who hold "specified foreign financial assets" (as defined in Section 6038D of the Code) are required to file IRS Form 8938 with information relating to the asset for each taxable year in which the aggregate value of all such assets exceeds \$75,000 at any time during the taxable year or \$50,000 on the last day of the taxable year (or such higher dollar amount as prescribed by applicable Treasury Regulations). Specified foreign financial assets would include, among other assets, our common shares, unless the common shares are held through an account maintained with a U.S. financial institution. Substantial penalties apply to any failure to timely file IRS Form 8938, unless the failure is shown to be due to reasonable cause and not due to willful neglect. Additionally, in the event a U.S. Holder who is an individual (and to the extent specified in applicable Treasury regulations, a U.S. entity) that is required to file IRS Form 8938 does not file such form, the statute of limitations on the assessment and collection of U.S. federal income taxes of such holder for the related tax year may not close until three years after the date that the required information is filed.

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

Not Applicable.

#### **G. Statement by experts**

Not Applicable.

H. **Documents on display**

We file reports and other information with the SEC. These materials, including this annual report and the accompanying exhibits, are available on the SEC's website at <http://www.sec.gov> as well as on our website <http://www.pshipping.com/>. The information contained on, or that can be accessed through, these websites is not incorporated by reference herein and does not form part of this annual report.

I. **Subsidiary information**

Not Applicable.

J. **Annual Report to Security Holders**

We are currently not required to provide an annual report to security holders in response to the requirements of Form 6-K.

**Item 11. Quantitative and Qualitative Disclosures about Market Risk**

**Interest Rates**

We are exposed to market risks associated with changes in interest rates relating to our loan facilities, according to which we pay interest SOFR plus a margin; and as such, increases in interest rates could affect our results of operations. An average increase of 1% in 2024 interest rates would have resulted in interest expenses of \$0.6 million. As of December 31, 2024, we had \$47.7 million of debt outstanding. In the future, we expect to manage any exposure in interest rates through our regular operating and financing activities and, when deemed appropriate, through the use of derivative financial instruments. Global financial markets and economic conditions have been, and continue to be, volatile. Specifically, due to the global epidemic and pandemic outbreak and the war in Ukraine and resulting sanctions which have disrupted supply chains and caused instability in the energy markets and the global economy, credit markets and the debt and equity capital markets have been distressed, and the uncertainty surrounding the future of the global credit markets has resulted in reduced access to credit worldwide, particularly for the shipping industry. These issues, along with significant write-offs in the financial services sector, the repricing of credit risk and the current weak economic conditions, have made, and will likely continue to make, it difficult to obtain additional financing.

As of December 31, 2024, and 2023 we did not and have not designated any financial instruments as accounting hedging instruments.

**Currency and Exchange Rates**

We generate all of our revenues in U.S. dollars, but currently incur approximately half of our general and administrative expenses (around 60% in 2024 and 46% in 2023) and have historically incurred a significant portion of our operating expenses (around 14% in 2024 and 15% in 2023) in currencies other than the U.S. dollar, primarily the Euro. For accounting purposes, expenses incurred in Euros are converted into U.S. dollars at the exchange rate prevailing on the date of each transaction. The amount and frequency of some of these expenses, such as vessel repairs, supplies and stores, may fluctuate from period to period. Depreciation in the value of the dollar relative to other currencies increases the dollar cost to us of paying such expenses. The portion of our expenses incurred in other currencies could increase in the future, which could expand our exposure to losses arising from currency fluctuations.

While we have not mitigated the risk associated with exchange rate fluctuations through the use of financial derivatives, we may determine to employ such instruments in the future in order to minimize this risk. Our use of financial derivatives would involve certain risks, including the risk that losses on a hedged position could exceed the nominal amount invested in the instrument and the risk that the counterparty to the derivative transaction may be unable or unwilling to satisfy its contractual obligations, which could have an adverse effect on our results. Because during 2024 and 2023, our Euro expenses represented 9% and 6%, respectively of our revenues, we do not consider the risk from exchange rate fluctuations to be material for our results of operations and therefore, we are not engaged in derivative instruments to hedge part of those expenses.

**Item 12. Description of Securities Other than Equity Securities**

Not Applicable.

**PART II**

**Item 13. Defaults, Dividend Arrearages and Delinquencies**

None.

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

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

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

**Item 15. Controls and Procedures**

**a) Disclosure Controls and Procedures**

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

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

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

Management has conducted an assessment of the effectiveness of our internal control over financial reporting based on the framework established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 Framework). Based on this assessment, management has determined that our internal control over financial reporting as of December 31, 2024, is effective.

**c) Attestation Report of the Registered Public Accounting Firm**

This annual report does not contain an attestation report of our registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by our registered public accounting firm since under the SEC adopting release implementing the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, companies that are non-accelerated filers are exempt from including auditor attestation reports in their Form 20-Fs.

**d) Changes in Internal Control over Financial Reporting**

None.



## **Inherent Limitations on Effectiveness of Controls**

Our management, including our Chief Executive Officer and Chief Financial Officer, does not expect that our disclosure controls or our internal control over financial reporting will prevent or detect all error and all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control system's objectives will be met. Further, because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud, if any, within the Company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple errors or mistakes. Controls can also be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the controls. The design of any system of controls is based in part on certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Projections of any evaluation of controls effectiveness to future periods are subject to risks. Over time, controls may become inadequate because of changes in conditions or deterioration in the degree of compliance with policies or procedures.

### **Item 16. [Reserved]**

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

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

#### **Item 16B. Code of Ethics**

We have adopted a code of ethics that applies to officers, directors, employees and agents. Our code of ethics is posted on our website, <http://www.pshipping.com>, under "How We Care-Code of Business Conduct and Ethics." Information on or accessed through our website does not constitute a part of this annual report and is not incorporated by reference herein. Copies of our Code of Ethics are available in print, free of charge, upon request to Performance Shipping Inc., 373 Syngrou Avenue, 175 64 Palaio Faliro, Athens, Greece. We intend to satisfy any disclosure requirements regarding any amendment to, or waiver from, a provision of this Code of Ethics by posting such information on our website.

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

##### **a) Audit Fees**

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

In 2024 and 2023, audit fees amounted to €189,000 or about \$205,254 and €183,750 or about \$200,000, respectively, at the then-prevailing exchange rates, and related to audit services provided in connection with the audit and AS 4105 interim reviews of our consolidated financial statements.

In 2023, Ernst & Young (Hellas) Certified Auditors Accountants S.A., also billed us for services provided for the Company's registration statements, which amounted €43,050 or about \$46,313, respectively, at the then-prevailing exchange rates. In 2024, no such fees existed.

##### **b) Audit-Related Fees**

In 2024 and 2023, no fees under this category existed.

##### **c) Tax Fees**

In 2024 and 2023, Ernst & Young LLP, have also billed us for tax services provided for the Company's earnings and profits calculations, which amounted to \$9,250 and \$9,000 in each of the respective years.

**d) All Other Fees**

None.

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

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

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

Not applicable.

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

Not applicable.

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

Not applicable.

**Item 16F. Change in Registrant's Certifying Accountant**

Not applicable.

**Item 16G. Corporate Governance**

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

- As a foreign private issuer, we are not required to have an audit committee comprised of at least three members. Our audit committee is comprised of two members;
- As a foreign private issuer, we are not required to adopt a formal written charter or board resolution addressing the nominations process. We do not have a nominations committee, nor have we adopted a board resolution addressing the nominations process;
- As a foreign private issuer, we are not required to hold regularly scheduled board meetings at which only independent directors are present;
- In lieu of obtaining shareholder approval prior to the issuance of designated securities, we will comply with provisions of the Marshall Islands Business Corporations Act, which allows the board of directors to approve share issuances;

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

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

**Item 16H. Mine Safety Disclosure**

Not applicable.

**Item 16I. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections**

Not applicable.

**Item 16J. Insider Trading Policies**

We have adopted an insider trading policy governing the purchase, sale, and other dispositions of our securities by directors, senior management, and employees. Our insider trading policy is reasonably designed to promote compliance with applicable insider trading laws, rules and regulations, and any listing standards applicable to us. A copy of our Insider Trading Policy has been filed as Exhibit 11.1 to this annual report.

**Item 16K. Cybersecurity**

We believe that cybersecurity is fundamental to our operations and, as such, we are committed to maintaining robust governance and oversight of cybersecurity risks and implementing comprehensive processes and procedures for identifying, assessing, and managing material risks from cybersecurity threats as part of our broader risk management system and processes. Our cybersecurity risk management strategy prioritizes detection, analysis, and response to known, anticipated or unexpected threats; effective management of security risks; and resiliency against incidents. With the ever-changing cybersecurity landscape and continual emergence of new cybersecurity threats, our senior management team ensures that significant resources are devoted to cybersecurity risk management and the technologies, processes and people that support it. We implement risk-based controls to protect our information, our information systems, our business operations, and our vessels.

*Risk Management and Strategy*

The safe and efficient operation of our business—including, but not limited to, billing, disbursements, accounting, vessel scheduling, and vessel operations—depends on computer hardware and software systems. These information systems are vulnerable to security breaches by computer hackers and cyber terrorists. We rely on industry-accepted security measures and technology to securely maintain confidential and proprietary information on our information systems.

Our processes for assessing, identifying, and managing material risks from cybersecurity threats include:

- Periodic discussion and assessment of perceived material cybersecurity risks.
- Internal and external system assessments, such as penetration and vulnerability testing.
- System protection measures, such as email filtering and access management.
- Regular threat monitoring, both against the Company and against other companies in the industry.
- Incident response procedures, for identification, reporting, and remediation.
- Analysis of cybersecurity incidents and results of security operations monitoring.
- Regular employee training.
- Procedures designed to assist in complying with mandatory data protection legislation.
- The existence and periodic review of internal cybersecurity policies.

We also have processes to oversee and identify cybersecurity risks from threats associated with our use of other service providers. More specifically, we periodically discuss with our key third-party managers the technical and organizational measures in place for cybersecurity. In terms of Software as a Service providers, we monitor the relevant IT security measures through receiving and assessing third-party assurance reports as well as protect against potential risk factors from them. The results of these processes are taken into consideration in our annual risk assessment process, during which we identify mitigating actions and new security initiatives.

## *Governance*

Our Audit Committee has ultimate responsibility for the oversight of cybersecurity risks and responses to cybersecurity incidents, should they arise. The Audit Committee is informed periodically regarding the status of initiatives undertaken by the IT department and internal auditors and other relevant functions to further reduce cybersecurity risk.

The key individuals responsible for the overall assessment and management of material risks from cybersecurity threats include the head of our IT (who possesses approximately 20 years of experience with informational technology and cybersecurity risk management) and our or internal auditor, who brings extensive regulatory, risk assessment, and organizational experience to the oversight of our internal processes.

This leadership team receives information regarding the monitoring, prevention, detection, mitigation, and remediation of cybersecurity incidents and proceeds with necessary actions such as:

- Updating relevant policies and procedures.
- Implementing additional technical and organizational measures to reduce the level of cyber risk.
- Engaging specialized third-party service providers.
- Assessing the materiality and determining disclosure obligations in the event of a cybersecurity incident.
- Reporting to senior management.

## *Incident Management and Reporting*

As part of our cybersecurity risk management system, our incident management teams track and log privacy and security incidents across our Company, including our vessels, to remediate and resolve any such incidents. All incidents are reviewed regularly to determine whether further escalation is appropriate. Any incident assessed as potentially being or potentially becoming material is immediately escalated for further assessment, and then reported to our senior management, who then consult with our Audit Committee. We consult with our outside counsel as appropriate, including on materiality analysis and disclosure matters, and our senior management makes the final materiality determinations and disclosure and other compliance decisions. Our senior management apprises our independent public accounting firm of matters and any relevant developments.

Where events occur that do not escalate to cybersecurity incidents, the details of the relevant assessments are communicated to senior management on an as-needed basis. However, if we were to become the subject of a cybersecurity incident, according to our policies, the key management would take the following steps:

1. Conduct an incident investigation.
2. Conduct an incident evaluation and classification.
3. Undertake internal escalation to our executives.
4. Pursue containment of the incident and recovery of any affected infrastructure.
5. Conduct a materiality assessment.
6. Determine reporting obligations.
7. Report to the Audit Committee.

## *Training and Awareness*

We have various information technology policies relating to cybersecurity. We also provide mandatory employee training on a periodic basis that reinforces our information technology policies, standards, and practices, as well as the expectation that employees comply with these policies and identify and report potential cybersecurity risks. We also require all employees, directors and officers to sign the company's Privacy Policy for Personal Data protection.

## *Ongoing Investment and Potential Impact*

We continue to invest in our cybersecurity systems and to enhance our internal controls and processes. Our business strategy, results of operations, and financial condition have not been materially affected by risks from cybersecurity threats to date, but we cannot provide assurance that they will not be materially affected in the future by such risks or any future material incidents. While we have dedicated significant resources to identifying, assessing, and managing these risks, our efforts may not be adequate, may fail to accurately assess the severity of an incident, may not be sufficient to prevent or limit harm, or may fail to sufficiently remediate an incident in a timely fashion. Any such failure could harm our business, reputation, results of operations, and financial condition.

For further information regarding the risks associated with cybersecurity, see the risk factor under "Item 3. Key Information—D. Risk Factors" entitled "A cyber-attack could materially disrupt our business".

**PART III****Item 17. Financial Statements**

See “Item 18. Financial Statements.”

**Item 18. Financial Statements**

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

**Item 19. Exhibits**

<b>Exhibit Number</b>	<b>Description</b>
<a href="#">1.1</a>	Amended and Restated Articles of Incorporation of the Company (incorporated by reference to Exhibit 3.1 to the Company’s Registration Statement on Form F-4 (File No. 333-169974), filed with the SEC on October 15, 2010).
<a href="#">1.2</a>	Articles of Amendment to the Amended and Restated Articles of Incorporation of the Company, dated June 8, 2016 (incorporated by reference to Exhibit 3.3 to the Company’s report on Form 6-K, filed with the SEC on June 9, 2016).
<a href="#">1.3</a>	Articles of Amendment to the Amended and Restated Articles of Incorporation of the Company, dated July 3, 2017 (incorporated by reference to Exhibit 3.1 to the Company’s report on Form 6-K, filed with the SEC on July 6, 2017).
<a href="#">1.4</a>	Articles of Amendment to the Amended and Restated Articles of Incorporation of the Company, dated July 26, 2017 (incorporated by reference to Exhibit 3.1 to the Company’s report on Form 6-K, filed with the SEC on July 28, 2017).
<a href="#">1.5</a>	Articles of Amendment to the Amended and Restated Articles of Incorporation of the Company, dated August 23, 2017 (incorporated by reference to Exhibit 3.1 to the Company’s report on Form 6-K, filed with the SEC on August 28, 2017).
<a href="#">1.6</a>	Articles of Amendment to the Amended and Restated Articles of Incorporation of the Company, dated September 22, 2017 (incorporated by reference to Exhibit 3.1 to the Company’s report on Form 6-K, filed with the SEC on September 26, 2017).
<a href="#">1.7</a>	Articles of Amendment to the Amended and Restated Articles of Incorporation of the Company, dated November 1, 2017 (incorporated by reference to Exhibit 3.1 to the Company’s report on Form 6-K, filed with the SEC on November 3, 2017).
<a href="#">1.8</a>	Articles of Amendment to the Amended and Restated Articles of Incorporation of the Company, dated February 25, 2019 (incorporated by reference to Exhibit 1.8 to the Company’s Annual Report on Form 20-F, filed with the SEC on March 18, 2019).
<a href="#">1.9</a>	Articles of Amendment to the Amended and Restated Articles of Incorporation of the Company, dated October 30, 2020 (incorporated by reference to Exhibit 3.1 to the Company’s report on Form 6K, filed with the SEC on November 2, 2020).
<a href="#">1.10</a>	Articles of Amendment to the Amended and Restated Articles of Incorporation of the Company, dated November 15, 2022 (incorporated by reference to Exhibit 1.10 to the Company’s report on Form 6-K, filed with the SEC on March 28, 2024).
<a href="#">1.11</a>	Amended and Restated Bylaws of the Company (incorporated by reference to Exhibit 3.2 to the Company’s Registration Statement on Form F-4 (File No. 333-169974), filed with the SEC on October 15, 2010).
<a href="#">2.1</a>	Form of Common Share Certificate (incorporated by reference to Exhibit 4.1 to the Company’s report on Form 6-K, filed with the SEC on November 2, 2020).
<a href="#">2.2</a>	Statement of Designations of Rights, Preferences and Privileges of Series A Participating Preferred Stock of Performance Shipping Inc., dated August 2, 2010 (incorporated by reference to Exhibit 4.4 to the Company’s Registration Statement on Form F-4 (File No. 333-169974), filed with the SEC on October 15, 2010).
<a href="#">2.3</a>	Amended and Restated Certificate of Designation, Preferences and Rights of the Series B Convertible Cumulative Perpetual Preferred Stock of Performance Shipping Inc., dated January 12, 2022 (incorporated by reference to Exhibit 3.1 to the Company’s report on Form 6-K, filed with the SEC on February 4, 2022).
<a href="#">2.4</a>	Certificate of Designation of Series C Convertible Cumulative Redeemable Perpetual Preferred Shares dated October 17, 2022 (incorporated by reference to Exhibit 99.2 to the Company’s report on Form 6-K, filed with the SEC on October 21, 2022).
<a href="#">2.5</a>	Description of Securities*
<a href="#">4.1</a>	Registration Rights Agreement dated April 6, 2010 (incorporated by reference to Exhibit 4.2 to the Company’s Registration Statement on Form F-4 (File No. 333-169974), filed with the SEC on October 15, 2010).
<a href="#">4.2</a>	Stockholders’ Rights Agreement dated December 20, 2021 (incorporated by reference to Exhibit 4.1 to the Company’s report on Form 6-K, filed with the SEC on December 21, 2021).
<a href="#">4.3</a>	Amended and Restated 2015 Equity Incentive Plan (incorporated by reference to Exhibit 1 to the Company’s report on Form 6-K, filed with the SEC on December 31, 2020).
<a href="#">4.4</a>	Administrative Services Agreement with UOT (incorporated by reference to Exhibit 4.8 to the Company’s Annual Report on Form 20-F, filed with the SEC on March 26, 2014).
<a href="#">4.5</a>	Form of Vessel Management Agreement with UOT (incorporated by reference to Exhibit 4.11 to the Company’s Annual Report on Form 20-F, filed with the SEC on March 26, 2014).
<a href="#">4.6</a>	Secured Loan Agreement dated 4 August 2023 among Taburao Shipping Company Inc. and Tarawa Shipping Company Inc. as borrowers, Performance Shipping Inc. as guarantor, the financial institutions listed in schedule 1 thereto as lenders, Nordea Bank Abp as hedge counterparties and Nordea Bank Abp, filial I Norge as bookrunner, agent, and security agent (incorporated by reference to Exhibit 4.6 to the Company’s report on Form 20-F, filed with the SEC on March 28, 2024).

<a href="#">4.7</a>	First Supplemental Agreement to Secured Loan Facility Agreement dated July 24, 2019 (incorporated by reference to Exhibit 4.8 to the Company's Registration Statement on Form F-1/A (File No. 333-255100), filed with the SEC on April 20, 2021).
<a href="#">4.8</a>	Shipbuilding Contract dated March 7, 2023 among Nakaza Shipping Company Inc, China Shipbuilding Trading Company Limited and Shanghai Waigaoqiao Shipbuilding Company Limited (incorporated by reference to Exhibit 4.9 to the Company's Annual Report on Form 20-F, filed with the SEC on April 28, 2023).
<a href="#">4.9</a>	Shipbuilding Contract for the construction of Hull No. H1596 dated December 18, 2023 among Sri Lanka Shipping Company Inc., China Shipbuilding Trading Company Limited and Shanghai Waigaoqiao Shipbuilding Company Limited (incorporated by reference to Exhibit 4.9 to the Company's report on Form 6-K, filed with the SEC on March 28, 2024).
<a href="#">4.10</a>	Shipbuilding Contract for the construction of Hull No. H1597 dated December 18, 2023 among Guadeloupe Shipping Company Inc., China Shipbuilding Trading Company Limited and Shanghai Waigaoqiao Shipbuilding Company Limited (incorporated by reference to Exhibit 4.10 to the Company's report on Form 6-K, filed with the SEC on March 28, 2024).
<a href="#">4.11</a>	Credit Facility dated March 2, 2022 between Mango Shipping Corp. and the Company (incorporated by reference to Exhibit 4.10 to the Company's Annual Report on Form 20-F, filed with the SEC on March 11, 2022).
<a href="#">4.12</a>	Warrant Agency Agreement dated as of June 1, 2022 among the Company, Computershare Inc., and Computershare Trust Company, N.A. (incorporated by reference to Exhibit 4.1 to the Company's report on Form 6-K, filed with the SEC on June 2, 2022).
<a href="#">4.13</a>	Form of Class A Common Share Purchase Warrant (incorporated by reference to Exhibit 4.2 to the Company's report on Form 6-K, filed with the SEC on June 2, 2022).
<a href="#">4.14</a>	Form of Securities Purchase Agreement between the Company and the purchasers thereto (incorporated by reference to Exhibit 4.2 to the Company's report on Form 6-K, filed with the SEC on July 20, 2022).
<a href="#">4.15</a>	Form of Common Share Purchase Warrant (incorporated by reference to Exhibit 4.3 to the Company's report on Form 6-K, filed with the SEC on July 20, 2022).
<a href="#">4.16</a>	Form of Securities Purchase Agreement between the Company and the purchasers thereto (incorporated by reference to Exhibit 4.2 to the Company's report on Form 6-K, filed with the SEC on August 17, 2022).
<a href="#">4.17</a>	Form of Common Share Purchase Warrant (incorporated by reference to Exhibit 4.3 to the Company's report on Form 6-K, filed with the SEC on August 17, 2022).
<a href="#">4.18</a>	Stock Purchase Agreement dated October 17, 2022 between Mango Shipping Corp. and the Company (incorporated by reference to Exhibit 99.3 to the Company's report on Form 6-K, filed with the SEC on October 21, 2022).
<a href="#">4.19</a>	Loan Agreement dated November 1, 2022 between Alpha Bank S.A. as lender and Garu Shipping Company Inc., as borrower (incorporated by reference to Exhibit 4.19 to the Company's Annual Report on Form 20-F, filed with the SEC on April 28, 2023).
<a href="#">4.20</a>	Loan Agreement dated December 7, 2022 between Alpha Bank S.A., as lender and Arbar Shipping Company Inc., as borrower (incorporated by reference to Exhibit 4.21 to the Company's Annual Report on Form 20-F, filed with the SEC on April 28, 2023).
<a href="#">4.21</a>	Form of Securities Purchase Agreement dated as of February 28, 2023 between the Company and the purchasers thereto (incorporated by reference to Exhibit 4.2 to the Company's report on Form 6-K, filed with the SEC on March 3, 2023).
<a href="#">4.22</a>	Form of Series A Common Share Purchase Warrant (incorporated by reference to Exhibit 4.3 to the Company's report on Form 6-K, filed with the SEC on March 3, 2023).
<a href="#">4.23</a>	Form of Series B Common Share Purchase Warrant (incorporated by reference to Exhibit 4.4 to the Company's report on Form 6-K, filed with the SEC on March 3, 2023).
<a href="#">4.24</a>	Shipbuilding Contract for the construction of Hull No. YZJ2024-1624 dated April 30, 2024 among Saint Barth Shipping Company Inc., Jiangsu Yangzijiang Shipbuilding Group Co., Ltd., Jiangsu New Yangzi Shipbuilding Co., Ltd., and Jiangsu Yangzi Xinfu Shipbuilding Co., Ltd.*

[Table of Contents](#)

<a href="#">4.25</a>	Bareboat Charterparty dated July 16, 2024, among Kenzan Kaiun Co., Limited, Azalea Line, S.A. and Nakaza Shipping Company Inc. for the P. Massport*
<a href="#">4.26</a>	Memorandum of Agreement, dated July 16, 2024 among Nakaza Shipping Company Inc., Kenzan Kaiun Co., and Azalea Line, S.A. in respect of the P. Massport*
<a href="#">4.27</a>	Guarantee in respect of the P. Massport dated July 16, 2024, among the registrant, Kenzan Kaiun Co., Limited and Azalea Line, S.A.*
<a href="#">4.28</a>	Guarantee in respect of the P. Massport dated July 16, 2024, between the Yano Kaiun Co., Ltd and Nakaza Shipping Company Inc.*
<a href="#">4.29</a>	Bareboat Charterparty dated October 24, 2024, between Huican (Tianjin) Shipping Leasing Co., Ltd. and Sri Lanka Shipping Company Inc. for Hull No. H1596*
<a href="#">4.30</a>	Guarantee in respect of Hull No. H1596 dated March 4, 2025, between the registrant and Huican (Tianjin) Shipping Leasing Co., Ltd.*
<a href="#">4.31</a>	Bareboat Charterparty dated March 5, 2025, between T.A.C.K Shipping S.A. and Guadeloupe Shipping Company Inc. for the P. Marsaille*
<a href="#">4.32</a>	Memorandum of Agreement, dated October 24, 2024 between Mustique Shipping Company Inc. and Huican (Tianjin) Shipping Leasing Co., Ltd. in respect of Hull No. H1596*
<a href="#">4.33</a>	Memorandum of Agreement, dated March 5, 2025 between Guadeloupe Shipping Company Inc. and T.A.C.K Shipping S.A. in respect of the P. Marsaille*
<a href="#">4.34</a>	Guarantee in respect of the P. Marsaille dated March 5, 2025, between the registrant and T.A.C.K Shipping S.A.*
<a href="#">4.35</a>	Guarantee in respect of the P. Marsaille dated March 5, 2025, between the Guadeloupe Shipping Company Inc. and Kowa Kaiun Co., Ltd.*
<a href="#">4.36</a>	Memorandum of Agreement, dated February 17 2025 between Maloelap Shipping Company Inc. and MTC Engineering SDN BHD. in respect of the P. Sophia*
<a href="#">4.37</a>	Memorandum of Agreement, dated March 13, 2025, between Arno Shipping Company Inc. and Concord Voyage Limited in respect of the P. Yanbu*
<a href="#">8.1</a>	List of Subsidiaries*
<a href="#">11.1</a>	Insider Trading Policy (incorporated by reference to Exhibit 11.1 to the Company's report on Form 20-F, filed with the SEC on March 28, 2024).
<a href="#">12.1</a>	Rule 13a-14(a)/15d-14(a) Certification of Chief Executive Officer*
<a href="#">12.2</a>	Rule 13a-14(a)/15d-14(a) Certification of Chief Financial Officer*
<a href="#">13.1</a>	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002*
<a href="#">13.2</a>	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002*
<a href="#">15.1</a>	Consent of independent registered public accounting firm*
<a href="#">15.2</a>	Consent of Watson Farley & Williams LLP*
<a href="#">97.1</a>	Policy for the Recovery of Erroneously Awarded Compensation (incorporated by reference to Exhibit 97.1 to the Company's report on Form 20-F, filed with the SEC on March 28, 2024).
101	The following financial information from Performance Shipping Inc.'s Annual Report on Form 20-F for the fiscal year ended December 31, 2024, formatted as Inline eXtensible Business Reporting Language (iXBRL): (1) Consolidated Balance Sheets as of December 31, 2024 and 2023; (2) Consolidated Statements of Operations for the years ended December 31, 2024, 2023, and 2022; (3) Consolidated Statements of Comprehensive Income / (Loss) for the years ended December 31, 2024, 2023, and 2022; (4) Consolidated Statements of Stockholders' Equity for the years ended December 31, 2024, 2023, and 2022; (5) Consolidated Statements of Cash Flows for the years ended December 31, 2024, 2023, and 2022; and (6) Notes to Consolidated Financial Statements.
104	Cover Page Interactive Data File (formatted as Inline eXtensible Business Reporting Language (iXBRL) and contained in Exhibit 101)

\* Filed herewith.

**SIGNATURES**

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

PERFORMANCE SHIPPING INC.

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

Dated: April 16, 2025



PERFORMANCE SHIPPING INC.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

	<b>Pages</b>
<a href="#">Report of Independent Registered Public Accounting Firm (PCAOB ID 1457)</a>	F-2
<a href="#">Consolidated Balance Sheets as at December 31, 2024 and 2023</a>	F-4
<a href="#">Consolidated Statements of Operations for the years ended December 31, 2024, 2023 and 2022</a>	F-5
<a href="#">Consolidated Statements of Comprehensive Income for the years ended December 31, 2024, 2023 and 2022</a>	F-6
<a href="#">Consolidated Statements of Stockholders' Equity for the years ended December 31, 2024, 2023 and 2022</a>	F-7
<a href="#">Consolidated Statements of Cash Flows for the years ended December 31, 2024, 2023 and 2022</a>	F-8
<a href="#">Notes to Consolidated Financial Statements</a>	F-9

**Report of Independent Registered Public Accounting Firm**

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

**Opinion on the Financial Statements**

We have audited the accompanying consolidated balance sheets of Performance Shipping Inc. (the Company) as of December 31, 2024 and 2023, the related consolidated statements of operations, comprehensive income, stockholders' equity and cash flows for each of the three years in the period ended December 31, 2024, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2024 and 2023, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2024, in conformity with U.S. generally accepted accounting principles.

**Basis for Opinion**

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

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

**Critical audit matter**

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

***Impairment indicators for vessels held and used***

*Description of the matter* As of December 31, 2024, the carrying value of the Company’s vessels, plus unamortized dry-dock costs was \$191,963. As discussed in Note 2(l) to the consolidated financial statements, the Company evaluates each vessel for impairment whenever events or changes in circumstances indicate that the carrying amount of a vessel plus unamortized dry-dock costs may not be recoverable, in accordance with the guidance in ASC 360 – Property, Plant and Equipment (“ASC 360”).

Auditing the Company’s impairment indicator assessment was complex due to the judgment required to evaluate events or changes in circumstances affecting the market and economic conditions in a cyclical and volatile industry, as well as the subjectivity involved in assessing potential indicators of impairment.

*How we addressed the matter in our audit* We analyzed management’s assessment of vessel impairment indicators against the accounting guidance in ASC 360. In order to test management’s assessment of the developments in market conditions, our procedures included, among others, performing an analysis over the market charter rates and market prices, recent sales and purchase activity for second-hand tanker vessels, as well as changes in third-party valuations using market information derived from external industry data. Our procedures also included sensitivity analyses to evaluate the impact from potential sales. We assessed the Company’s disclosures in Note 2(l) to the consolidated financial statements.

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

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

Athens, Greece  
April 16, 2025

**PERFORMANCE SHIPPING INC.**

Consolidated Balance Sheets as at December 31, 2024 and 2023

(Expressed in thousands of U.S. Dollars, except for share and per share data)

	<b>December 31, 2024</b>	<b>December 31, 2023</b>
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 70,314	\$ 67,267
Accounts receivable, net (Note 3)	5,810	8,280
Inventories	549	2,203
Prepaid expenses and other assets	1,979	2,164
<b>Total current assets</b>	<b>78,652</b>	<b>79,914</b>
<b>FIXED ASSETS:</b>		
Advances for vessels under construction and other vessels' costs (Note 5)	58,468	11,303
Vessels, net (Note 6)	189,577	202,108
Property and equipment, net	34	44
<b>Total fixed assets</b>	<b>248,079</b>	<b>213,455</b>
<b>NON-CURRENT ASSETS:</b>		
Restricted cash, non-current (Note 7)	1,000	1,000
Right of use asset under operating leases	50	99
Deferred charges, net	2,386	1,798
Other non-current assets	226	-
<b>Total non-current assets</b>	<b>3,662</b>	<b>2,897</b>
<b>Total assets</b>	<b>\$ 330,393</b>	<b>\$ 296,266</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES:</b>		
Current portion of long-term bank debt, net of unamortized deferred fin. costs (Note 7)	\$ 7,443	\$ 7,427
Accounts payable, trade and other	2,214	4,630
Due to related parties (Note 4)	615	245
Accrued liabilities	2,820	2,976
Deferred revenue (Note 3)	930	-
Lease liabilities, current	50	66
EU allowances liability	789	-
<b>Total current liabilities</b>	<b>14,861</b>	<b>15,344</b>
<b>LONG-TERM LIABILITIES:</b>		
Long-term bank debt, net of unamortized deferred financing costs (Note 7)	40,016	47,459
Other liabilities, non-current	246	214
Long-term lease liabilities	-	33
Commitments and contingencies (Note 8)	-	-
Fair value of warrants' liability (Note 9)	27	32
<b>Total long-term liabilities</b>	<b>40,289</b>	<b>47,738</b>
<b>STOCKHOLDERS' EQUITY:</b>		
Preferred stock, \$0.01 par value; 25,000,000 shares authorized, 50,726 and 50,726 Series B, and 1,423,912 and 1,428,372 Series C issued and outstanding as at December 31, 2024 and 2023, respectively (Note 9)	15	15
Common stock, \$0.01 par value; 500,000,000 shares authorized; 12,432,158 and 12,279,676 issued and outstanding as at December 31, 2024 and 2023, respectively (Note 9)	124	123
Additional paid-in capital (Note 9)	534,269	534,112
Other comprehensive income	53	49
Accumulated deficit	(259,218)	(301,115)
<b>Total stockholders' equity</b>	<b>275,243</b>	<b>233,184</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 330,393</b>	<b>\$ 296,266</b>

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

**PERFORMANCE SHIPPING INC.**

Consolidated Statements of Operations

For the years ended December 31, 2024, 2023 and 2022

(Expressed in thousands of U.S. Dollars – except for share and per share data)

	<u>2024</u>	<u>2023</u>	<u>2022</u>
<b>REVENUE:</b>			
Revenue (Note 3)	\$ 87,445	\$ 108,938	\$ 75,173
<b>EXPENSES:</b>			
Voyage expenses	4,237	4,358	14,861
Vessel operating expenses	19,758	21,866	13,828
Depreciation and amortization of deferred charges (Note 6)	13,336	14,793	9,281
General and administrative expenses (Notes 4, 8 and 9)	8,306	8,042	6,751
Gain on vessels' sale (Note 6)	-	(15,683)	(9,543)
(Reversal of) / Provision for credit losses (Note 3)	(7)	(37)	33
Foreign currency losses / (gains)	1	64	(20)
<b>Operating income</b>	<u>\$ 41,814</u>	<u>\$ 75,535</u>	<u>\$ 39,982</u>
<b>OTHER INCOME / (EXPENSES)</b>			
Interest and finance costs (Notes 4, 5, 7, 9 and 10)	(1,345)	(9,598)	(3,966)
Loss from debt extinguishment	-	(387)	-
Interest income	3,255	3,302	284
Changes in fair value of warrants' liability (Note 9)	6	561	-
<b>Total other income / (expenses), net</b>	<u>\$ 1,916</u>	<u>\$ (6,122)</u>	<u>\$ (3,682)</u>
<b>Net income</b>	<u>\$ 43,730</u>	<u>\$ 69,413</u>	<u>\$ 36,300</u>
Income allocated to participating securities (Note 11)	-	(2)	(6)
Deemed dividend on Series B preferred stock upon exchange of common stock (Notes 9 and 11)	-	-	(9,271)
Deemed dividend on Series C preferred stock upon exchange of Series B preferred stock and re-acquisition of loan due to a related party (Notes 9 and 11)	-	-	(6,944)
Deemed dividend to the Series C preferred stockholders due to triggering of a down-round feature (Notes 9 and 11)	-	(9,809)	(5,930)
Deemed dividend to the July and August 2022 warrants' holders due to triggering of a down-round feature (Notes 9 and 11)	-	(789)	(1,116)
Dividends on preferred stock (Note 11)	(1,833)	(1,889)	(1,030)
<b>Net income attributable to common stockholders</b>	<u>\$ 41,897</u>	<u>\$ 56,924</u>	<u>\$ 12,003</u>
<b>Earnings per common share, basic (Note 11)</b>	<u>\$ 3.39</u>	<u>\$ 5.43</u>	<u>\$ 6.49</u>
<b>Earnings per common share, diluted (Note 11)</b>	<u>\$ 1.11</u>	<u>\$ 1.91</u>	<u>\$ 3.02</u>
<b>Weighted average number of common shares, basic (Note 11)</b>	<u>12,365,418</u>	<u>10,491,316</u>	<u>1,850,072</u>
<b>Weighted average number of common shares, diluted (Note 11)</b>	<u>39,201,865</u>	<u>35,539,671</u>	<u>6,447,710</u>

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

**PERFORMANCE SHIPPING INC.**

Consolidated Statements of Comprehensive Income  
For the years ended December 31, 2024, 2023 and 2022  
(Expressed in thousands of U.S. Dollars)

	<u>2024</u>	<u>2023</u>	<u>2022</u>
<b>Net income</b>	\$ 43,730	\$ 69,413	\$ 36,300
Other comprehensive income / (loss) (Actuarial gain / (loss))	4	(17)	68
<b>Comprehensive income</b>	<u>\$ 43,734</u>	<u>\$ 69,396</u>	<u>\$ 36,368</u>

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

**PERFORMANCE SHIPPING INC.**

Consolidated Statements of Stockholders' Equity

For the years ended December 31, 2024, 2023 and 2022

(Expressed in thousands of U.S. Dollars – except for share and per share data)

	Common Stock		Preferred Stock			Additional Paid-in Capital	Other Comprehensive Income	Accumulated Deficit	Total
	# of Shares	Par Value	# of B Shares	# of C Shares	Par Value				
<b>Balance, December 31, 2021</b>	<u>337,500</u>	<u>\$ 3</u>	<u>-</u>	<u>-</u>	<u>\$ -</u>	<u>\$ 457,487</u>	<u>\$ (2)</u>	<u>\$ (370,139)</u>	<u>\$ 87,349</u>
- Net income	-	-	-	-	-	-	-	36,300	36,300
- Common shares exchanged for Series B	(188,974)	(1)	793,657	-	8	9,264	-	(9,271)	-
- Compensation cost on restricted stock and stock option awards (Note 9)	-	-	-	-	-	107	-	-	107
- Issuance of common stock under ATM program, net of issuance costs	175,507	2	-	-	-	1,786	-	-	1,788
- Issuance of units, net of issuance costs	508,000	5	-	-	-	7,121	-	-	7,126
- Issuance of common stock and July 2022 warrants, net of issuance costs (Note 9)	1,133,333	11	-	-	-	5,260	-	-	5,271
- Issuance of common stock and August 2022 warrants, net of issuance costs	2,222,222	22	-	-	-	13,685	-	-	13,707
- Series B preferred shares exchanged for Series C preferred shares and re-acquisition of loan due to a related party	-	-	(657,396)	1,314,792	7	11,867	-	(6,944)	4,930
- Deemed dividend to the July 2022 warrants holders due to triggering of a down-round feature	-	-	-	-	-	214	-	(214)	-
- Deemed dividend to the August 2022 warrants holders due to triggering of a down-round feature (Note 9)	-	-	-	-	-	902	-	(902)	-
- Deemed dividend to the Series C stockholders due to triggering of a down-round feature	-	-	-	-	-	5,930	-	(5,930)	-
- Actuarial gain	-	-	-	-	-	-	68	-	68
- Dividends declared and paid on Series B preferred shares (at \$0.875 per share)	-	-	-	-	-	-	-	(530)	(530)
- Dividends declared and paid on Series C preferred shares (at \$0.3125 per share) (Note 11)	-	-	-	-	-	-	-	(411)	(411)
<b>Balance, December 31, 2022</b>	<u>4,187,588</u>	<u>\$ 42</u>	<u>136,261</u>	<u>1,314,792</u>	<u>\$ 15</u>	<u>\$ 513,623</u>	<u>\$ 66</u>	<u>\$ (358,041)</u>	<u>\$ 155,705</u>
- Net income	-	-	-	-	-	-	-	69,413	69,413
- Compensation cost on restricted stock and stock option awards (Note 9)	-	-	-	-	-	52	-	-	52
- Issuance of common stock under ATM program, net of issuance costs	224,817	2	-	-	-	671	-	-	673
- Actuarial loss	-	-	-	-	-	-	(17)	-	(17)
- Issuance of common stock and Series B warrants, net of issuance costs (Note 9)	5,556,000	56	-	-	-	7,713	-	-	7,769
- Alternative cashless exercise of Series A warrants (Note 9)	3,597,100	36	-	-	-	3,379	-	-	3,415
- Series B preferred shares exchanged for Series C preferred shares (Note 9)	-	-	(85,535)	171,070	-	482	-	-	482
- Series C preferred shares converted to common shares	1,064,207	11	-	(57,490)	-	(11)	-	-	-
- Repurchase and retirement of common stock, including expenses (Note 9)	(2,550,036)	(26)	-	-	-	(2,723)	-	-	(2,749)
- Exercise of July 2022 and August 2022 warrants	200,000	2	-	-	-	328	-	-	330
- Deemed dividend to the July 2022 warrants holders due to triggering of a down-round feature (Note 9)	-	-	-	-	-	256	-	(256)	-
- Deemed dividend to the August 2022 warrants holders due to triggering of a down-round feature	-	-	-	-	-	533	-	(533)	-
- Deemed dividend to the Series C stockholders due to triggering of a down-round feature	-	-	-	-	-	9,809	-	(9,809)	-
- Dividends declared and paid on Series B preferred shares (at \$1.00 per share) (Note 9)	-	-	-	-	-	-	-	(55)	(55)
- Dividends declared and paid on Series C preferred shares (at \$1.25 per share) (Note 11)	-	-	-	-	-	-	-	(1,834)	(1,834)
<b>Balance, December 31, 2023</b>	<u>12,279,676</u>	<u>\$ 123</u>	<u>50,726</u>	<u>1,428,372</u>	<u>\$ 15</u>	<u>\$ 534,112</u>	<u>\$ 49</u>	<u>\$ (301,115)</u>	<u>\$ 233,184</u>
- Net income	-	-	-	-	-	-	-	43,730	43,730
- Exercise of Series B warrants (Note 9)	70,000	1	-	-	-	157	-	-	158
- Series C preferred shares converted to common shares (Note 9)	82,482	-	-	(4,460)	-	-	-	-	-
- Actuarial gain	-	-	-	-	-	-	4	-	4
- Dividends declared and paid on Series B preferred shares (at \$1.00 per share) (Note 9)	-	-	-	-	-	-	-	(52)	(52)
- Dividends declared and paid on Series C preferred shares (at \$1.25 per share) (Note 9)	-	-	-	-	-	-	-	(1,781)	(1,781)
<b>Balance, December 31, 2024</b>	<u>12,432,158</u>	<u>\$ 124</u>	<u>50,726</u>	<u>1,423,912</u>	<u>\$ 15</u>	<u>\$ 534,269</u>	<u>\$ 53</u>	<u>\$ (259,218)</u>	<u>\$ 275,243</u>

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

**PERFORMANCE SHIPPING INC.**

Consolidated Statements of Cash Flows

For the years ended December 31, 2024, 2023 and 2022

(Expressed in thousands of U.S. Dollars)

	<u>2024</u>	<u>2023</u>	<u>2022</u>
<b>Cash Flows provided by Operating Activities:</b>			
Net income	\$ 43,730	\$ 69,413	\$ 36,300
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization of deferred charges (Note 6)	13,336	14,793	9,281
Amortization of deferred financing costs	107	244	402
Financing costs	-	340	-
Changes in fair value of warrants' liability	(6)	(561)	-
Amortization of prepaid charter revenue	-	54	(54)
Gain on vessel's sale	-	(15,683)	(9,543)
Compensation cost on restricted stock and stock option awards (Note 9)	-	52	107
Loss from debt extinguishment	-	387	-
Actuarial gain / (loss)	4	(17)	68
(Increase) / Decrease in:			
Accounts receivable	3,232	830	(5,318)
Deferred voyage expenses	-	20	38
Inventories	1,654	834	1,249
Prepaid expenses and other assets	413	406	(854)
Right of use asset under operating leases	49	64	(79)
Other non-current assets	(226)	72	189
Increase / (Decrease) in:			
Accounts payable, trade and other	(2,667)	16	(293)
Due to related parties	370	(90)	208
Accrued liabilities	(244)	87	1,592
Deferred revenue	930	(1,378)	1,378
Other liabilities, non-current	32	58	(106)
Lease liabilities under operating leases	(49)	(64)	79
Drydock costs	(769)	(1,922)	(797)
<b>Net Cash provided by Operating Activities</b>	<u>\$ 59,896</u>	<u>\$ 67,955</u>	<u>\$ 33,847</u>
<b>Cash Flows (used in) / provided by Investing Activities:</b>			
Advances for vessels under construction and other vessel costs (Note 5)	(47,167)	(11,303)	-
Vessel acquisitions and other vessels' costs	-	(64)	(143,440)
Proceeds from sale of vessels, net of expenses	-	37,636	32,626
Payments for vessels' improvements (Note 6)	(231)	(510)	(2,109)
Property and equipment additions	(17)	(38)	(27)
<b>Net Cash (used in) / provided by Investing Activities</b>	<u>\$ (47,415)</u>	<u>\$ 25,721</u>	<u>\$ (112,950)</u>
<b>Cash Flows (used in) / provided by Financing Activities:</b>			
Proceeds from related party loans	-	-	5,000
Proceeds from long-term bank debt	-	2,141	108,633
Repayments of related party loans	-	-	(70)
Repayments / Prepayments of long-term bank debt (Note 7)	(7,533)	(75,421)	(30,327)
Issuance of common stock and warrants, net of issuance costs	-	11,438	26,104
Proceeds from exercise of Series A and B warrants	158	330	-
Issuance of preferred stock, net of expenses	-	482	-
Common shares re-purchase and retirement, including expenses	-	(2,749)	-
Issuance of common stock under ATM program, net of issuance costs (Note 9)	-	673	1,788
Payments of financing costs	(226)	(140)	(932)
Cash dividends (Note 11)	(1,833)	(1,889)	(941)
<b>Net Cash (used in) / provided by Financing Activities</b>	<u>\$ (9,434)</u>	<u>\$ (65,135)</u>	<u>\$ 109,255</u>
<b>Net increase in cash, cash equivalents and restricted cash</b>	<u>\$ 3,047</u>	<u>\$ 28,541</u>	<u>\$ 30,152</u>
Cash, cash equivalents and restricted cash at beginning of the year	<u>\$ 68,267</u>	<u>\$ 39,726</u>	<u>\$ 9,574</u>
<b>Cash, cash equivalents and restricted cash at end of the year</b>	<u>\$ 71,314</u>	<u>\$ 68,267</u>	<u>\$ 39,726</u>
<b>RECONCILIATION OF CASH, CASH EQUIVALENTS AND RESTRICTED CASH</b>			
Cash and cash equivalents at the end of the year	\$ 70,314	\$ 67,267	\$ 38,726
Restricted cash at the end of the year	1,000	1,000	1,000
<b>Cash, cash equivalents and restricted cash at the end of the year</b>	<u>\$ 71,314</u>	<u>\$ 68,267</u>	<u>\$ 39,726</u>
<b>SUPPLEMENTAL CASH FLOW INFORMATION</b>			
Alternative cashless exercise of Series A warrants	\$ -	\$ 3,415	\$ -
Non-cash extinguishment of a related party debt through the issuance of Series C preferred shares	\$ -	\$ -	\$ 4,930
Non-cash investing activities	\$ -	\$ -	\$ 64
Interest payments, net of capitalized amounts	<u>\$ 3,528</u>	<u>\$ 9,135</u>	<u>\$ 3,123</u>

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



PERFORMANCE SHIPPING INC.  
Notes to Consolidated Financial Statements  
2024, 2023 and 2022

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

**I. General Information**

**Company's identity**

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

The Company is a global provider of shipping transportation services through the ownership of tanker vessels, while it owned container vessels since its incorporation through August 2020. The Company operates its fleet through Unitized Ocean Transport Limited (the "Manager" or "UOT"), a wholly-owned subsidiary. The fees payable to UOT are eliminated in consolidation as intercompany transactions. Subsequent to the balance sheet date, UOT was renamed to Performance Shipping Management Inc. (Note 14).

**Financial Statements' presentation**

On November 15, 2022, the Company effected a one-for-fifteen reverse stock split on its common stock. All share and per share amounts disclosed in the accompanying consolidated financial statements give effect to these reverse stock splits retroactively for 2022.

**Other matters**

Various macroeconomic factors, including rising inflation, higher interest rates, global supply chain constraints, and the effects of overall economic conditions and uncertainties could adversely affect the Company's results of operations, financial condition, and ability to pay dividends. Additionally, fluctuations in spot charter rates for Aframax tankers may also impact the Company's revenues.

The world economy continues to face actual and potential challenges, including tariffs, trade wars, global public health threats, the outbreak or resurgence of pandemics and epidemics, the Russia-Ukraine and Israel-Hamas wars, the conflict between Israel and Hezbollah, tensions in and around the Red Sea and between Russia and NATO, China and Taiwan disputes, United States and China trade relations, instability between Iran and the West, hostilities between the United States and North Korea, political unrest and conflict in the Middle East, the South China Sea and other regions, tensions between Israel and Iran, and tensions between the U.S. and China, the U.S. and Panama and the U.S. and the European Union and NATO members. Currently, neither the Company's contracts nor its financial results have been adversely affected by these challenges and conflicts. However, it is possible that third parties with whom the Company has or will have future contracts may be impacted. The uncertainty surrounding the duration, breadth and global impact of these conditions may adversely affect the Company's business, financial condition, results of operation, and cash flows. The Company also monitors inflation in the United States, Eurozone, and other regions, which may be impacted by global geo-political conditions and the likely shift in policy following numerous elections around the world. These pressures affect energy and commodity prices, which may impact the Company's operating expenses or increase cost of capital for the Company. Furthermore, the intensity, duration and economic impact of the Israel-Hamas war and Houthi attacks on shipping in the Red Sea is uncertain. Sustained conflicts could decrease worldwide demand for certain goods, adversely affecting shipping and making the long-term net impact on the tanker freight market and the Company's business difficult to predict with any degree of accuracy.

PERFORMANCE SHIPPING INC.  
Notes to Consolidated Financial Statements  
2024, 2023 and 2022

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

## 2. Recent Accounting Pronouncements and Significant Accounting Policies

### Recent Accounting Pronouncements

In November 2024, the FASB issued ASU 2024-03, “Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses”. The standard is intended to require more detailed disclosure about specified categories of expenses (including employee compensation, depreciation, and amortization) included in certain expense captions presented on the face of the income statement. This ASU is effective for fiscal years beginning after December 15, 2026, and for interim periods within fiscal years beginning after December 15, 2027. Early adoption is permitted. The amendments may be applied either prospectively to financial statements issued for reporting periods after the effective date of this ASU or retrospectively to all prior periods presented in the financial statements. The Company is currently assessing the impact this standard will have on its consolidated financial statements.

In November 2023, the Financial Accounting Standards Board (“FASB”) issued Accounting Standard Update (“ASU”) No. 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures, which requires a public entity to disclose significant segment expenses and other segment items by reportable segment on an annual basis and expands the extent of interim segment disclosures. The guidance is applied retrospectively to all periods presented in the financial statements, unless it is impracticable to do so. The ASU does not change how a public entity identifies its operating segments, aggregates them, or applies the quantitative thresholds to determine its reportable segments. The Company adopted the new standard effective January 1, 2024. The adoption of this ASU affected only the Company’s disclosures (refer to Note 2(y)), with no impact to its financial condition and results of operations.

### Significant Accounting Policies

**(a) Principles of Consolidation:** The accompanying consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles and include the accounts of Performance Shipping Inc. and its wholly-owned subsidiaries. During 2023 and 2024, the Company acquired four newly established subsidiaries named Nakaza Shipping Company Inc., Sri Lanka Shipping Company Inc., Guadeloupe Shipping Company Inc. and Saint Barth Shipping Company Inc., in connection with the four shipbuilding contracts signed (refer to Notes 5 and 8). All significant intercompany balances and transactions have been eliminated upon consolidation. Under Accounting Standards Codification (“ASC”) 810 “Consolidation”, the Company consolidates entities in which it has a controlling financial interest, by first considering if an entity meets the definition of a variable interest entity (“VIE”) for which the Company is deemed to be the primary beneficiary under the VIE model, or if the Company controls an entity through a majority of voting interest based on the voting interest model. The Company evaluates financial instruments, service contracts, and other arrangements to determine if any variable interests relating to an entity exist. The Company’s evaluation did not result in an identification of variable interest entities as of December 31, 2024 and 2023.

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

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

PERFORMANCE SHIPPING INC.  
Notes to Consolidated Financial Statements  
2024, 2023 and 2022

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

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

**(e) Cash and Cash Equivalents:** The Company considers highly liquid investments such as time deposits, certificates of deposit and their equivalents with an original maturity of three months or less to be cash equivalents. Interest earned on cash and cash equivalents and restricted cash is separately presented in the accompanying statement of operations in line Interest Income.

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

**(g) Accounts Receivable, net:** The account mainly includes receivables from pool charterers, charterers for hire, freight and demurrage, net of provision for credit losses and allowances for doubtful accounts – (refer to paragraphs (h) and (n), and to Note 3). Furthermore, effective January 1, 2024 and in accordance with the new applicable EU legislation, the account also includes receivables for EU allowances ("EUAs"), being carbon credits used in the EU Emissions Trading Scheme, in relation with time-charterers and pool voyages in EU ports.

**(h) Allowance for Doubtful Accounts and Provision for Credit Losses:** The Company, in estimating its expected credit losses, gathers annual historical losses on its freight and demurrage receivables and makes forward-looking adjustments in the estimated loss ratio, which is re-measured on an annual basis. The Company also assesses collectability for receivables outside the scope of ASC 326 (i.e. accounts receivable from time and pool charter contracts accounted for in accordance with ASC 842, refer to paragraph (n)), by reviewing them on a collective basis where similar characteristics exist, and on an individual basis when the Company identifies specific charterers with known disputes or collectability concerns. The Company recognizes allowance for doubtful accounts deriving from the collectability assessment as direct reduction to lease income.

As of December 31, 2024 and 2023, the balance of the Company's allowance for estimated credit losses on its outstanding freight and demurrage receivables and allowances for doubtful accounts were in aggregate \$131 and \$171, respectively, and is included in Accounts receivable, net in the accompanying consolidated balance sheets.

For 2024, 2023 and 2022, the Provision for credit losses and write offs in the accompanying consolidated statements of operations includes changes in the provision of estimated losses of \$(7), \$(85) and \$(12), respectively, and it also includes an amount of \$0, \$48, and \$45, respectively, representing demurrages write offs. No allowance was recorded on insurance claims as of December 31, 2024 and 2023, as their balances were immaterial. In addition, no allowance was recorded for cash equivalents as the majority of cash balances as of the balance sheet date was on time deposits with highly reputable credit institutions, for which periodic evaluations of the relative credit standing of those financial institutions are performed. Allowances for doubtful accounts amounted to \$114, \$147 and \$0, for the years ended December 31, 2024, 2023 and 2022, respectively.

**(i) Inventories:** Inventories consist of bunkers, lubricants and victualling. Bunkers inventory exist when the vessel operates under freight charter, or when on the balance sheet date a vessel has been redelivered by her previous charterers and has not yet been delivered to new charterers, or remains idle. When the vessel operates under pool charters, the bunkers may be in the possession of the Company, or of the pool, depending on the terms of the specific pool agreement. All inventories are stated at the lower of cost or net realizable value and cost is determined by the first in, first out method. Net realizable value is defined as estimated selling prices in the ordinary course of business, less reasonably predictable costs of completion, disposal and transportation.

PERFORMANCE SHIPPING INC.  
Notes to Consolidated Financial Statements  
2024, 2023 and 2022

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

**(j) Vessel Cost for Second-hand Vessels and Newbuildings:** Vessels are stated at cost which consists of the contract price and costs incurred upon acquisition or delivery of a vessel from a shipyard. All pre-delivery costs incurred during the construction of newbuildings, including interest, supervision and technical costs, are capitalized. Subsequent expenditures for conversions and major improvements are also capitalized when they appreciably extend the life, increase the earnings capacity or improve the efficiency or safety of the vessels; otherwise, these amounts are charged to expense as incurred. For vessels that on the balance sheet date were in the shipyard undergoing their scheduled special survey and the installation of their ballast water treatment system, improvement costs of the period under consideration are capitalized in Other non-current assets in the accompanying consolidated balance sheets. No such vessels existed for the Company as at December 31, 2024, and 2023.

**(k) Vessel Depreciation:** The Company depreciates its vessels on a straight-line basis over their estimated useful lives, after considering the estimated salvage value. Each vessel's salvage value is the product of her light-weight tonnage and estimated scrap rate, which is estimated at \$0.35 per light-weight ton for the tanker vessels. Management estimates the useful life of the Company's tanker vessels to be 25 years from the date of initial delivery from the shipyard. Second-hand vessels are depreciated from the date of their acquisition through their remaining estimated useful life. When regulations place limitations on the ability of a vessel to trade on a worldwide basis, the vessel's useful life is adjusted at the date such regulations are adopted.

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

In detail, the projected net operating cash flows are determined by considering the historical and estimated vessels' performance and utilization, as well as historical utilization of other vessels of similar type and size considering the Company's recent shift to the tanker market and the lack of extended historical data, the charter revenues from existing time charters for the fixed fleet days and an estimated daily rate for the unfixed days (based on the most recent 10 year average historical rates available for each type of vessel) over the remaining estimated life of each vessel, net of commissions, expected outflows for scheduled vessels' maintenance and vessel operating expenses assuming an average annual inflation rate. Effective fleet utilization, which is estimated based on the vessels' historical performance, is included in the Company's exercise taking into account the period(s) each vessel is expected to undergo her scheduled maintenance (dry docking and special surveys), assumptions in line with the Company's historical performance since the acquisition of its tanker vessels, peers' historical performance, and its expectations for future fleet utilization under its fleet employment strategy. For 2024, 2023 and 2022, the Company assessed that there were no indications for potential impairment of any of its vessels, including vessels under construction.

PERFORMANCE SHIPPING INC.  
Notes to Consolidated Financial Statements  
2024, 2023 and 2022

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

**(m) Assets Held for Sale:** The Company classifies assets or assets in disposal groups as being held for sale in accordance with ASC 360-10-45-9 “Long-Lived Assets Classified as Held for Sale” when the following criteria are met: (i) management possessing the necessary authority has committed to a plan to sell the asset (disposal group); (ii) the asset (disposal group) is immediately available for sale on an “as is” basis; (iii) an active program to find the buyer and other actions required to execute the plan to sell the asset (disposal group) have been initiated; (iv) the sale of the asset (disposal group) is probable, and transfer of the asset (disposal group) is expected to qualify for recognition as a completed sale within one year; and (v) the asset (disposal group) is being actively marketed for sale at a price that is reasonable in relation to its current fair value and actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn. In case a long-lived asset is to be disposed of other than by sale (for example, by abandonment, in an exchange measured based on the recorded amount of the nonmonetary asset relinquished, or in a distribution to owners in a spinoff) the Company continues to classify it as held and used until its disposal date. Long-lived assets or disposal groups classified as held for sale are measured at the lower of their carrying amount or fair value less cost to sell. These assets are not depreciated once they meet the criteria to be held for sale. The review of the related criteria as of December 31, 2024 and 2023 did not result in held for sale classification for any of the Company’s vessels.

**(n) Revenues and Voyage Expenses:** Since the Company’s vessels are employed under time, voyage and pool charter contracts, the Company disaggregates its revenue from contracts with customers by the type of charter (time charters, spot charters and pool arrangements).

The Company has determined that all of its time charter agreements contain a lease and are therefore accounted for as operating leases in accordance with ASC 842. Time charter revenues are accounted for over the term of the charter as the service is provided. Vessels are chartered when a contract exists and the vessel is delivered (commencement date) to the charterer, for a fixed period of time, at rates that are generally determined in the main body of charter parties and the relevant voyage expenses burden the charterer (i.e. port dues, canal tolls, pilotages and fuel consumption). Upon delivery of the vessel, the charterer has the right to control the use of the vessel (under agreed prudent operating practices) as they have the enforceable right to: (i) decide the delivery and redelivery time of the vessel; (ii) arrange the ports from which the vessel shall pass; (iii) give directions to the master of the vessel regarding vessel’s operations (i.e. speed, route, bunkers purchases, etc.); (iv) sub-charter the vessel and (v) consume any income deriving from the vessel’s charter. Any off-hires are recognized as incurred. The charterer may charter the vessel with or without owner’s crew and other operating services. In the case of time charter agreements, the agreed hire rates include compensation for part of the agreed crew and other operating services provided by the owner (non-lease components). The Company, as a lessor, elected to apply the practical expedient which allowed it to account for the lease and the non-lease components of time charter agreements as one, as the criteria of the paragraphs ASC 842-10-15-42A through 42B are met. Time-charter revenue is usually received in advance, and as such, deferred revenue represents cash received prior to the balance sheet date for which related service has not been provided.

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

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

PERFORMANCE SHIPPING INC.  
Notes to Consolidated Financial Statements  
2024, 2023 and 2022

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

As discussed above, under a time charter, specified voyage costs such as bunkers and port charges are paid by the charterer, while commissions are paid by the Company. Under spot charter arrangements, voyage expenses that are unique to a particular charter are paid for by the Company. Commissions are expensed as incurred. Voyage expenses that qualify as contract fulfillment costs (mainly consisting of bunkers expenses and port dues) and are incurred by the Company from the latter of the end of the previous vessel employment, provided that the vessel is fixed, or from the date of inception of a voyage charter contract until the arrival at the loading port, are capitalized to Deferred Voyage Expenses and amortized ratably over the total transit time of the voyage (loading-to-discharge). Vessel voyage expenses that do not qualify as contract fulfillment costs, and operating expenses are expensed when incurred.

**(o) Earnings per Common Share:** Basic earnings per common share are computed by dividing net income attributable to common stockholders by the weighted average number of common shares outstanding during the period. The two-class method is an earnings allocation formula that determines earnings per share for common stock and participating securities, according to dividends declared and participation rights in undistributed earnings. Under this method, net earnings is reduced by the amount of dividends declared in the current period for common shareholders and participating security holders. The remaining earnings or “undistributed earnings” are allocated between common stock and participating securities to the extent that each security may share in earnings as if all of the earnings for the period had been distributed. Once calculated, the earnings per common share is computed by dividing the net earnings attributable to common shareholders by the weighted average number of common shares outstanding during each year presented. Diluted earnings per common share reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised. Diluted earnings attributable to common shareholders per common share is computed by dividing the net earnings attributable to common shareholders by the weighted average number of common shares outstanding plus the dilutive effect of restricted shares, warrants and options outstanding during the applicable periods computed using the treasury method and the dilutive effect of convertible securities during the applicable periods computed using the “if converted” method. The two-class method is used for diluted earnings per common share when such is the most dilutive method, considering anti – dilution sequencing as per ASC 260. In cases when the effect from restricted stock, options, warrants and convertible securities is anti-dilutive, such are not included in the diluted earnings per common share calculation. For purposes of the if-converted calculation, the fixed conversion price of preferred convertible stock is used, unless the number of shares that may be issued is variable, at which case the average market price of the period is used. (Note 11).

**(p) Dry-Docking Costs:** The Company follows the deferral method of accounting for dry-docking costs whereby actual costs incurred are deferred and amortized on a straight-line basis over the period through the date the next dry-docking will be scheduled to become due. Unamortized dry-docking costs of vessels that are sold are written off and included in the calculation of the resulting gain or loss in the year of the vessel’s sale. Unamortized dry-docking costs of vessels classified as held for sale are written off as impairment charges when these vessels’ carrying values are impaired as a result of their classification. The unamortized dry-docking cost as of December 31, 2024, and 2023 was \$2,386 and \$1,798, respectively. Amortization of dry-docking costs for 2024, 2023 and 2022 amounted to \$548, \$571 and \$544, respectively, and is included in Depreciation and amortization of deferred charges in the accompanying consolidated statement of operations. Also, in 2023 and 2022, deferred dry-dock costs which were written off in Gain on vessels’ sale in the accompanying consolidated statement of operations amounted to \$651 and \$562, respectively.

**(q) Financing Costs and Liabilities:** Fees paid to lenders for obtaining new loans, or for refinancing existing ones which are determined as debt modifications, are deferred and recorded as a contra to debt. As of December 31, 2024, the Company paid an amount \$226 in connection with the sale and lease-back agreement of its Hull 1597, which is classified in Other non-current assets in the accompanying consolidated balance sheets, and in Payments of financing costs in the accompanying consolidated statements of cash flows. Other fees paid for obtaining financing not used at the balance sheet date are capitalized as deferred financing costs. Fees are amortized to interest and finance costs over the life of the related debt using the effective interest method. Discount premiums are accounted for similar to other financing fees. A loan liability is derecognized when the Company pays the creditor and is relieved of its obligation for the liability. For loans repaid or refinanced that meet the criteria of debt extinguishment, the difference between the settlement price and the net carrying amount of the debt being extinguished (which includes any deferred debt issuance costs) is recognized as a gain or loss in the statement of operations. In 2023, an amount of \$387 being the unamortized financing costs of the loans with Piraeus Bank, which were repaid in November and December 2023 (Note 7) has been recognized as Loss from debt extinguishment and is separately presented in the accompanying 2023 consolidated statement of operations.

PERFORMANCE SHIPPING INC.  
Notes to Consolidated Financial Statements  
2024, 2023 and 2022

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

During 2023, the Company has elected one of the optional expedients provided in ASU No. 2020 04 Reference Rate Reform (Topic 848), that allows entities with contract modifications (within the scope of Topic 470), relating directly to the replacement of a reference rate with another interest rate index, to account for the modification as if the modification was not substantial. That is, the original contract and the new contract shall be accounted for as if they were not substantially different from one another, and the modification shall not be accounted for in the same manner as debt extinguishment. Also, in 2023, the Company's loans' transition from LIBOR to SOFR was completed.

**(r) Repairs and Maintenance:** All repair and maintenance expenses including underwater inspection expenses are expensed in the period incurred and included in Vessel operating expenses in the accompanying consolidated statement of operations.

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

The Company also grants stock options as incentive-based compensation to certain of its officers, in accordance with the terms of the Company's Equity Incentive Plan. Stock-based compensation awards that are classified as equity and do not contain any market, service or performance conditions, are recognized on the grant date with a corresponding credit to equity and are measured at fair value. The compensation cost of the Company's stock-based compensation awards is included in general and administrative expenses in the consolidated statement of operations (Note 9).

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

- Level 1: Quoted market prices in active markets for identical assets or liabilities;
- Level 2: Observable market based inputs or unobservable inputs that are corroborated by market data;
- Level 3: Unobservable inputs that are not corroborated by market data.

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

PERFORMANCE SHIPPING INC.  
Notes to Consolidated Financial Statements  
2024, 2023 and 2022

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

**(u) Concentration of Credit Risk:** Financial instruments, which potentially subject the Company to significant concentrations of credit risk, consist principally of cash and trade accounts receivable. The Company places its temporary cash investments, consisting mostly of deposits, with various qualified financial institutions and performs periodic evaluations of the relative credit standing of those financial institutions that are considered in the Company's investment strategy. The Company limits its credit risk with accounts receivable by performing ongoing credit evaluations of its customers' financial condition and generally does not require collateral for its accounts receivable and does not have any agreements to mitigate credit risk. For credit losses accounting on the Company's financial assets refer to paragraph (h) above.

**(v) Going Concern:** The Company evaluates whether there is substantial doubt about its ability to continue as a going concern by applying the provisions of ASC 205-40. In more detail, the Company evaluates whether there are conditions or events that raise substantial doubt about the Company's ability to continue as a going concern within one year from the date the consolidated financial statements are issued. As part of such evaluation, the Company did not identify any conditions that raise substantial doubt about the entity's ability to continue as a going concern within one year from the date the consolidated financial statements are issued. Accordingly, the Company continues to adopt the going concern basis in preparing its consolidated financial statements.

**(w) Re-purchase and Retirement of Company's Common Shares:** All Company's common shares re-purchased are immediately cancelled and retired, and the Company's share capital is accordingly reduced. The excess of the cost of the common shares over their par value is allocated in additional paid-in capital.

**(x) Re-purchase and Retirement of Company's Preferred Shares:** All Company's preferred shares re-purchased are immediately cancelled and retired, and the Company's share capital is accordingly reduced. Any difference between the fair value of the consideration transferred to the holders of the preferred stock and the carrying amount of the preferred stock represents a return to (from) the preferred stockholder that should be treated in a manner similar to the treatment of dividends paid on preferred stock. If the fair value of the consideration transferred plus any direct costs incurred in relation to the redemption, is less than the carrying amount of the preferred shares redeemed (net of any issuance costs), the difference is credited to retained earnings. In addition, any possible excess between the fair value of the consideration paid for the re-purchase of preferred shares and the carrying amount of the shares surrendered is reflected as gain which should be added to the net income to arrive at the net income available to common stockholders (Note 11).

**(y) Segmental Reporting:** The operation of the vessels is the main source of revenue generation, the services provided by the vessels are similar and they all operate under the same economic environment. The Company's Chief Executive Officer, who is identified as the chief operating decision maker ("CODM") in accordance with ASC 280, Segment Reporting, reviews operating results solely based on revenues of the fleet, without differentiating by type of vessel or by the length of ship employment for its customers, i.e. spot or time charters. Additionally, the vessels do not operate in specific geographic areas, as they trade worldwide. The CODM uses consolidated net income as presented in the Company's consolidated statements of operations to assess performance and allocate resources. Such resources allocation is relied not only upon the reported segment's results but also on CODM's view and estimates as to the future prospect of the segment. In addition, the CODM is provided on a regular basis with the consolidated operating expenses, deemed as significant and included in the segment profit, presented in the Company's consolidated statements of operations. As a result, the Company has determined that it operates under one reportable segment, that of operating tanker vessels and the assets of such segment are presented under the caption Total assets in the consolidated balance sheets. The accounting policies applied to the reportable segment are the same as those used in the preparation of the Company's consolidated financial statements.



PERFORMANCE SHIPPING INC.  
Notes to Consolidated Financial Statements  
2024, 2023 and 2022

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

**(z) Exchange of Common Shares for Shares of Series B Convertible Preferred Stock:** In cases of exchanges of common stock for preferred stock, the Company values separately the common stock and the preferred stock on the date of the exchange. When the Company determines that on the measurement date there is an excess value of the preferred stock, as compared to the fair value of the exchanged common stock, that value represents a dividend to the preferred holders, which should be deducted from the net income/(loss) to arrive at the net income/(loss) available to common stockholders.

**(aa) Exchange of Series B Convertible Preferred Stock and Related Party Loan for Series C Convertible Preferred Stock:** The Company follows the provisions of ASC 470-50 “Modifications and Extinguishments” to determine whether exchange of preferred stock should be accounted for as a modification or extinguishment. For extinguishments, the Company follows the accounting as per ASC 260-10-S99-2. Under that guidance, when equity-classified preferred shares are extinguished, the difference between (1) the fair value of the consideration transferred to the holders of the preferred shares (i.e., the cash or the fair value of new instruments issued) and (2) the carrying amount of the preferred shares (net of issuance costs) are subtracted from (or added to) net income to arrive at income available to common stockholders in the calculation of earnings/(losses) per share. As far as it concerns extinguishment of related party loans, the Company follows provision of ASC 470-50-40-2, indicating that such extinguishment transactions may be in essence capital transactions.

**(ab) Preferred Shares and Warrants Accounting:** The Company follows the provision of ASC 480 “Distinguishing Liabilities from Equity” and ASC 815 “Derivatives and Hedging” to determine the classification of certain freestanding financial instruments as permanent equity, temporary equity or liability. The Company, when assessing the accounting of the warrants, the pre-funded warrants, the Series B Preferred Shares and the Series C Preferred Shares takes into consideration ASC 480 to determine whether the warrants, the pre-funded warrants, the Series B Preferred Shares and the Series C Preferred Shares should be classified as permanent equity instead of temporary equity or liability. The Company further analyses the key features of the warrants, the pre-funded warrants, the Series B and Series C Preferred Shares to determine whether these are more akin to equity or to debt. In its assessment, the Company identifies any embedded features, examines whether these fall under the definition of a derivative according to ASC 815 applicable guidance or whether certain of these features affect the classification. In cases when derivative accounting is deemed inappropriate, no bifurcation of these features is performed. For those warrants meeting the classification of liability, the initial recognition is at fair value and are remeasured at each balance sheet date with the offsetting adjustments recorded in change in fair value of warrant liabilities within the consolidated statements of operations. Upon settlement or termination, warrants classified as liabilities at fair value, are marked to their fair value at the settlement date and then the liability settled. The Company values its warrants classified as liabilities using the Black-Scholes option pricing model (refer to Note 9).

**(ac) Accounting of Down-Round Features:** For preferred stock and warrants bearing down-round features, the Company evaluates whether there are circumstances that trigger the down-round feature. At the date when the down-round features are triggered, the Company considers the provision of ASC 260-10-30-1 and measures the value of the effect of the feature as the difference between (a) the fair value of the financial instrument (without the down-round feature) with a conversion price or exercise price (as applicable), corresponding to the stated conversion or exercise price of the issued instrument before the conversion or exercise price reduction and (b) the fair value of the financial instrument (without the down-round feature) with a conversion or exercise price, corresponding to the reduced conversion or exercise price upon the down-round feature being triggered (refer to Note 9). When the Company determines that on the measurement date there is an excess value of the preferred stock or the warrant due to the triggering of the down-round feature, then this value represents a deemed dividend to the preferred or to the warrant holders (as applicable), which should be deducted from the net income to arrive at the net income available to common stockholders.

PERFORMANCE SHIPPING INC.  
Notes to Consolidated Financial Statements  
2024, 2023 and 2022

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

**3. Revenue, Accounts Receivable, net and Deferred Revenue**

The Company's tanker vessels are employed under various types of charters and accordingly, the Company disaggregates its revenue from contracts with customers by the type of charter (time charters, spot charters and pool charters).

Below are presented, per type of charter, the Company's revenues for 2024, 2023 and 2022, and also the balance of Accounts receivable, net, for December 31, 2024 and 2023.

Charter type	2024	2023	2022
Time charters	\$ 63,085	\$ 57,975	\$ 8,131
Pool arrangements	23,378	48,332	43,712
Voyage charters	982	2,631	23,330
<b>Total Revenue</b>	<b>\$ 87,445</b>	<b>\$ 108,938</b>	<b>\$ 75,173</b>

Charter type	As of December 31,	
	2024	2023
Time charters	\$ 2,063	\$ 2,638
Pool arrangements	2,845	5,213
Voyage charters	902	429
<b>Total Acc. Receivable, net</b>	<b>\$ 5,810</b>	<b>\$ 8,280</b>

Contract assets included in the receivable balances from spot voyages amounted to \$0 and \$103 for December 31, 2024 and 2023, respectively.

Moreover, the charterers that accounted for more than 10% of the Company's revenue are presented below:

Charterer	2024	2023	2022
A	16%	11%	-
B	26%	28%	-
C	16%	-	-
D	-	13%	41%
E	22%	32%	18%

The maximum aggregate amount of loss due to credit risk, net of related allowances, that the Company would incur if the aforementioned charterers failed completely to perform according to the terms of the relevant charter parties, amounted to \$1,108 and to \$7,947 as of December 31, 2024 and 2023, respectively.

Deferred Revenue relates solely to cash received up-front from the Company's time-charter contracts and as of December 31, 2024, and 2023 it amounted to \$930 and \$0 respectively and is separately presented in the accompanying consolidated balance sheets.

PERFORMANCE SHIPPING INC.  
Notes to Consolidated Financial Statements  
2024, 2023 and 2022

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

#### 4. Transactions with Related Parties

**(a) Pure Brokerage and Shipping Corp. (“Pure Brokerage”):** Pure Brokerage, a company controlled by the Company’s Chairperson of the Board and controlling shareholder Aliko Paliou, provides brokerage services to the Company since June 15, 2020, pursuant to a Brokerage Services Agreement for a fixed monthly fee per each tanker vessel owned by the Company. Pure Shipbroking may also, from time to time, receive sale and purchase commissions and chartering commissions on the gross revenue of the tanker vessels, depending on the respective charter parties’ terms.

For 2024, 2023 and 2022, commissions to Pure Brokerage amounted to \$1,079, \$1,345 and \$887, respectively, and are included in Voyage expenses in the accompanying consolidated statements of operations. Also, for 2024, 2023 and 2022, brokerage fees to Pure Brokerage amounted to \$340, \$286 and \$204, respectively, and are included in General and administrative expenses in the accompanying consolidated statements of operations. As at December 31, 2024 and 2023, an amount of \$485 and \$245 respectively, was payable to Pure Brokerage and is reflected in Due to related parties in the accompanying consolidated balance sheets.

**(b) Mango Shipping Corp (“Mango”):** On March 2, 2022, the Company entered into an unsecured credit facility with Mango, whose beneficial owner is the Company’s Chairperson of the Board and controlling shareholder Aliko Paliou, of up to \$5,000, for general working capital purposes. The loan had a term of one year from the date of the agreement, bore interest of 9.0% per annum, and was drawn in arrears at the Company’s request. The agreement also provided for arrangement fees of \$200 payable on the date of the agreement, and commitment fees of 3.00% per annum on any undrawn amount until the maturity date. The Company drew down the \$5,000 loan amount in two advances in March 2022, and repaid it in full on October 17 and October 19, 2022 (see below the paragraph “Tender Offer to exchange common shares for Shares of Series B Cumulative Perpetual Preferred Stock”). For 2022, interest and commitment fees incurred in connection with the Mango loan amounted to \$277, and together with arrangement fees of \$200 which were amortized and written off during 2022, are included in Interest and finance costs in the accompanying consolidated statements of operations (Note 10).

**Tender Offer to Exchange Common Shares for Shares of Series B Convertible Cumulative Perpetual Preferred Stock:** In December 2021, the Company commenced an offer to exchange up to 271,078 of its then issued and outstanding common shares, par value \$0.01 per share, for newly issued shares of the Company’s Series B Convertible Cumulative Perpetual Preferred Stock, par value \$0.01, at a ratio of 4.20 Series B Preferred Shares for each common Share. The tender offer expired on January 27, 2022, and a total of 188,974 common shares were validly tendered and accepted for exchange, which resulted in the issuance of 793,657 Series B Preferred Shares, out of which 657,396 were beneficially owned by Aliko Paliou through Mango, and 28,171 were beneficially owned by Andreas Michalopoulos. On October 17, 2022, the Company entered into a stock purchase agreement with Mango pursuant to which it agreed to issue to Mango in a private placement 1,314,792 Series C Preferred Stock in exchange for (i) all 657,396 Series B Preferred Shares held by Mango, and (ii) the agreement by Mango to apply \$4,930 (an amount equal to the aggregate cash conversion price payable upon conversion of such Series B Preferred Shares into Series C Preferred Shares pursuant to their terms) as a prepayment by the Company of the unsecured credit facility. The transaction was approved by a special independent committee of the Company’s Board of Directors. On October 19, 2022, the Company repaid the remaining amount due to the credit facility of \$70, together with accrued interest, and terminated the agreement.

The Series B and the Series C Preferred stock is entitled to an annual dividend of 4.00% and 5.00%, respectively (Note 9). For 2022, dividends declared and paid to Mango on its Series B preferred shares amounted to \$411 (or \$0.875 per each Series B preferred share) and were calculated for the period from February 2, 2022 (date of issuance of the Series B preferred shares) until September 15, 2022. Following the issuance of the Series C preferred shares in October 2022 to Mango, the dividends on the Series B preferred shares held by Mango accrued until the last dividend payment date, which was September 15, 2022. Additionally, for 2022, dividends declared and paid to Mango on its Series C preferred shares amounted to \$411, (or \$0.3125 per each Series C preferred share), and were calculated for the period from September 15, 2022 until December 15, 2022. On December 31, 2022, accrued and not paid dividends on the Series C preferred shares held by Mango, amounted to \$82. For 2023 and 2024, dividends declared and paid to Mango on its Series C preferred shares amounted \$1,643 and \$1,643, respectively (or \$1.25 per each Series C preferred share). On December 31, 2024 and 2023, accrued and not paid dividends on the Series C preferred shares held by Mango, amounted to \$77 and \$64, respectively. As of December 31, 2024 and 2023, Mango held no Series B preferred shares, and held 1,314,792 Series C preferred shares.

For the details of the terms of the Series B and C preferred stock, and the respective accounting treatment followed by the Company, refer to Note 9.

PERFORMANCE SHIPPING INC.  
Notes to Consolidated Financial Statements  
2024, 2023 and 2022

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

#### 5. Advances for Vessels Under Construction and Other Vessels' Costs

From March 2023 to April 2024, the Company, through its newly established subsidiaries named Nakaza Shipping Company Inc., Sri Lanka Shipping Company Inc., Guadeloupe Shipping Company Inc., and Saint Barth Shipping Company Inc. entered into four shipbuilding contracts with Chinese shipyards for the construction of three product/crude oil tankers of approximately 114,000 dwt each, and one product oil/chemical tanker of approximately 75,000 dwt. The newbuildings (named H1515, H1596, H1597 and H1624) have gross contract prices of \$63,250, \$64,845, \$64,845 and \$56,533, respectively, and the Company expects to take delivery of them gradually from the third quarter 2025 to the first quarter 2027. The shipbuilding contracts provide that the purchase price of each newbuilding will be paid in five installments, each falling at the contract signing, steel cutting, keel laying, launching, and at the delivery of each vessel.

As of December 31, 2023, the Company had paid the first installment of \$9,488 for Hull 1515, according to the terms of the shipbuilding contract. In addition, interest amounting to \$540 and other paid costs amounting to \$1,275 were capitalized to the vessels under construction and included in Advances for Vessels Under Construction and Other Vessels' Costs in the accompanying consolidated balance sheet as of December 31, 2023. During 2024, the Company paid the first installments for the three Hulls H1596, H1597 and H1624, and the second installment for the Hulls H1515 and H1596, being \$40,743 in aggregate, according to the terms of the shipbuilding contracts, which were capitalized in Advances for Vessels Under Construction and Other Vessels' Costs in the accompanying consolidated balance sheet of December 31, 2024, along with interest amounting to \$2,435 and other paid costs of \$3,989 relating to the four hulls.

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Pre-delivery installments	\$ 50,230	\$ 9,488
Capitalized costs	8,238	1,815
<b>Total</b>	<u>\$ 58,468</u>	<u>\$ 11,303</u>

#### 6. Vessels, net

##### Vessels' acquisitions and Vessels' Improvements

During 2023, the Company capitalized an amount \$510, and also an amount of \$450 was transferred from other non-current assets, representing costs for the installation of ballast water treatment system on the vessel "P. Kikuma". During 2024, the Company capitalized an amount \$231 representing costs for the installation of Panama canal fittings on the vessel "P. Sophia". The amounts of \$231 and \$510, which were paid in 2024 and 2023, respectively, are reflected in line "Payments for vessels' improvements" in the accompanying consolidated statements of cash flows.

##### Vessels' Disposals

In November 2023, the Company, through one of its subsidiaries, entered into a memorandum of agreement to sell the Aframax tanker vessel "P. Kikuma" to unrelated parties for an aggregate gross price of \$39,300. The vessel was delivered to her new owners in December 2023, and the Company received the sale proceeds in accordance with the terms of the contract. For 2023, the gain on sale of vessels, net of direct to sale expenses, amounted to \$15,683 and is reflected in Gain on vessel's sale in the accompanying consolidated statement of operations.

PERFORMANCE SHIPPING INC.  
Notes to Consolidated Financial Statements  
2024, 2023 and 2022

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

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

	Vessels' Cost	Accumulated Depreciation	Net Book Value
<b>Balance, December 31, 2022</b>	\$ 254,296	\$ (17,689)	\$ 236,607
- Vessels' improvements transferred from other non-current assets	450	-	450
- Vessels' improvements	510	-	510
- Vessel's disposals	(27,098)	5,795	(21,303)
- Depreciation	-	(14,156)	(14,156)
<b>Balance, December 31, 2023</b>	\$ 228,158	\$ (26,050)	\$ 202,108
- Vessels' improvements	231	-	231
- Depreciation	-	(12,762)	(12,762)
<b>Balance, December 31, 2024</b>	\$ 228,389	\$ (38,812)	\$ 189,577

**7. Long-Term Debt**

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

	December 31, 2024		December 31, 2023	
	Current	Non-current	Current	Non-current
Nordea Bank secured term loan	\$ 15,833	\$ 3,333	\$ 19,167	\$ 15,833
Alpha Bank secured term loans	31,850	4,200	36,050	31,850
less unamortized deferred financing costs	(224)	(90)	(331)	(224)
<b>Total debt, net of deferred financing costs</b>	<b>\$ 47,459</b>	<b>\$ 7,443</b>	<b>\$ 54,886</b>	<b>\$ 47,459</b>

**Secured Term Loans:** The Company, through its vessel-owning subsidiaries, has entered into various long term loan agreements with certain financial institutions (as described below) to partially finance the acquisition cost of its tanker vessels. All loans are repayable in quarterly installments plus one balloon installment per loan agreement to be paid together with the last installment. The Company's loans bear variable interest at SOFR plus a fixed margin, which during 2024 ranged from 0.65% to 2.60%. The loan maturities fall due from November 2027 to August 2028, and at each utilization date, arrangement fees ranging from 0.50% to 1.00% were paid. As of December 31, 2024, the term loans were collateralized by four of the Company's tanker vessels, whose aggregate net book value was \$117,370.

**Nordea Bank Abp, Filial i Norge ("Nordea Bank")**

On August 4, 2023, the Company refinanced the existing outstanding loan of the amount of \$17,859 with Nordea Bank which was initially entered to partially finance the acquisition of the vessels "Blue Moon" and "Briolette", with a revolving credit in an aggregate amount not exceeding \$20,000 at any one time. As such, the Company drew down an amount of \$2,141. The new loan has a duration of 5 years from the signing date of the agreement. The Company followed the applicable guidance of ASC 470 and concluded that the specific loan should be treated as a term loan, however, if a prepayment occurs during the life of the facility, then the accounting guidance for revolving credit facilities would apply.

PERFORMANCE SHIPPING INC.  
Notes to Consolidated Financial Statements  
2024, 2023 and 2022

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

**Alpha Bank S.A (“Alpha Bank”)**

In November 2022, the Company, through the vessel-owning subsidiary of the vessel “P. Aliko” signed a loan agreement with Alpha Bank, to support the acquisition of the vessel by providing a secured term loan of up to \$18,250. The maximum loan amount was drawn down upon the vessel’s delivery to the Company in November 2022.

Furthermore, in December 2022, the Company, through the vessel-owning subsidiary of the vessel “P. Long Beach” signed a loan agreement with Alpha Bank S.A, to support the acquisition of the vessel by providing a secured term loan of up to \$22,000. The maximum loan amount was drawn down upon the vessel’s delivery to the Company in December 2022.

Finally, in April 2024, the Company agreed with Alpha Bank to amend the interest rate clauses of the two loan agreements discussed above. The Company can, at its option, place in collateral accounts amounts equal, or less, to each outstanding loan principal for the benefit of lowering the margin of the loans from 2.35% and 2.60% to 0.65%. The amounts placed in the collateral accounts are not legally restricted as long as the Company has not received from the lenders any notice for an event of default, and may, at the Company’s option, be withdrawn from the respective collateral accounts on the last day of an interest period with prior written notice to the Lender. Upon such withdrawal, the initial margin (2.35% for the “P. Long Beach” loan, and 2.60% for the “P. Aliko” loan) shall reinstate on such part of the loan. Accordingly, as of December 31, 2024, the Company had placed in Alpha Bank’s collateral accounts the aggregate amount of \$31,850, being equal to the loans’ outstanding principal amounts, and these cash amounts are included in Cash and cash equivalents in the accompanying consolidated balance sheets.

All loans are guaranteed by Performance Shipping Inc. and are also secured by first priority mortgages over the financed fleet, first priority assignments of earnings, insurances and of any charters exceeding durations of certain length of time, pledge over the borrowers’ shares and over their earnings accounts, and vessels’ managers’ undertakings. The loan agreements also require a minimum hull value of the financed vessels, impose restrictions as to dividend distribution following the occurrence of an event of default and changes in shareholding, include customary financial covenants and require at all times during the facility period a minimum cash liquidity. As at December 31, 2024 and 2023, the maximum compensating cash balance required under the Company’s loan agreements amounted to \$10,000 and \$10,000, respectively, and is included in Cash and cash equivalents in the accompanying consolidated balance sheets. Also, as at December 31, 2024 and 2023, the restricted cash, being pledged deposits, required under the Company’s loan agreements amounted to \$1,000 and \$1,000, respectively, and is included in Restricted cash, non-current in the accompanying consolidated balance sheets. As at December 31, 2024 and 2023, the Company was in compliance with all of its loan covenants.

The weighted average interest rate of the Company’s bank loans for 2024, 2023 and 2022 was 6.91%, 7.60% and 4.85%, respectively.

For 2024, 2023 and 2022, interest expense on long-term bank debt amounted to \$3,614, \$9,039 and \$3,191 and is included in Interest and finance costs in the accompanying consolidated statement of operations. Accrued interest on bank debt as of December 31, 2024 and 2023, amounted to \$380 and \$294, respectively, and is included in Accrued liabilities in the accompanying consolidated balance sheets.

As at December 31, 2024, the maturities of the drawn portions of the debt facilities described above, are as follows:

	<b>Principal Repayment</b>
Year 1	\$ 7,533
Year 2	7,533
Year 3	26,783
Year 4	5,834
	<b>Total \$ 47,683</b>

PERFORMANCE SHIPPING INC.  
Notes to Consolidated Financial Statements  
2024, 2023 and 2022

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

**8. Commitments and Contingencies**

(a) Various claims, suits, and complaints, including those involving government regulations and product liability, arise in the ordinary course of the shipping business. In addition, losses may arise from disputes with charterers, agents, insurance and other claims with suppliers relating to the operations of the Company's vessels. Currently, management is not aware of any claims or contingent liabilities, which should be disclosed, or for which a provision should be established and has not in the accompanying consolidated financial statements.

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

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

(b) As of December 31, 2024, the Company has entered into four shipbuilding contracts for the construction of four product/crude oil tankers (Note 5). As of December 31, 2024, the remaining aggregate instalments under the contracts for the construction of Hulls H1515, H1596, H1597 and H1624 amount to \$199,243.

(c) As of December 31, 2024, part of the Company's fleet was operating under time-charters. The minimum contractual annual charter revenues, net of related commissions to third parties (including related parties), to be generated from the existing as of December 31, 2024, non-cancelable time charter contract for the operating fleet are estimated at \$51,724 until December 31, 2025, and at \$12,041 until December 31, 2026.

(d) The Company, its Chief Executive Officer, Chairperson of the Board, five former directors of the Company, and two entities affiliated with the Company's Chief Executive Officer and Chairperson of the Board were named as defendants in a lawsuit commenced on October 27, 2023 in New York State Supreme Court, County of New York, by the attorneys of a purported shareholder of the Company, Sphinx Investment Corp., the plaintiff. The complaint alleged, among other things, violations of fiduciary duties by the named defendants in connection with an exchange offer commenced by the Company in December 2021. The plaintiff purported to seek, among other things, a declaration that the Series C Preferred Shares held by the defendants are void and not entitled to vote; an order cancelling such Series C Preferred Shares, or, in the alternative, an order requiring the Company to issue additional Series C Preferred Shares to non-defendant common stockholders to put them in the same economic, voting, governance and other position as they would have been in had the Series C Preferred Shares issued to the defendants been cancelled; and unspecified damages in an amount, if any, to be proven at trial. In January 2024, the defendants filed motions to dismiss the lawsuit. In August 2024, the Supreme Court of the State of New York granted the Company's motions to dismiss the litigation filed by Sphinx on October 27, 2023, on the basis that New York lacked personal jurisdiction over the defendants. Subsequently, in August 2024, Sphinx initiated legal proceedings in the High Court of the Republic of the Marshall Islands against the same defendants that had been named in the New York lawsuit. The complaint filed in the High Court is substantially similar to the complaint previously filed in New York. The defendants filed motions to dismiss the complaint in the High Court of the Republic of the Marshall Islands. The parties have completed briefing on those motions to dismiss. The Company, although it cannot predict its outcome, believes that the lawsuit is without merit and will vigorously defend against the lawsuit.

PERFORMANCE SHIPPING INC.  
Notes to Consolidated Financial Statements  
2024, 2023 and 2022

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

## 9. Changes in Capital Accounts

**(a) Company's Preferred Stock:** As of December 31, 2024 and 2023, the Company's authorized preferred stock consists of 25,000,000 shares of preferred stock, par value \$0.01 per share. Of these preferred shares, 1,250,000 have been designated Series A Preferred Shares, 1,200,000 have been designated Series B Preferred Shares, and 1,587,314 have been designated as Series C Preferred Shares.

As of December 31, 2024, and 2023, 50,726 Series B preferred shares (of liquidation preference \$1,268) and 1,423,912 and 1,428,372, Series C Preferred Shares (of liquidation preference \$35,598 and \$35,709), respectively, were issued and outstanding. As of December 31, 2024, and 2023, Aliko Paliou held through Mango (Note 4) 1,314,792 Series C Preferred Shares and nil Series B Preferred Shares, and Andreas Michalopoulos held 56,342 Series C Preferred Shares and nil Series B Preferred Shares.

The material terms of the Series B Preferred Shares are as follows: **1) Dividends:** The Company pays a 4.00% annual dividend on the Series B Preferred Shares, on a quarterly basis, either in cash, or, at the Company's option, through the issuance of additional common shares, valued at the volume-weighted average price of the common stock for the 10 trading days prior to the dividend payment date; **2) Voting Rights:** Each Series B Preferred Share has no voting rights; **3) Conversion Rights:** Each Series B Preferred Share was convertible at the option of the holder during the applicable conversion period, which expired on March 15, 2023, and for additional cash consideration of \$7.50 per converted Series B Preferred Share, into two Series C Preferred Shares (see description below); **4) Liquidation:** Each Series B Preferred Share has a fixed liquidation preference of \$25.00 per share; **5) Redemption:** The Series B Preferred Shares are not subject to mandatory redemption or to any sinking fund requirements, and will be redeemable at the Company's option, at any time, on or after the date that is the date immediately following the 15-month anniversary of the issuance date, at \$25.00 per share plus accumulated and unpaid dividends thereon to and including the date of redemption. Also, upon the occurrence of a liquidation event, holders of Series B Preferred Shares shall be entitled to receive out liquidating distribution or payment in full redemption of such Series B Preferred Shares in an amount equal to \$25.00, plus the amount of any accumulated and unpaid dividends thereon; **6) Rank:** Finally, the Series B Preferred Shares rank senior to common shares with respect to dividend distributions and distributions upon any liquidation, winding up or dissolution of the Company.

The material terms of the Series C Preferred Shares are as follows: **1) Dividends:** Dividends on each Series C Preferred Share shall be cumulative and shall accrue at a rate equal to 5.00% per annum of the Series C liquidation preference per Series C Preferred Share from the dividend payment date immediately preceding issuance, and can be paid either in cash, or, at the Company's option, through the issuance of additional common shares; **2) Voting Rights:** Each holder of Series C Preferred Shares is entitled, from the date of issuance of the Series C Preferred Shares, to a number of votes equal to the number of Common Shares into which such holder's Series C Preferred Shares would then be convertible (notwithstanding the requirement that the Series C Preferred Shares are convertible only after six months following the Original Issuance Date), multiplied by 10. The holders of Series C Preferred Shares shall vote together as one class with the holders of Common Shares on all matters submitted to a vote of the Company's shareholders (with certain exceptions); **3) Conversion Rights:** The Series C Preferred Shares are convertible into common shares (i) at the option of the holder: in whole or in part, at any time on or after the date that is the date immediately following the six-month anniversary of the Original Issuance Date at a rate equal to the Series C liquidation preference, plus the amount of any accrued and unpaid dividends thereon to and including the date of conversion, divided by an initial conversion price of \$0.50, subject to adjustment from time to time, or (ii) mandatorily: on any date within the Series C Conversion Period, being any time on or after the date that is the date immediately following the six-month anniversary of October 17, 2022 (or "the Original Issuance Date"), on which less than 25% of the authorized number of Series C Preferred Shares are outstanding and the volume-weighted average price of the common shares for the 10 trading days preceding such date exceeds 130% of the conversion price in effect on such date, the Company may elect that all, or a portion of the outstanding Series C Preferred Shares shall mandatorily convert into common shares at a rate equal to the Series C liquidation preference, plus the amount of any accrued and unpaid dividends thereon to and including such date, divided by the conversion price. The conversion price is subject to adjustment for any stock splits, reverse stock splits or stock dividends, and shall also be adjusted to the lowest price of issuance of common stock by the Company for any registered offering following the Original Issuance Date, provided that such adjusted conversion price shall not be less than \$0.50 (this conversion price adjustment clause is further analyzed later); **4) Liquidation:** Each Series C Preferred Share has a fixed liquidation preference of \$25.00 per share; **5) Redemption:** The Series C Preferred Shares are not subject to mandatory redemption, and will be redeemable at the Company's option, at any time, on or after the date that is the date immediately following the 15-month anniversary of the issuance date, in whole or in part, at \$25.00 per share plus accumulated and unpaid dividends thereon to and including the date of redemption. The Company shall effect any such redemption by paying a) cash or, b) at the Company's election, and provided on the date of the redemption notice less than 25% of the authorized number of Series C are outstanding, shares of common stock valued at the volume-weighted average price of common stock for the last 10 trading days prior to the redemption date. Also, upon the occurrence of a liquidation event, holders of Series C Preferred Shares shall be entitled to receive out liquidating distribution or payment in full redemption of such Series C Preferred Shares in an amount equal to \$25.00, plus the amount of any accumulated and unpaid dividends thereon; **6) Rank:** The Series C Preferred Shares rank senior to common shares, and on a parity with the Series B Preferred Stock, with respect to dividend distributions and distributions upon any liquidation.



PERFORMANCE SHIPPING INC.  
Notes to Consolidated Financial Statements  
2024, 2023 and 2022

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

During 2023, a number of 85,535 Series B preferred shares were converted to 171,070 Series C preferred shares, and a number of 12,224 Series C preferred shares were converted to 225,447 common shares. During 2024, a number of 4,460 Series C preferred shares were converted to 82,482 common shares.

For 2024 and 2023, declared and paid dividends on Series B preferred shares amounted to \$52 and \$55 (or \$1.00 per each Series B preferred share), respectively. As of December 31, 2024 and 2023, accrued and not paid dividends on the Series B preferred shares amounted to \$2 and \$2, respectively.

For 2024 and 2023, declared and paid dividends on the Series C preferred shares amounted to \$1,781 and \$1,834 (or \$1.25 per each Series C preferred share), respectively, out of which \$1,643 and \$1,643, respectively, were paid to Mango (Note 4). As of December 31, 2024 and 2023, accrued and not paid dividends on the Series C preferred shares, amounted to \$84 and \$74, respectively.

The Company, when assessing the accounting of the Series B and Series C preferred stock, has taken into consideration the provisions of ASC 480 “Distinguishing Liabilities from Equity” and ASC 815 “Derivatives and Hedging” and determined that the Series B and Series C preferred shares should be classified as permanent equity rather than temporary equity or liability.

The Series B preferred stock was measured as of the date of closing of the tender offer, being January 27, 2022, at fair value on a non-recurring basis. Its fair value was determined through Level 3 inputs of the fair value hierarchy as determined by management and amounted to \$18,030. The fair value of the preferred stock weighted the probabilities: a) that the Series B are not further exchanged for Preferred C shares, and b) that the Series B are converted to Series C on the applicable conversion date. The fair value of the conversion option embedded in the Series C Preferred Shares was estimated using the Black & Scholes model. Moreover, the Company’s valuation used the following assumptions: (a) stated dividend yields for the Series B preferred stock and Series C preferred stock, (b) cost of equity of 11.07%, based on the CAPM theory; (c) expected volatility of 77%, (d) risk free rate of 1.66% determined by management using the applicable 5-year treasury yield as of the measurement date, (e) market value of common stock of \$3.09 (which was the current market price as of the date of the fair value measurement) and (f) expected life of convertibility option of the Series C preferred shares to common shares of 4 years. The Company applied moneyiness scenarios and determined the aforementioned assumptions of volatility and expected life of the convertibility option, which are considered highly interdependent. The Company’s valuation determined that the exchange resulted in an excess value of the Series B preferred shares of \$9,271, or \$11.68 per preferred share, as compared to the fair value of the common shares exchanged, that was transferred from the common holders to the preferred holders on the measurement date, and that that value represented a deemed dividend to the preferred holders that should be deducted from the net income to arrive to the net income available to common stockholders (Note 11). The fair value of the common shares exchanged on the measurement date of \$8,759 was determined through Level 1 inputs of the fair value hierarchy (quoted market price on the date of the exchange).

The Series C preferred stock was measured as of the date of their issuance, being October 17, 2022, at fair value on a non-recurring basis. Its fair value was determined through Level 3 inputs of the fair value hierarchy as determined by management and amounted to \$26,809. The fair value of the preferred stock was estimated as the sum of two components: a) the “straight” preferred stock component, using the discounted cash flow model, and b) the embedded option component, using the Black & Scholes model. For this assessment, the Company’s valuation used the following assumptions: (a) stated dividend yield for the Series C preferred stock, (b) cost of equity of 10.38%, based on the CAPM theory; (c) expected volatility of 89%, (d) risk free rate of 4.23% determined by management using the applicable 5-year treasury yield as of the measurement date, (e) market value of common stock of \$0.31 (which was the current market price as of the date of the fair value measurement), and (f) expected life of convertibility option of the Series C preferred shares to common shares of 4 years. The Company applied moneyiness scenarios and determined the aforementioned assumptions of volatility and expected life of the convertibility option, which are considered highly interdependent. The Company’s valuation determined that the transaction resulted in an excess value of the Series C preferred shares of \$6,944, or \$5.28 per preferred share, as compared to the sum of the amount of \$4,930 (being the carrying value of the amount applied by the Company as a prepayment to the loan facility with Mango) and the carrying value of the Series B preferred shares exchanged, that was transferred from the preferred Series B holders to the preferred Series C holders on the measurement date, and that that value represented a deemed dividend to the preferred Series C holders that should be deducted from the net income to arrive to the net income available to common stockholders (Note 11). The carrying value of the Series B preferred shares exchanged by Mango on the measurement date was \$14,935.

PERFORMANCE SHIPPING INC.  
Notes to Consolidated Financial Statements  
2024, 2023 and 2022

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

As discussed above, the conversion price adjustment clause of the Series C Preferred Shares provides for a reduction in the initial conversion price in case, any of the following, among others, happens: a) upon stock dividend, split, or reverse stock split, or b) in case the Company issues equity securities at prices below the conversion price of the Series C preferred shares then in effect. The Company concluded that the feature mentioned in b) above provides protection to investors in promising to give each Series C holder investor the lowest pricing available to any other investors, rather than protecting against true economic dilution, and accordingly, this feature constitutes a down round feature. From October 17, 2022, to January 26, 2023, because of the issuance of common shares through the ATM offering (as discussed below), the conversion price was eight times adjusted, and was gradually reduced to \$2.60, and finally, on March 1, 2023, due to the registered direct offering (discussed below) the conversion price was further reduced to \$1.36. To measure the effect of the down-round feature the Company performed fair value measurements as determined through Level 3 inputs of the fair value hierarchy. As such, the fair value of the preferred stock was estimated as the sum of two components: a) the “straight” preferred stock component, using the discounted cash flow model, and b) the embedded option component, using the Black & Scholes model. For this assessment, the Company’s valuation used the following assumptions: (a) stated dividend yield for the Series C preferred stock, (b) cost of equity based on the CAPM theory; (c) expected volatility, (d) risk free rate determined by management using the applicable 5-year treasury yield as of the measurement date, (e) market value of common stock (which was the current market price as of the date of the fair value measurement), and (f) expected life of convertibility option of the Series C preferred shares to common shares.

For this assessment the Company updated the Level 3 inputs as follows: (a) expected volatility in a range of 86.83% to 118.14% for the valuation of the instrument on the triggering dates, and (b) expected life of convertibility option of the Series C preferred shares to common shares from 1 to 5 years. The Company applied moneyiness scenarios and determined the aforementioned assumptions of volatility and expected life of the convertibility option, which are considered highly interdependent. In this respect, the Company determined an aggregate measurement of the down round feature of \$9,809, which was accounted for as a deemed dividend that should be deducted from the net income to arrive to the net income available to common stockholders (Note 11).

The fair value of the Series C Preferred Shares that were assessed on the dates of triggering of the down-round feature as discussed above, were determined through Level 3 of the fair value hierarchy as defined in FASB guidance for Fair Value Measurements, as they are derived by using significant unobservable inputs. Determining the fair value of the preferred stock requires management to make judgments about the valuation methodologies, including the unobservable inputs and other assumptions and estimates, which are significant in the valuation of the preferred stock.

**(b) At The Market (“ATM”) Offering:** On March 5, 2021, the Company entered into an At The Market Offering Agreement with H.C. Wainwright & Co., LLC (or the “Wainwright ATM”), as sales agent, pursuant to which the Company could offer and sell, from time to time, up to an aggregate of \$5,900 of its common shares, par value \$0.01 per share. During 2022, a total of 35,128 common shares were issued as part of the Company’s Wainwright ATM offering, and the net proceeds received, after deducting underwriting commissions and other expenses, amounted to \$1,338. The Company terminated the specific ATM agreement effective August 23, 2022.

Furthermore, on December 9, 2022, the Company entered into an At The Market Offering Agreement with Virtu Americas LLC (or the “Virtu ATM”), as sales agent, pursuant to which the Company could offer and sell, from time to time, up to an aggregate of \$30,000 of its common shares, par value \$0.01 per share. During 2022, a total of 140,379 common shares were issued as part of the Company’s Virtu ATM offering, and the net proceeds received, after deducting underwriting commissions and other expenses, amounted to \$450. From January 1, 2023 and up to February 27, 2023, when the Company terminated its Virtu ATM agreement, a total of 224,817 shares of the Company’s common stock were issued as part of the Company’s ATM offering, and the net proceeds received, after deducting underwriting commissions and other expenses, amounted to \$673.

PERFORMANCE SHIPPING INC.  
Notes to Consolidated Financial Statements  
2024, 2023 and 2022

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

**(e) Equity Offerings of 2022:** On June 1, 2022, the Company completed its underwritten public offering of 508,000 units at a price of \$15.75 per unit. Each unit consists of one common share (or pre-funded warrant in lieu thereof) and one Class A warrant (the “June 2022 Warrants”) to purchase one common share and was immediately separated upon issuance. Each Class A warrant was immediately exercisable for one common share at an exercise price of \$15.75 per share and has a maturity of five years from issuance and can be either physically settled or through the means of a cashless exercise. The Company may at any time during the term of its warrants reduce the then current exercise price of each warrant to any amount and for any period of time deemed appropriate by the board of directors of the Company, subject to terms disclosed in each warrants’ agreements. The warrants also contain a cashless exercise provision, whereby if at the time of exercise, there is no effective registration statement, then the warrants can be exercised by means of a cashless exercise as disclosed in each warrants’ agreements. The Class A warrants and the pre-funded warrants do not have any voting, dividend or participation rights, nor do they have any liquidation preferences. The Company had granted the underwriters a 45-day option to purchase up to an additional 76,200 common shares and/or prefunded warrants and/or 76,200 Class A warrants, at the public offering price, less underwriting discounts and commissions. The offering closed on June 1, 2022, and the Company received net proceeds, after underwriting discounts and commissions and expenses, of \$7,126 including the partial exercise of the over-allotment option by the underwriters of 59,366 Class A Warrants to purchase up to 59,366 common shares at \$0.01 per share.

Furthermore, on July 18, 2022, the Company completed a direct offering of 1,133,333 common shares and warrants to purchase up to 1,133,333 common shares (the “July 2022 Warrants”) at a concurrent private placement. The combined effective purchase price for one common share and one warrant to purchase one common share was \$5.25. Each warrant is immediately exercisable for one common share at an initial exercise price of \$5.25 per share, and will expire in five and a half years from issuance.

The July 2022 Warrants have similar terms to the June Warrants, with the only significant difference being the existence of an exercise price adjustment clause (discussed below), which was assessed by the Company as a down round feature. From January 11, 2023, to January 26, 2023, the July 2022 Warrant’s exercise price was seven times adjusted because of the issuance of common shares through the ATM offering, and was gradually reduced to \$2.60, while on March 1, 2023, due to the registered direct offering (discussed below) their exercise price was further reduced to their floor price of \$1.65.

Finally, on August 12, 2022, the Company entered into a securities purchase agreement with certain unaffiliated institutional investors to purchase 2,222,222 of its common shares and warrants to purchase 2,222,222 common shares (the “August 2022 Warrants”) at a price of \$6.75 per common share and accompanying warrant in a registered direct offering. The August Warrants are immediately exercisable, expire five years from the date of issuance, and had an initial exercise price of \$6.75 per common share.

The August 2022 Warrants have similar terms to the July 2022 Warrants, including the exercise price adjustment clause that constitutes a down-round feature. From January 11, 2023, to January 26, 2023, the August 2022 Warrant’s exercise price was seven times adjusted because of the issuance of common shares through the ATM offering, and was gradually reduced to \$2.60, while on March 1, 2023, due to the registered direct offering (discussed below) their exercise price was further reduced to their floor price of \$1.65.

The exercise price adjustment clause of the July 2022 and August 2022 Warrants provides for a reduction in the warrants’ initial exercise price in case the Company, subsequent to the warrants issuance: a) issues equity securities at prices below the initial exercise price of the July 2022 and August 2022 Warrants, or b) the Company’s stock trades below the July 2022 and August 2022 Warrants’ exercise price during any of the five trading sessions following the issuance of such equity securities. The Company concluded that the specific feature provides protection to investors in promising to give each warrant holder investor the lowest pricing available to any other investors, rather than protecting against true economic dilution, and accordingly, this feature constitutes a down round feature. Following the ATM offering with Virtu (discussed previously) and the registered Direct Offering of March 2023 (discussed below) during which common shares were issued, the down round features of the July 2022 and August 2022 Warrants were triggered. As such in 2023, the down round features were triggered on eight different dates, leading to a combined effect of an approximate value of \$256 and \$533, for the July 2022 and the August 2022 Warrants, respectively, which were accounted for as deemed dividends (Note 11). The deemed dividends resulting from the re-valuation of the July 2022 and August 2022 Warrants are deducted from the net income to arrive to the net income available to common stockholders (Note 11). The fair values of the warrants, that were assessed on the dates of triggering of the down-round features as discussed previously, were determined through Level 3 of the fair value hierarchy as defined in FASB guidance for Fair Value Measurements, as they are derived by using significant unobservable inputs such as historical volatility.

PERFORMANCE SHIPPING INC.  
Notes to Consolidated Financial Statements  
2024, 2023 and 2022

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

As of December 31, 2023, the Company had 12,279,676 common shares outstanding, 567,366 of the June 2022 warrants were outstanding, and also 1,033,333 of the July 2022 and 2,122,222 of the August 2022 warrants remained outstanding. As of December 31, 2024, the Company had 12,432,158 common shares outstanding, all of the June 2022 warrants were outstanding, and also 1,033,333 of the July 2022 and 2,122,222 of the August 2022 warrants remained outstanding.

**(d) Registered Direct Offering of March 2023:** On March 3, 2023, the Company completed a registered direct offering of (i) 5,556,000 of its common shares, \$0.01 par value per share, (ii) Series A warrants to purchase up to 3,611,400 common shares and (iii) Series B warrants to purchase up to 4,167,000 common shares directly to several institutional investors. Each Series A warrant and each Series B warrant are immediately exercisable upon issuance for one common share at an exercise price of \$2.25 per share and expire five years after the issuance date. Both Series A and Series B warrants have similar terms with the Class A Warrants, with the only significant difference being the “alternative cashless exercise feature” included in the Series A warrants. In particular, each Series A warrant could become exchangeable for one common share beginning on the earlier of 30 days following the closing of the Offering and the date on which the cumulative trading volume of the Company’s common shares following the date of entry into a securities purchase agreement with the purchasers in this offering exceeds 15,000,000 shares. The alternative cashless exercise provisions were met on March 7, 2023. The Company concluded that the Series B warrants met the criteria for equity classification while the alternative cashless exercise of the Series A warrants, precludes the Series A warrants from being considered indexed to the Company’s stock. In this respect, the Company recorded the Series A warrants as non-current liabilities under Fair value of warrants’ liability on the accompanying consolidated balance sheet, with subsequent changes in their respective fair values recognized in line “Changes in fair value of warrants’ liability” in the accompanying consolidated statement of operations. Estimating fair values of liability-classified financial instruments requires the development of estimates that may, and are likely to, change over the duration of the instrument with related changes in internal and external market factors. In addition, option-based techniques are highly volatile and sensitive to changes in the trading market price of the Company’s common stock. Because liability-classified financial instruments are carried at fair value, the Company’s financial results will reflect the volatility and changes in these estimates and assumptions. At closing, the Company received proceeds of \$11,438, net of placement agent’s fees and expenses, which is separately presented in line Issuance of units, common stock and warrants, net of issuance costs in the accompanying consolidated cash flows. As of the date the Company completed the registered direct offering, the Company valued the Series A warrants using the Black-Scholes model with a fair value of \$1.11 per Series A Warrant or \$4,009 in aggregate, while the remaining gross proceeds of the offering amounting to \$8,492 (net proceeds of \$7,769) were allocated to common shares and Series B warrants with the residual value method. Issuance costs of \$340 were expensed immediately in a prorated manner, taking into account the portion of the liability recorded at inception included in Interest and finance costs in the accompanying consolidated statements of operations.

During 2023, the Company received notices of alternative cashless exercises for 3,597,100 Series A warrants for equal amount of common shares and marked the warrants to their fair value at the settlement date and then settling the warrant liability. The outstanding Series A warrants as of December 31, 2024 and 2023, were 14,300 and 14,300, respectively. The value of the outstanding Series A warrants as of December 31, 2024 and 2023 were \$27 and \$32, respectively, and are reflected in “Fair value of warrant’s liability” in the accompanying consolidated balance sheets.

During 2024, 70,000 Series B warrants were exercised, and the Company received proceeds of \$157. The outstanding Series B warrants as of December 31, 2023, and December 31, 2024, were 4,167,000 and 4,097,000, respectively.

As of December 31, 2023 and December 31, 2024 the Company re-valued the outstanding Series A warrants. For 2023, a gain of \$561 resulting from the change in the fair value of the liability for the unexercised warrants and the settlements of the liability throughout the period, and for 2024 a gain of \$6 representing changes in the fair value of the liability for the unexercised warrants are presented in “Change in fair value of the warrant’s liability” in the accompanying consolidated statements of operations. The Series A warrants fair value as of settlement and measurement dates per discussion above, was determined through Level 2 inputs of the fair value hierarchy as determined by management. The fair value of the Series A warrants weighted the probability that the Series A warrants are alternatively cashless exercised for common shares, while the Black & Scholes model was applied under the following assumptions: (a) expected volatility (d) risk free rate (e) market value of common stock of, which was the current market price as of the date of each fair value measurement. Fair value sensitivity is driven by the stock price at the time of valuation and is limited in terms of the other parameters (Note 13).

PERFORMANCE SHIPPING INC.  
Notes to Consolidated Financial Statements  
2024, 2023 and 2022

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

**(e) Share Buy-Back Plan:** In April 2023, the Company’s Board of Directors authorized a share repurchase program (the “April 2023 Repurchase Plan”) to purchase up to an aggregate of \$2,000 of the Company’s common shares. Under the April 2023 Repurchase Plan, the Company repurchased in 2023 a total of 2,222,936 common shares for total gross proceeds of \$2,000, successfully completing the April 2023 Repurchase Plan in the third quarter of 2023. In August 2023, the Company’s Board of Directors further authorized a new share repurchase plan (the “August 2023 Repurchase Plan”) to repurchase up to \$2,000 of the Company’s outstanding common shares. Under the August 2023 Repurchase Plan, the Company re-purchased 327,100 common shares for total gross proceeds of \$723. In aggregate, the Company’s net proceeds for both the April 2023 and the August 2023 Repurchase Plans were \$2,749.

**(f) Compensation Cost on Stock Option Awards:** On January 1, 2021, the Company granted to its Chief Financial Officer stock options to purchase 8,000 of the Company’s common shares as share-based remuneration. The stock options, which were granted pursuant to, and in accordance with, the Company’s Equity Incentive Plan, have been approved by the Company’s board of directors, and have a term of five years. The exercise prices of the options are as follows: 2,000 shares for an exercise price of \$150.00 per share, 1,667 shares for an exercise price of \$187.50 per share, 1,333 shares for an exercise price of \$225.00 per share, 1,000 shares for an exercise price of \$300.00 per share, 1,000 shares for an exercise price of \$375.00 per share, and 1,000 shares for an exercise price of \$450.00 per share. Until December 31, 2024, 8,000 options were outstanding.

**(g) Compensation Cost on Restricted Common Stock:** On December 30, 2020, the Company’s Board of Directors approved 4,481 restricted common shares, whose fair value was \$320, to be issued on the same date as an award to the Company’s directors. One fourth of the shares vested on December 30, 2020, and the remainder three fourths vested ratably over three years from the issuance date. During 2023 and 2022, the aggregate compensation cost on restricted common stock amounted to \$52 and \$107 and is included in General and administrative expenses in the accompanying consolidated statements of operations. As at December 31, 2024 and 2023, 31,441 restricted common shares remained reserved for issuance under the Plan.

During 2024, 2023 and 2022, the movement of the restricted stock cost was as follows:

	<u>Number of Shares</u>	<u>Weighted Average Grant Date Price</u>
<b>Outstanding at December 31, 2021</b>	<u>2,240</u>	<u>\$ 71.40</u>
Granted	-	-
Vested	(1,890)	71.40
Forfeited or expired	-	-
<b>Outstanding at December 31, 2022</b>	<u>350</u>	<u>\$ 71.40</u>
Granted	-	-
Vested	(350)	71.40
Forfeited or expired	-	-
<b>Outstanding at December 31, 2023</b>	<u>-</u>	<u>\$ -</u>
Granted	-	-
Vested	-	-
Forfeited or expired	-	-
<b>Outstanding at December 31, 2024</b>	<u>-</u>	<u>\$ -</u>

PERFORMANCE SHIPPING INC.  
Notes to Consolidated Financial Statements  
2024, 2023 and 2022

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

## 10. Interest and Finance Costs

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

	2024	2023	2022
Interest expense on bank debt (Note 7)	\$ 1,179	\$ 8,499	\$ 3,191
Interest expense and other fees on related party debt (Note 4)	-	-	277
Amortization of deferred financing costs on bank and related party debt	107	244	402
Other financial expenses	-	759	-
Commitment fees and other	59	96	96
<b>Total</b>	<b>\$ 1,345</b>	<b>\$ 9,598</b>	<b>\$ 3,966</b>

## 11. Earnings per Share

All common shares issued (including the restricted shares issued under the equity incentive plan, or else) are the Company's common stock and have equal rights to vote and participate in dividends, subject to forfeiture provisions set forth in the applicable award agreements. Unvested shares granted under the Company's incentive plan, or else, are entitled to receive dividends which are not refundable, even if such shares are forfeited, and therefore are considered participating securities for basic and diluted earnings per share calculation purposes. For 2024, 2023 and 2022, the Company paid aggregate dividends to its Series B and Series C preferred stockholders amounting to \$1,833, \$1,889 and \$941, respectively. The calculation of basic earnings per share does not consider the non-vested shares as outstanding until the time-based vesting restrictions have lapsed. The dilutive effect of share-based compensation arrangements and for unexercised warrants that are in-the money, is computed using the treasury stock method, which assumes that the "proceeds" upon exercise of these awards or warrants are used to purchase common shares at the average market price for the period, while the dilutive effect of convertible securities is computed using the "if converted" method. In particular, for the preferred convertible stock that requires the payment of cash by the holder upon conversion, the proceeds assumed to be received shall be assumed to be applied to purchase common stock under the treasury stock method and the convertible security shall be assumed to be converted under the "if-converted" method.

The computation of diluted earnings per share for 2023, reflects i) the potential dilution from conversion of outstanding preferred convertible Series B and C stock, calculated with the "if converted" method which resulted in 24,596,069 shares, and ii) the potential dilution from the exercise of warrants Series A (either exercised during the period end or outstanding) using the treasury stock method which resulted in 452,286 shares and the deduction of \$561, related to the changes in fair value of Series A warrants' liability, from net income attributable to common stockholders. For 2024 the computation of diluted earnings per share reflects: i) the potential dilution from conversion of outstanding preferred convertible Series C stock (as conversion from Series B preferred stock to Series C preferred stock was not applicable anymore) calculated with the "if converted" method and resulted in 26,278,338 shares, and ii) the potential dilution from the exercise of the July and August warrants and the Series A warrants (either exercised during the period end, or outstanding) using the treasury stock method which resulted in 558,109 shares, and the deduction of \$6, related to the changes in fair value of Series A warrants' liability, from net income attributable to common stockholders.

Securities that could potentially dilute basic earnings per share in the future that were not included in the computation of diluted earnings per share, because to do so would have anti-dilutive effect, for 2023, are any incremental shares resulting from the non-vested restricted share awards, all outstanding warrants considered to be out of the money (Class A Warrants, July Warrants, August Warrants and Series B Warrants) and the non-exercised stock options calculated with the treasury stock method. For 2024, securities that could potentially dilute basic earnings per share in the future that were not included in the computation of diluted earnings per share, because to do so would have anti-dilutive effect, are all outstanding warrants considered to be out of the money (Class A Warrants and Series B Warrants) and the non-exercised stock options calculated with the treasury stock method.

PERFORMANCE SHIPPING INC.  
Notes to Consolidated Financial Statements  
2024, 2023 and 2022

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

For 2023, net income is significantly adjusted by a deemed dividend to the Series C preferred stockholders due to triggering of a down-round feature of \$9,809 (Note 9), by a deemed dividend to the holders of the July and August 2022 Warrants of \$789 as a result of triggering of a down-round feature (Note 9), and also by an amount of \$1,889 representing dividends on Series B and Series C Preferred Stock (Note 9), to arrive at the net income attributable to common equity holders. For 2024, net income is adjusted by an amount of \$1,833 representing dividends on Series B and Series C Preferred Stock (Note 9), to arrive at the net income attributable to common equity holders.

The following table sets forth the computation for basic and diluted earnings per share:

	2024		2023		2022	
	Basic EPS	Diluted EPS	Basic EPS	Diluted EPS	Basic EPS	Diluted EPS
Net income	\$ 43,730	\$ 43,730	\$ 69,413	\$ 69,413	\$ 36,300	\$ 36,300
less income allocated to participating securities	-	-	(2)	(2)	(6)	(2)
less deemed dividends on Series B preferred stock upon exchange of common stock	-	-	-	-	(9,271)	(9,271)
less deemed dividends on Series C preferred stock upon exchange of Series B preferred stock and re-acquisition of loan due to a related party	-	-	-	-	(6,944)	-
less deemed dividend to the Series C preferred stockholders due to triggering of a down-round feature	-	-	(9,809)	-	(5,930)	(5,930)
less deemed dividend to the July and August warrants' holders due to triggering of a down-round feature	-	-	(789)	(789)	(1,116)	(1,116)
less dividends on preferred stock	(1,833)	-	(1,889)	(40)	(1,030)	(493)
less changes in value of warrants' liability	-	(6)	-	(561)	-	-
<b>Net income attributable to common stockholders</b>	<b>\$ 41,897</b>	<b>\$ 43,724</b>	<b>\$ 56,924</b>	<b>\$ 68,021</b>	<b>\$ 12,003</b>	<b>\$ 19,488</b>
Weighted average number of common shares, basic	12,365,418	12,365,418	10,491,316	10,491,316	1,850,072	1,850,072
Effect of dilutive shares	-	26,836,447	-	25,048,355	-	4,597,638
Weighted average number of common shares, diluted	12,365,418	39,201,865	10,491,316	35,539,671	1,850,072	6,447,710
<b>Earnings per common share</b>	<b>\$ 3.39</b>	<b>\$ 1.11</b>	<b>\$ 5.43</b>	<b>\$ 1.91</b>	<b>\$ 6.49</b>	<b>\$ 3.02</b>

PERFORMANCE SHIPPING INC.  
Notes to Consolidated Financial Statements  
2024, 2023 and 2022

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

## 12. Income Taxes

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

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

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

Based on the trading and ownership of its stock, the Company believes that it satisfied the 50% Ownership Test for its 2024 taxable year and intends to take this position on its 2024 U.S. federal income tax returns. Therefore, the Company does not expect to have any U.S. federal income tax liability for the year ended December 31, 2024.

## 13. Financial Instruments and Fair Value Disclosures

The carrying values of temporary cash investments, accounts receivable and accounts payable approximate their fair value due to the short-term nature of these financial instruments. The fair values of long-term bank loans approximate the recorded values, due to their variable interest rates. The fair value of the Series A warrants liability is measured at each reporting period end and at each settlement date using the Black & Scholes model for the valuation of these instruments, as discussed above (Note 9). The Company is exposed to interest rate fluctuations associated with its variable rate borrowings and its objective is to manage the impact of such fluctuations on earnings and cash flows of its borrowings. Currently, the Company does not have any derivative instruments to manage such fluctuations. During 2023, the Company measured on a non-recurring basis the fair values (excluding the down round feature) of the Series C Preferred Shares (as discussed above Note 9 (b)), July 2022 and August 2022 Warrants using Level 3 inputs of the fair value hierarchy, before and after the triggering of the down round features. These valuations resulted:

- in a deemed dividend for the Company's Series C Preferred Shares as of January 11, 2023, of \$1,539 (Note 9),
- in a deemed dividend for the Company's Series C Preferred Shares as of January 12, 2023, of \$447 (Note 9),
- in a deemed dividend for the Company's Series C Preferred Shares as of January 13, 2023, of \$39 (Note 9),
- in a deemed dividend for the Company's Series C Preferred Shares as of January 19, 2023, of \$250 (Note 9),
- in a deemed dividend for the Company's Series C Preferred Shares as of January 20, 2023, of \$486 (Note 9),
- in a deemed dividend for the Company's Series C Preferred Shares as of January 25, 2023, of \$1,486 (Note 9),
- in a deemed dividend for the Company's Series C Preferred Shares as of January 26, 2023, of \$171 (Note 9),
- in a deemed dividend for the Company's Series C Preferred Shares as of March 1, 2023, of \$5,391 (Note 9).



PERFORMANCE SHIPPING INC.  
Notes to Consolidated Financial Statements  
2024, 2023 and 2022

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

As of December 31, 2023, the deemed dividend for the Company's July 2022 Warrants and August 2022 Warrants that resulted from the fair value measurement of the down round features of July 2022 and August 2022 Warrants amounted to \$256 and \$533, respectively, both triggered similarly to Series C Preferred Shares above (Note 9).

The Company recorded gain from the Series A warrants measured on non-recurring basis at settlement dates amounting to \$244, and on recurring basis as of each measurement date amounting to \$317. The Series A Warrants fair value as of settlement and measurement dates per discussion above (Note 9 (g)), was determined through Level 2 inputs of the fair value hierarchy as determined by management. As of December 31, 2024, and December 31, 2023, the Company measured on recurring basis the fair value of the outstanding Series A Warrants at each measurement date of 14,300 Series A warrants at both dates, in the amount of \$27 and \$32, respectively. The Company measured on a non-recurring basis the fair value of Series A Warrants on each of the respective exercise dates as follows (please refer to Note 9(g)):

- on March 7, 2023, 42,900 Series A Warrants in the amount of \$37,
- on March 8, 2023, 1,811,550 Series A Warrants in the amount of \$1,612,
- on March 9, 2023, 400,400 Series A Warrants in the amount of \$340,
- on March 10, 2023, 320,450 Series A Warrants in the amount of \$269,
- on March 17, 2023, 14,300 Series A Warrants in the amount of \$11,
- on June 15, 2023, 575,250 Series A Warrants in the amount of \$420,
- on August 29, 2023, 432,250 Series A Warrants in the amount of \$726.

During 2022, the Company measured on a non-recurring basis its newly-issued equity instruments on their appropriate measurement dates, using Level 3 inputs of the fair value hierarchy. These valuations resulted:

- for the Company's Series B Preferred Shares as of January 27, 2022, which was the date of the instrument's issuance, to a fair value of \$18,030 (Note 9 (b)),
- for the Company's Series C Preferred Shares as of October 17, 2022, which was the date of the instrument's issuance, to a fair value of \$26,809 (Note 9 (b)).

Also, during 2022, the Company measured on a non-recurring basis the fair values of the Series C Preferred Shares, July 2022 and August 2022 Warrants, before and after the triggering of the down round features. These valuations resulted:

- in a deemed dividend for the Company's Series C Preferred Shares as of December 12, 2022, of \$5,930 (Note 9 (b)),
- in a deemed dividend for the Company's July 2022 Warrants as of August 18, 2022, of \$22 (Note 9 (f)),
- in a deemed dividend for the Company's July 2022 Warrants as of December 12, 2022, of \$192 (Note 9 (f)), and
- in a deemed dividend for the Company's August 2022 Warrants as of December 12, 2022, of \$902 (Note 9 (f)).

PERFORMANCE SHIPPING INC.  
Notes to Consolidated Financial Statements  
2024, 2023 and 2022

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

**14. Subsequent Events**

- (a) **Renaming of Unitized Ocean Transport Limited to Performance Shipping Management Inc.:** Effective January 2025, the Company's in-house fleet manager, Unitized Ocean Transport Limited, has officially been renamed Performance Shipping Management Inc.
- (b) **Installment payments for newbuilding vessels:** In February and April 2025, the Company paid the third installments for the Hull 1515 and the Hull 1596, amounting to \$6,325 and \$6,485, respectively, and in February 2025 the Company paid the second installment for the Hull 1597, amounting to \$6,485, according to the terms of the shipbuilding contracts (Notes 5 and 8).
- (c) **Sale and Delivery of the vessel P. Yanbu:** On March 13, 2025, the Company entered, through a separate wholly-owned subsidiary, into a Memorandum of Agreement for the sale of the vessel "P. Yanbu", for a gross purchase price of \$39,000. The sale was successfully completed on March 24, 2025, upon delivery of the vessel to her new owners. The Company is expected to generate in the first quarter of 2025 a gain on sale, before any commissions and other sale-related costs, of approximately \$21,500.
- (d) **Potential Sale of the vessel P. Sophia within the next twelve months:** On April 7, 2025, the Company announced that it has entered through a separate wholly-owned subsidiary, into a forward sale and exclusivity agreement with an unaffiliated third party, based on which the buyers are granted exclusive rights to submit a bid for the conversion of the vessel P. Sophia, in an auction for the provision of a Floating Production Storage and Offloading (FPSO) vessel for charter to a national oil company (the "Offshore Project"). If the buyer is awarded the Offshore Project by the expiration of the auction on April 5, 2026, the buyer will purchase the P. Sophia, for a gross sale price of \$36,050. Additionally, if the vessel is delivered to the buyer on or before September 30, 2025, the gross sale price will be increased by \$1,000.
- (e) **Dividend Payment to the Series B and Series C Preferred Stockholders:** On April 7, 2025, the Company paid cash dividends to its Series B and Series C preferred stockholders amounting to \$13 (or \$0.25 per share) and \$445 (or \$0.3125 per share), respectively, according to the terms of each preferred stock, out of which \$411 were paid to Mango (Note 4).

**DESCRIPTION OF THE REGISTRANT'S SECURITIES REGISTERED PURSUANT****TO SECTION 12 OF THE SECURITIES EXCHANGE ACT OF 1934**

As of December 31, 2024, Performance Shipping Inc. (the "Company") had two classes of securities registered under Section 12 of the Securities Exchange Act of 1934, as amended:

- (1) Common stock, \$0.01 par value (the "common shares"); and
- (2) Preferred stock purchase rights (the "Preferred Stock Purchase Rights").

The following description sets forth certain material provisions of these securities. The following summary does not purport to be complete and is subject to, and is qualified in its entirety by reference to, the applicable provisions of (i) the Company's Amended and Restated Articles of Incorporation, as amended (the "Articles of Incorporation") and (ii) the Company's Amended and Restated Bylaws (the "Bylaws"), each of which is incorporated by reference as an exhibit to the Annual Report on Form 20-F of which this Exhibit is a part. We encourage you to refer to our Articles of Incorporation and Bylaws for additional information.

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

Capitalized terms used but not defined herein have the meanings given to them in the Annual Report on Form 20-F of which this Exhibit is a part.

**Purpose**

Our purpose is to engage in any lawful act or activity for which corporations may now or hereafter be organized under the Marshall Islands Business Corporations Act, or BCA. Our Third Amended and Restated Articles of Incorporation and Amended and Restated By-Laws, as further amended, do not impose any limitations on the ownership rights of our shareholders.

**Authorized Capitalization**

Under our amended and restated articles of incorporation, our authorized capital stock consists of 500,000,000 common shares, par value \$0.01 per share, of which 12,432,158 shares were issued and outstanding as of December 31, 2024 and April 14, 2025, respectively, and 25,000,000 preferred shares, par value \$0.01 per share, of which 50,726 of our Series B Preferred Shares and 1,423,912 of our Series C Preferred Shares were issued and outstanding as of December 31, 2024 and April 14, 2025, respectively.

**DESCRIPTION OF COMMON SHARES**

The respective number of common shares issued and outstanding as of the last day of the fiscal year for the Annual Report on Form 20-F to which this description is attached or incorporated by reference as an exhibit, is provided on the cover page of such Annual Report on Form 20-F.

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

### **Voting Rights**

Each outstanding common share entitles the holder to one vote on all matters submitted to a vote of shareholders. At any annual or special general meeting of shareholders where there is a quorum, the affirmative vote of a majority of the votes cast by holders of shares of stock represented at the meeting shall be the act of the shareholders. (Under the Articles of Incorporation, at all meetings of shareholders except otherwise expressly provided by law, there must be present in person or proxy shareholders of record holding at least one third of the shares issued and outstanding and entitled to vote at such meeting in order to constitute a quorum but if less than a quorum is present, a majority of those shares present either in person or by proxy shall have power to adjourn any meeting until a quorum shall be present.)

Our Bylaws do not confer any conversion, redemption or preemptive rights attached to our common shares.

### **Dividend Rights**

Subject to preferences that may be applicable to any outstanding preferred shares, holders of common shares are entitled to receive ratably all dividends, if any, declared by our board of directors out of funds legally available for dividends.

### **Liquidation Rights**

Upon our dissolution or liquidation or the sale of all or substantially all of our assets, after payment in full of all amounts required to be paid to creditors and to the holders of our preferred shares having liquidation preferences, if any, the holders of our common shares will be entitled to receive pro rata our remaining assets available for distribution.

### **Variation of Rights**

Generally, the rights or privileges attached to our common shares may be varied or abrogated by the rights of the holders of our preferred shares, including our existing classes of preferred shares and any preferred shares we may issue in the future.

### **Limitations on Ownership**

Under Marshall Islands law generally, there are no limitations on the right of non-residents of the Marshall Islands or owners who are not citizens of the Marshall Islands to hold or vote our common shares.

## **DESCRIPTION OF PREFERRED SHARES**

Our amended and restated articles of incorporation authorize our board of directors to establish one or more series of preferred shares and to determine, with respect to any series of preferred shares, the terms and rights of that series, including:

- the designation of the series;
- the number of shares of the series;
- the preferences and relative, participating, option or other special rights, if any, and any qualifications, limitations or restrictions of such series; and
- the voting rights, if any, of the holders of the series.

### ***Description of the Series B Convertible Cumulative Perpetual Preferred Stock***

On December 21, 2021, we offered to exchange up to 271,078 of our then issued and outstanding common shares for newly issued shares of our Series B Convertible Cumulative Perpetual Preferred Stock, par value \$0.01 and liquidation preference \$25.00 (the “Series B Preferred Shares”) at a ratio of 0.28 Series B Preferred Shares for each common share. The offer expired on January 27, 2022 and a total of 188,974 common shares were validly tendered and accepted for exchange in the offer, which resulted in the issuance of 793,657 Series B Preferred Shares.

The authorized number of Series B Preferred Shares was initially 1,200,000 and is currently 457,069 as a result of the cancellation of Series B Preferred Shares following their repurchase or conversion. 50,726 Series B Preferred Shares are currently issued and outstanding.

The following description of the terms of the Series B Preferred Shares is a summary and does not purport to be complete and qualified in its entirety by the provisions of the Amended and Restated Certificate of Designations of the Series B Preferred Shares, dated January 12, 2022, which is incorporated by reference herein.

**Voting.** The Series B Preferred Shares have no voting rights except as set forth below, as set forth in the Certificate of Designation for the Series B Preferred Shares, or as otherwise provided by Marshall Islands law. Unless we have received the affirmative vote or consent of the holders of at least two-thirds of the outstanding Series B Preferred Shares, voting as a single class, we may not adopt any amendment to our articles of incorporation that materially and adversely alters the preferences, powers or rights of the Series B Preferred Shares. On any matter described above in which the Series B Preferred Shareholders are entitled to vote as a class, whether separately or together with the holders of any Parity Securities, such holders will be entitled to one vote per Series B Preferred Share.

**Redemption.** The Series B Preferred Shares are redeemable. At any time on or after the date that is the date immediately following the 15-month anniversary of the Original Issue Date of the Series B Preferred Shares, we may redeem, at our option, in whole or in part, the Series B Preferred Shares at a redemption price in cash equal to \$25.00 plus any accumulated and unpaid dividends thereon to and including the date of redemption. Any such optional redemption shall be effected only out of funds legally available for such purpose. We may undertake multiple partial redemptions. The Series B Preferred Shares are not subject to mandatory redemption or to any sinking fund requirements.

**Liquidation Preference.** Upon any liquidation, dissolution or winding up of the Company, either voluntary or involuntary, the Series B Preferred Shares will rank (i) senior to (a) common shares and (b) all Junior Securities (as such terms is defined in the Series B Certificate of Designation), (ii) pari passu with the Parity Securities (as such term is defined in the Series B Certificate of Designation), including the Series C Preferred Shares, and (iii) junior to Senior Securities (as such term is defined in the Series B Certificate of Designation). The Series B Preferred Shares shall be entitled to receive a payment equal to \$25, plus the amount of any accumulated and unpaid dividends thereon (whether or not such dividends shall have been declared) per Series B Preferred Share, in cash, concurrently with any distribution made to the holders of parity securities and before any distribution shall be made to the holders of common shares or any other junior securities. The Series B Preferred Shares holder has no other rights to distributions upon any liquidation, dissolution or winding up of the Company.

**Conversion.** Each Series B Preferred Share was convertible, at the option of the holder and for additional cash consideration of \$7.50 per converted Series B Preferred Share, into two Series C Preferred Shares. Such Series B Preferred Share conversion right was only exercisable during a 30-day period, such period commencing on the date that is the later of (i) the date that is the date immediately following the one-year anniversary of the Original Issue Date and (ii) the date on which the Company notifies the holders of Series B Preferred Shares that the issuance of Series C Preferred Shares upon exercise of the Series B Conversion Right is covered under an effective registration statement that is filed with the SEC under the Securities Act or the date that the Company notifies the holders of Series B Preferred Shares that it has determined, in its sole discretion, that the issuance of such Series C Preferred Shares is exempt from the registration requirements of the Securities Act (the "Conversion Period"). The Conversion Period expired on March 15, 2023. During the Conversion Period, 85,535 Series B Preferred Shares were converted to 171,070 Series C Preferred Shares.

**Dividends.** Dividends on each Series B Preferred Share shall be cumulative and shall accrue at a rate equal to 4.00% per annum of the liquidation preference per Series B Preferred Share from the Original Issuance Date. When and if declared, the dividend payment dates for the Series B Preferred Shares shall be each June 15, September 15, December 15 and March 15. At the Company's option, such dividends may be paid in common shares of the Company valued at the volume-weighted average price of the common shares for the 10 trading days prior to the Dividend Payment Date.

**Listing.** Currently, no market exists for the Series B Preferred Shares, and we do not intend to apply to list the Series B Preferred Shares on any stock exchange or in any trading market.

#### **Description of the Series C Convertible Cumulative Redeemable Perpetual Preferred Stock**

On October 17, 2022 (the "Original Issuance Date"), we filed a Certificate of Designation (the "Series C Certificate of Designation") with the Registrar of Corporations of the Republic of the Marshall Islands pursuant to which we established our newly designated Series C Preferred Shares. The authorized number of Series C Preferred Shares is 1,587,314, of which 1,423,912 Series C Preferred Shares are currently issued and outstanding.

The following description of the terms of the Series C Preferred Shares is a summary and does not purport to be complete and is qualified by reference to the Series C Certificate of Designation filed as an exhibit to our Form 6-K filed on October 21, 2022 and incorporated herein by reference.

**Voting.** Each holder of Series C Preferred Shares is entitled to a number of votes equal to the number of Common Shares into which such holder's Series C Preferred Shares would then be convertible (notwithstanding the requirement that the Series C Preferred Shares are convertible only after six months following the Original Issuance Date), multiplied by 10. Except as set forth in the Series C Certificate of Designation with respect to certain matters requiring the majority vote of the Series C Preferred Shares or as required by law, the holders of Series C Preferred Shares shall vote together as one class with the holders of Common Shares on all matters submitted to a vote of our shareholders.

**Redemption.** The Series C Preferred Shares are redeemable. The Company has the right at any time, on or after the date that is the date immediately following the 15-month anniversary of the Original Issuance Date, to redeem, at its option, in whole or in part, the Series C Preferred Shares, provided that on the date of any Series C redemption notice, except with respect to any redemption for cash, less than 25% of the authorized number of Series C Preferred Shares are outstanding. The redemption price per Series C Preferred Shares shall be equal to \$25.00 plus any accumulated and unpaid dividends thereon to and including the date of redemption, payable in cash or, at the Company's election, Common Shares valued at the volume-weighted average price of the Common Shares for the 10 trading days prior to the date of redemption. The Company may undertake multiple partial redemptions. The Series B Preferred Shares are not subject to mandatory redemption or to any sinking fund requirements.

**Liquidation Preference.** Upon any liquidation, dissolution or winding up of the Company, either voluntary or involuntary, the Series C Preferred Shares will rank (i) senior to (a) common shares and (b) all Junior Securities (as such terms is defined in the Series C Certificate of Designation), (ii) *pari passu* with the Parity Securities (as such term is defined in the Series C Certificate of Designation), including the Series B Preferred Shares, and (iii) junior to Senior Securities (as such term is defined in the Series C Certificate of Designation). The Series C Preferred Shares shall be entitled to receive a payment equal to \$25, plus the amount of any accumulated and unpaid dividends thereon (whether or not such dividends shall have been declared) per Series C Preferred Share, in cash, concurrently with any distribution made to the holders of parity securities and before any distribution shall be made to the holders of common shares or any other junior securities. The Series C Preferred Shares holder has no other rights to distributions upon any liquidation, dissolution or winding up of the Company.

**Conversion.** The Series C Preferred Shares are convertible into common shares (i) *at the option of the holder*: in whole or in part, at a rate equal to the Series C liquidation preference, plus the amount of any accrued and unpaid dividends thereon to and including the date of conversion, divided by a conversion price of \$1.3576 per common share, subject to adjustment from time to time, or (ii) *mandatorily*: on any date within the Series C Conversion Period on which less than 25% of the authorized number of Series C Preferred Shares are outstanding and the volume-weighted average price of the common shares for the 10 trading days preceding such date exceeds 130% of the conversion price in effect on such date, the Company may elect that all or a portion of the outstanding Series C Preferred Shares shall mandatorily convert into common shares at a rate equal to the Series C liquidation preference, plus the amount of any accrued and unpaid dividends thereon to and including such date, divided by the conversion price. The conversion price is subject to adjustment for any stock splits, reverse stock splits or stock dividends, and shall also be adjusted to the lowest price of issuance of common shares by the Company for any registered offering following the Original Issuance Date, provided that such adjusted conversion price shall not be less than \$0.50. Any common shares issued upon conversion of the Series C Preferred Shares will be exempt from registration pursuant to Section 3(a)(9) of the Securities Act.

**Dividends.** Dividends on each Series C Preferred Share shall be cumulative and shall accrue at a rate equal to 5.00% per annum of the liquidation preference per Series C Preferred Share from the dividend payment date immediately preceding issuance. When and if declared, the dividend payment dates for the Series C Preferred Shares shall be each June 15, September 15, December 15 and March 15. At the Company's option, such dividends may be paid in Common Shares of the Company valued at the volume-weighted average price of the common shares for the 10 trading days prior to the Dividend Payment Date.

**Listing.** Currently, no market exists for the Series C Preferred Shares, and we do not intend to apply to list the Series C Preferred Shares on any stock exchange or in any trading market.

## **DESCRIPTION OF PREFERRED STOCK PURCHASE RIGHTS**

On December 20, 2021, we entered into a new Stockholders' Rights Agreement, or the Rights Agreement, with Computershare Inc. as Rights Agent. Pursuant to the Rights Agreement, each share of our common stock includes one right, or a Right, that entitles the holder to purchase from us a unit consisting of one one-thousandth of a share of our Series A Participating Preferred Stock at an exercise price of \$750.00, subject to specified adjustments. The Rights will separate from the common stock and become exercisable only if a person or group acquires beneficial ownership of 10% or more of our common stock in a transaction not approved by our board of directors. In that situation, each holder of a Right (other than the acquiring person, whose Rights will become void and will not be exercisable) will have the right to purchase, upon payment of the exercise price, a number of shares of our common stock having a then-current market value equal to twice the exercise price. In addition, if we are acquired in a merger or other business combination after an acquiring person acquires 10% or more of our common stock, each holder of the Right will thereafter have the right to purchase, upon payment of the exercise price, a number of shares of common stock of the acquiring person having a then-current market value equal to twice the exercise price. The acquiring person will not be entitled to exercise these Rights. Under the Rights Agreement's terms, it will expire on December 20, 2031.

The Rights may have anti-takeover effects. The Rights will cause substantial dilution to any person or group that attempts to acquire us without the approval of our board of directors. As a result, the overall effect of the Rights may be to render more difficult or discourage any attempt to acquire us. Because our board of directors can approve a redemption of the Rights or a permitted offer, the Rights should not interfere with a merger or other business combination approved by our board of directors.

We have summarized the material terms and conditions of the Rights Agreement and the related Rights below.

### ***Distribution and Transfer of Rights; Rights Certificates***

The board of directors has declared a dividend of one Right for each outstanding Common Share. Prior to the Distribution Date referred to below:

- the Rights will be evidenced by and trade with the certificates for the Common Shares (or, with respect to any uncertificated Common Shares registered in book entry form, by notation in book entry), and no separate rights certificates will be distributed;
- new Common Shares certificates issued after the Record Date will contain a legend incorporating the Rights Agreement by reference (for uncertificated Common Shares registered in book entry form, this legend will be contained in a notation in book entry); and
- the surrender for transfer of any certificates for Common Shares (or the surrender for transfer of any uncertificated Common Shares registered in book entry form) will also constitute the transfer of the Rights associated with such Common Shares.

Rights will accompany any new Common Shares that are issued after the Record Date.

### ***Distribution Date***

Subject to certain exceptions specified in the Rights Agreement, the Rights will separate from the Common Shares and become exercisable following the earlier of (i) the 10th calendar day (or such later date as may be determined by the board of directors) after the public announcement that a person or group of affiliated or associated persons (an "Acquiring Person") has acquired beneficial ownership of 10% or more of the Common Shares; or (ii) the 10th business day (or such later date as may be determined by the board of directors) after a person or group announces a tender or exchange offer that would result in ownership by a person or group of 10% or more of the Common Shares. For purposes of the Rights Agreement, beneficial ownership is defined to include the ownership of derivative securities.

The date on which the Rights separate from the Common Shares and become exercisable is referred to as the "Distribution Date."

After the Distribution Date, the Company will mail Rights certificates to the Company's stockholders (and in the case of uncertificated shares, by notation in book entry accounts reflecting ownership) as of the close of business on the Distribution Date and the Rights will become transferable apart from the Common Shares. Thereafter, such Rights certificates alone will represent the Rights.

#### ***Preferred Shares Purchasable Upon Exercise of Rights***

After the Distribution Date, each Right will entitle the holder to purchase, for the Exercise Price, one one-thousandth of a Preferred Share having economic and other terms similar to that of one Common Share. This portion of a Preferred Share is intended to give the stockholder approximately the same dividend, voting and liquidation rights as would one Common Share, and should approximate the value of one Common Share.

More specifically, each one one-thousandth of a Preferred Share, if issued, will, among other things:

- not be redeemable;
- entitle holders to quarterly dividend payments in an amount per share equal to 1,000 times the aggregate per share amount of all cash dividends, and 1,000 times the aggregate per share amount (payable in kind) of all non-cash dividends or other distributions other than a dividend payable in Common Shares or a subdivision of the outstanding Common Shares (by reclassification or otherwise), declared on the Common Shares since the immediately preceding quarterly dividend payment date; and
- entitle holders of Series A Participating Preferred Stock to 1,000 votes on all matters submitted to a vote of the stockholders of the Company.

#### ***Flip-In Trigger***

If an Acquiring Person obtains beneficial ownership of 10% or more of the Common Shares, *then* each Right will entitle the holder thereof to purchase, for the Exercise Price, a number of Common Shares (or, in certain circumstances, cash, property or other securities of the Company) having a then-current market value of twice the Exercise Price. However, the Rights are not exercisable following the occurrence of the foregoing event until such time as the Rights are no longer redeemable by the Company, as further described below.

Following the occurrence of an event set forth in preceding paragraph, all Rights that are or, under certain circumstances specified in the Rights Agreement, were beneficially owned by an Acquiring Person or certain of its transferees will be null and void.

#### ***Flip-Over Trigger***

If, after an Acquiring Person obtains 10% or more of the Common Shares, (i) the Company merges into another entity; (ii) an acquiring entity merges into the Company; or (iii) the Company sells or transfers 50% or more of its assets, cash flow or earning power, *then* each Right (except for Rights that have previously been voided as set forth above) will entitle the holder thereof to purchase, for the Exercise Price, a number of shares of common stock of the person engaging in the transaction having a then-current market value of twice the Exercise Price.

#### ***Redemption of the Rights***

The Rights will be redeemable at the Company's option for \$0.01 per Right (payable in cash, Common Shares or other consideration deemed appropriate by the board of directors) at any time on or prior to the 10th business day (or such later date as may be determined by the board of directors) after the public announcement that an Acquiring Person has acquired beneficial ownership of 10% or more of the Common Shares. Immediately upon the action of the board of directors ordering redemption, the Rights will terminate and the only right of the holders of the Rights will be to receive the \$0.01 redemption price. The redemption price will be adjusted if the Company undertakes a stock dividend or a stock split.

#### ***Exchange Provision***

At any time after the date on which an Acquiring Person beneficially owns 10% or more of the Common Shares and prior to the acquisition by the Acquiring Person of 50% of the Common Shares, the board of directors may exchange the Rights (except for Rights that have previously been voided as set forth above), in whole or in part, for Common Shares at an exchange ratio of one Common Share per Right (subject to adjustment). In certain circumstances, the Company may elect to exchange the Rights for cash or other securities of the Company having a value approximately equal to one Common Share.



### ***Expiration of the Rights***

The Rights expire on the earliest of (i) 5:00 p.m., New York City time, on December 20, 2031 (unless such date is extended); or (ii) the redemption or exchange of the Rights as described above.

### ***Amendment of Terms of Rights Agreement and Rights***

The terms of the Rights and the Rights Agreement may be amended in any respect without the consent of the holders of the Rights on or prior to the Distribution Date. Thereafter, the terms of the Rights and the Rights Agreement may be amended without the consent of the holders of Rights in order to (i) cure any ambiguities; (ii) shorten or lengthen any time period pursuant to the Rights Agreement; or (iii) make changes that do not adversely affect the interests of holders of the Rights (other than an Acquiring Person or an affiliate or associate of an Acquiring Person).

### ***Voting Rights; Other Stockholder Rights***

The Rights will not have any voting rights. Until a Right is exercised, the holder thereof, as such, will have no separate rights as stockholder of the Company.

### ***Anti-Dilution Provisions***

The board of directors may adjust the Exercise Price, the number of Preferred Shares issuable and the number of outstanding Rights to prevent dilution that may occur from a stock dividend, a stock split or a reclassification of the Preferred Shares or Common Shares.

### ***Taxes***

The distribution of Rights should not be taxable for federal income tax purposes. However, following an event that renders the Rights exercisable or upon redemption of the Rights, stockholders may recognize taxable income.

## **DESCRIPTION OF WARRANTS**

### ***Class A Warrants***

On June 1, 2022, we completed a public offering of 508,000 units (as adjusted for the one-for-fifteen reverse stock split effective on November 15, 2022), each unit consisting of (i) one common share or a pre-funded warrant to purchase one common share at an exercise price equal to \$0.01 per common share, and (ii) one Class A Warrant to purchase one common share at an initial exercise price equal to \$15.75 per Common Share (a "Class A Warrant"), at a public offering price of \$15.75 per unit.

At the time of the closing, the underwriters exercised and closed on part of their over-allotment option, and purchased Class A Warrants to purchase up to 59,366 common shares.

As of April 14, 2025, Class A Warrants to purchase up to 567,366 common shares are outstanding.

The following summary of certain terms and provisions of the Class A Warrants is not complete and is subject to, and qualified in its entirety by the provisions of the form of Class A Warrant, which was filed as Exhibit 4.2 to our Current Report on Form 6-K filed with the SEC on June 2, 2022 and is incorporated herein by reference.

*Exercisability.* The Class A Warrants are exercisable at any time after their original issuance and at any time up to the date that is five years after their original issuance. The Class A Warrants are exercisable, at the option of each holder, in whole or in part by delivering to us a duly executed exercise notice and, at any time a registration statement registering the issuance of the common shares underlying the warrants under the Securities Act is effective and available for the issuance of such shares, by payment in full in immediately available funds for the number of common shares purchased upon such exercise. If a registration statement registering the issuance of the common shares underlying the Class A Warrants under the Securities Act is not effective or available, the holder may, in its sole discretion, elect to exercise the Class A Warrants through a cashless exercise, in which case the holder would receive upon such exercise the net number of common shares determined according to the formula set forth in the warrant. We may be required to pay certain amounts as liquidated damages as specified in the warrants in the event we do not deliver common shares upon exercise of the warrants within the time periods specified in the warrants. No fractional common shares will be issued in connection with the exercise of a warrant.

*Exercise Limitation.* A holder will not have the right to exercise any portion of the Class A Warrants if the holder (together with its affiliates) would beneficially own in excess of 4.99% (or, upon election by a holder prior to the issuance of any warrants, 9.99%) of the number of shares of our common shares outstanding immediately after giving effect to the exercise, as such percentage ownership is determined in accordance with the terms of the warrants. However, any holder may increase or decrease such percentage to any other percentage not in excess of 9.99%, upon at least 61 days' prior notice from the holder to us with respect to any increase in such percentage.

*Exercise Price.* The exercise price for the Class A Warrants per whole common share purchasable upon exercise of the warrants is \$15.75. The exercise price and number of common shares issuable on exercise of the Class A Warrants are subject to appropriate adjustments in the event of certain stock dividends and distributions, stock splits, stock combinations, reclassifications or similar events affecting our common shares. The exercise price of the Class A Warrants may also be reduced to any amount not less than \$7.50 (as adjusted for stock splits, reverse stock splits or stock dividends) and for any period of time at the sole discretion of our board of directors.

*Transferability.* Subject to applicable laws, the Class A Warrants may be offered for sale, sold, transferred or assigned without our consent.

*Exchange Listing.* We do not intend to list the Class A Warrants on any securities exchange or other trading market. Without an active trading market, the liquidity of the Class A Warrants will be limited.

*Warrant Agent.* The Class A Warrants were issued in registered form under a warrant agreement between Computershare Trust Company, N.A., as warrant agent, and us. The warrants shall initially be represented only by one or more global warrants deposited with the warrant agent, as custodian on behalf of The Depository Trust Company (DTC) and registered in the name of Cede & Co., a nominee of DTC, or as otherwise directed by DTC.

*Fundamental Transactions.* In the event of a fundamental transaction, as described in the Class A Warrants and generally including, with certain exceptions, any reorganization, recapitalization or reclassification of our common shares, the sale, transfer or other disposition of all or substantially all of our properties or assets, our consolidation or merger with or into another person, the acquisition of more than 50% of our outstanding common shares, or any person or group becoming the beneficial owner of 50% of the voting power represented by our outstanding common shares, the holders of the warrants will be entitled to receive upon exercise of the warrants the kind and amount of securities, cash or other property that the holders would have received had they exercised the warrants immediately prior to such fundamental transaction. In addition, in the event of a fundamental transaction, we or the successor entity, at the request of a holder of Class A Warrants, will be obligated to purchase any unexercised portion of such Class A Warrants in accordance with the terms of the Class A Warrants.

*Rights as a Shareholder.* Except as otherwise provided in the warrants or by virtue of such holder's ownership of our common shares, the holder of a Class A Warrant does not have the rights or privileges of a holder of our common shares, including any voting rights, until the holder exercises the warrant.

*Governing Law.* The Class A Warrants and the warrant agreement are governed by New York law.

### **July 2022 Warrants**

On July 19, 2022, we issued approximately 1,133,333 of our common shares in a registered direct offering concurrently with a private placement of July 2022 Warrants to purchase up to approximately 1,133,333 common shares, each exercisable to purchase one common share for an initial exercise price of \$5.25, for a purchase price of \$5.25 per common share and Warrant. This private placement transaction was conducted pursuant to a Securities Purchase Agreement dated July 18, 2022.

July 2022 Warrants to purchase up to 1,033,333 common shares are currently outstanding.

The following summary of certain terms and provisions of the July 2022 Warrants is not complete and is subject to, and qualified in its entirety by the provisions of the form of July 2022 Warrant, which was filed as Exhibit 4.3 to our Current Report on Form 6-K filed with the SEC on July 20, 2022 and is incorporated herein by reference.

*Exercisability.* The exercise price for the July 2022 Warrants per whole common share purchasable upon exercise of the warrants is currently \$1.65, as adjusted pursuant to the terms of the July 2022 Warrants subsequent to their issuance. The July 2022 Warrants are exercisable for a period of five and a half years commencing on the date of issuance. The July 2022 Warrants are exercisable, at the option of each holder, in whole or in part by delivering to us a duly executed exercise notice with payment in full in immediately available funds for the number of common shares purchased upon such exercise. If a registration statement registering the resale of the common shares underlying the July 2022 Warrants under the Securities Act is not effective or available at any time after the six month anniversary of the date of issuance of the July 2022 Warrants, the holder may, in its sole discretion, elect to exercise the July 2022 Warrant through a cashless exercise, in which case the holder would receive upon such exercise the net number of common shares determined according to the formula set forth in the Warrant.

*Exercise Limitation.* A holder will not have the right to exercise any portion of the July 2022 Warrant if the holder (together with its affiliates) would beneficially own in excess of 4.99% (or, upon election of the holder, 9.99%) of the number of our common shares outstanding immediately after giving effect to the exercise, as such percentage of beneficial ownership is determined in accordance with the terms of the Warrants. However, any holder may increase or decrease such percentage, but not in excess of 9.99%, provided that any increase will not be effective until the 61st day after such election.

*Exercise Price Adjustment.* The exercise price of the July 2022 Warrants is subject to appropriate adjustment in the event of certain stock dividends and distributions, stock splits, stock combinations, reclassifications or similar events affecting our common shares and also upon any distributions of assets, including cash, stock or other property to our stockholders. The exercise price of the July 2022 Warrants may also be reduced to any amount and for any period of time at the sole discretion of our board of directors subject to a floor price of \$1.65 (as adjusted for stock splits, reverse stock splits or stock dividends). In addition, the exercise price is also subject to an anti-dilution adjustment if we issue or are deemed to have issued securities at a price lower than the then applicable exercise price, subject to a floor price of \$1.65 (as adjusted for stock splits, reverse stock splits or stock dividends).

The Warrants require “buy-in” payments to be made by us for failure to deliver any shares of common stock issuable upon exercise.

*Exchange Listing.* There is no established trading market for the July 2022 Warrants and we do not expect a market to develop. In addition, we do not intend to apply for the listing of the July 2022 Warrants on any national securities exchange or other trading market.

*Fundamental Transactions.* If a fundamental transaction occurs, then the successor entity will succeed to, and be substituted for us, and may exercise every right and power that we may exercise and will assume all of our obligations under the July 2022 Warrants with the same effect as if such successor entity had been named in the warrant itself. If holders of our common shares are given a choice as to the securities, cash or property to be received in a fundamental transaction, then the holder shall be given the same choice as to the consideration it receives upon any exercise of the July 2022 Warrant following such fundamental transaction. In addition, the successor entity, at the request of warrant holders, will be obligated to purchase any unexercised portion of the July 2022 Warrants in accordance with the terms of such Warrants.

*Rights as a Shareholder.* Except as otherwise provided in the July 2022 Warrants or by virtue of such holder’s ownership of our common shares, the holder of a July 2022 Warrant will not have the rights or privileges of a holder of our common shares, including any voting rights, until the issuance of common shares upon exercise of the warrant.

*Resale/Registration Rights.* We were required to file a registration statement providing for the resale of the common shares issued and issuable upon the exercise of the July 2022 Warrants and to use commercially reasonable efforts to cause such registration to become effective and to keep such registration statement effective at all times until no investor owns any Warrants or shares issuable upon exercise thereof. Such registration statement on Form F-3 (File No. 333-266946) was declared effective on August 29, 2022.

## August 2022 Warrants

On August 16, 2022, we issued approximately 2,222,222 of our common shares and August 2022 Warrants to purchase up to approximately 2,222,222 common shares in a registered direct offering, each exercisable to purchase one common share for an initial exercise price of \$6.75, for a purchase price of \$6.75 per share and August 2022 Warrant. This issuance was conducted pursuant to a Securities Purchase Agreement dated August 12, 2022.

August 2022 Warrants to purchase up to 2,122,222 common shares are currently outstanding.

The following summary of certain terms and provisions of the August 2022 Warrants is not complete and is subject to, and qualified in its entirety by, the provisions of the form of August 2022 Warrant, which was filed as Exhibit 4.3 to our Current Report on Form 6-K filed with the SEC on August 17, 2022 and is incorporated herein by reference.

*Exercisability.* The exercise price for the August 2022 Warrants per whole common share purchasable upon exercise of the warrants is currently \$1.65, as adjusted pursuant to the terms of the August 2022 Warrants subsequent to their issuance. The August 2022 Warrants are exercisable for a period of five years commencing on the date of issuance. The August 2022 Warrants are exercisable, at the option of each holder, in whole or in part by delivering to us a duly executed exercise notice with payment in full in immediately available funds for the number of common shares purchased upon such exercise. If a registration statement registering the resale of the common shares underlying the August 2022 Warrants under the Securities Act is not effective or available at any time after the six month anniversary of the date of issuance of the August 2022 Warrants, the holder may, in its sole discretion, elect to exercise the August 2022 Warrant through a cashless exercise, in which case the holder would receive upon such exercise the net number of common shares determined according to the formula set forth in the Warrant.

*Exercise Limitation.* A holder will not have the right to exercise any portion of the August 2022 Warrant if the holder (together with its affiliates) would beneficially own in excess of 4.99% (or, upon election of the holder, 9.99%) of the number of our common shares outstanding immediately after giving effect to the exercise, as such percentage of beneficial ownership is determined in accordance with the terms of the Warrants. However, any holder may increase or decrease such percentage, but not in excess of 9.99%, provided that any increase will not be effective until the 61st day after such election.

*Exercise Price Adjustment.* The exercise price of the August 2022 Warrants is subject to appropriate adjustment in the event of certain stock dividends and distributions, stock splits, stock combinations, reclassifications or similar events affecting our common shares and also upon any distributions of assets, including cash, stock or other property to our stockholders. The exercise price of the August 2022 Warrants may also be reduced to any amount and for any period of time at the sole discretion of our board of directors subject to a floor price of \$1.65 (as adjusted for stock splits, reverse stock splits or stock dividends). In addition, the exercise price is also subject to an anti-dilution adjustment if we issue or are deemed to have issued securities at a price lower than the then applicable exercise price, subject to a floor price of \$1.65 (as adjusted for stock splits, reverse stock splits or stock dividends).

The Warrants require “buy-in” payments to be made by us for failure to deliver any shares of common stock issuable upon exercise.

*Exchange Listing.* There is no established trading market for the August 2022 Warrants and we do not expect a market to develop. In addition, we do not intend to apply for the listing of the August 2022 Warrants on any national securities exchange or other trading market.

*Fundamental Transactions.* If a fundamental transaction occurs, then the successor entity will succeed to, and be substituted for us, and may exercise every right and power that we may exercise and will assume all of our obligations under the August 2022 Warrants with the same effect as if such successor entity had been named in the warrant itself. If holders of our common shares are given a choice as to the securities, cash or property to be received in a fundamental transaction, then the holder shall be given the same choice as to the consideration it receives upon any exercise of the August 2022 Warrant following such fundamental transaction. In addition, the successor entity, at the request of warrant holders, will be obligated to purchase any unexercised portion of the August 2022 Warrants in accordance with the terms of such Warrants.

*Rights as a Shareholder.* Except as otherwise provided in the August 2022 Warrants or by virtue of such holder's ownership of our common shares, the holder of an August 2022 Warrant will not have the rights or privileges of a holder of our common shares, including any voting rights, until the issuance of common shares upon exercise of the warrant.

### **Series A Warrants**

On March 3, 2023, we issued 5,556,000 of our common shares, Series A Warrants to purchase up to 3,611,400 common shares and Series B Warrants to purchase up to 4,167,000 common shares in a registered direct offering, with each Series A Warrant and Series B Warrant exercisable to purchase one common share for an initial exercise price of \$2.25, for a purchase price of \$2.25 per share, 0.65 of a Series A Warrant and 0.75 of a Series B Warrant. This issuance was conducted pursuant to a Securities Purchase Agreement dated February 28, 2023.

Series A Warrants to purchase up to 14,300 common shares are currently outstanding.

The following summary of certain terms and provisions of the Series A Warrants is not complete and is subject to, and qualified in its entirety by, the provisions of the form of Series A Warrant, which was filed as Exhibit 4.3 to our Current Report on Form 6-K filed with the SEC on March 3, 2023 and is incorporated herein by reference.

*Exercisability.* The Series A Warrants are exercisable for a period of five years commencing on the date of issuance. The Series A Warrants will be exercisable, at the option of each holder, in whole or in part by delivering to us a duly executed exercise notice with payment in full in immediately available funds for the number of common shares purchased upon such exercise. If a registration statement registering the issuance of the common shares underlying the Series A Warrants under the Securities Act is not effective or available at any time after the date of issuance of the Series A Warrants, the holder may, in its sole discretion, elect to exercise the Series A Warrants through a cashless exercise, in which case the holder would receive upon such exercise the net number of common shares determined according to the formula set forth in the Series A Warrant.

*Exchangeability.* Each Series A Warrant is exchangeable for one common share.

*Exercise Limitation.* A holder will not have the right to exercise any portion of the Series A Warrant if the holder (together with its affiliates) would beneficially own in excess of 4.99% (or, upon election of the holder, 9.99%) of the number of our common shares outstanding immediately after giving effect to the exercise, as such percentage of beneficial ownership is determined in accordance with the terms of the Series A Warrants. However, any holder may increase or decrease such percentage, but not in excess of 9.99%, provided that any increase will not be effective until the 61st day after such election.

*Exercise Price Adjustment.* The exercise price of the Series A Warrants is subject to appropriate adjustment in the event of certain stock dividends and distributions, stock splits, stock combinations, reclassifications or similar events affecting our common shares and also upon any distributions of assets, including cash, stock or other property to our stockholders. The exercise price of the Series A Warrants may also be reduced to any amount not below \$0.11 and for any period of time at the sole discretion of our board of directors.

The Series A Warrants require "buy-in" payments to be made by us for failure to deliver any common shares issuable upon exercise.

*Exchange Listing.* There is no established trading market for the Series A Warrants and we do not expect a market to develop. In addition, we do not intend to apply for the listing of the Series A Warrants on any national securities exchange or other trading market.

*Fundamental Transactions.* If a fundamental transaction occurs, then the successor entity will succeed to, and be substituted for us, and may exercise every right and power that we may exercise and will assume all of our obligations under the Series A Warrants with the same effect as if such successor entity had been named in the Series A Warrant itself. If holders of our common shares are given a choice as to the securities, cash or property to be received in a fundamental transaction, then the holder shall be given the same choice as to the consideration it receives upon any exercise of the Series A Warrant following such fundamental transaction. In addition, we or the successor entity, at the request of Series A Warrant holders, will be obligated to purchase any unexercised portion of the Series A Warrants in accordance with the terms of such Series A Warrants.

*Rights as a Shareholder.* Except as otherwise provided in the Series A Warrants or by virtue of such holder's ownership of our common shares, the holder of a Series A Warrant will not have the rights or privileges of a holder of our common shares, including any voting rights, until the issuance of common shares upon exercise or exchange of the Series A Warrant.

## **Series B Warrants**

On March 3, 2023, we issued 5,556,000 of our common shares, Series A Warrants to purchase up to 3,611,400 common shares and Series B Warrants to purchase up to 4,167,000 common shares in a registered direct offering, with each Series A Warrant and Series B Warrant exercisable to purchase one common share for an initial exercise price of \$2.25, for a purchase price of \$2.25 per share, 0.65 of a Series A Warrant and 0.75 of a Series B Warrant. This issuance was conducted pursuant to a Securities Purchase Agreement dated February 28, 2023.

Series B Warrants to purchase up to 4,097,000 common shares are currently outstanding.

The following summary of certain terms and provisions of the Series B Warrants is not complete and is subject to, and qualified in its entirety by, the provisions of the form of Series B Warrant, which was filed as Exhibit 4.4 to our Current Report on Form 6-K filed with the SEC on March 3, 2023 and is incorporated herein by reference.

*Exercisability.* The Series B Warrants are exercisable for a period of five years commencing on the date of issuance. The Series B Warrants will be exercisable, at the option of each holder, in whole or in part by delivering to us a duly executed exercise notice with payment in full in immediately available funds for the number of common shares purchased upon such exercise. If a registration statement registering the issuance of the common shares underlying the Series B Warrants under the Securities Act is not effective or available at any time after the date of issuance of the Series B Warrants, the holder may, in its sole discretion, elect to exercise the Series B Warrants through a cashless exercise, in which case the holder would receive upon such exercise the net number of common shares determined according to the formula set forth in the Series B Warrant.

*Exercise Limitation.* A holder will not have the right to exercise any portion of the Series B Warrant if the holder (together with its affiliates) would beneficially own in excess of 4.99% (or, upon election of the holder, 9.99%) of the number of our common shares outstanding immediately after giving effect to the exercise, as such percentage of beneficial ownership is determined in accordance with the terms of the Series B Warrants. However, any holder may increase or decrease such percentage, but not in excess of 9.99%, provided that any increase will not be effective until the 61st day after such election.

*Exercise Price Adjustment.* The exercise price of the Series B Warrants is subject to appropriate adjustment in the event of certain stock dividends and distributions, stock splits, stock combinations, reclassifications or similar events affecting our common shares and also upon any distributions of assets, including cash, stock or other property to our stockholders. The exercise price of the Series B Warrants may also be reduced to any amount not below \$0.11 and for any period of time at the sole discretion of our board of directors.

The Series B Warrants require "buy-in" payments to be made by us for failure to deliver any common shares issuable upon exercise.

*Exchange Listing.* There is no established trading market for the Series B Warrants and we do not expect a market to develop. In addition, we do not intend to apply for the listing of the Series B Warrants on any national securities exchange or other trading market.

*Fundamental Transactions.* If a fundamental transaction occurs, then the successor entity will succeed to, and be substituted for us, and may exercise every right and power that we may exercise and will assume all of our obligations under the Series B Warrants with the same effect as if such successor entity had been named in the Series B Warrant itself. If holders of our common shares are given a choice as to the securities, cash or property to be received in a fundamental transaction, then the holder shall be given the same choice as to the consideration it receives upon any exercise of the Series B Warrant following such fundamental transaction. In addition, we or the successor entity, at the request of Series B Warrant holders, will be obligated to purchase any unexercised portion of the Series B Warrants in accordance with the terms of such Series B Warrants.

*Rights as a Shareholder.* Except as otherwise provided in the Series B Warrants or by virtue of such holder's ownership of our common shares, the holder of a Series B Warrant will not have the rights or privileges of a holder of our common shares, including any voting rights, until the issuance of common shares upon exercise of the Series B Warrant.

## **Directors**

Our directors are elected by a plurality of the votes cast by shareholders entitled to vote. There is no provision for cumulative voting.

Our board of directors must consist of at least three members. Our amended and restated articles of incorporation provide that the board of directors may only change the number of directors by a vote of not less than two-thirds of the entire board. Directors are elected annually on a staggered basis, and each shall serve for a three-year term and until his successor shall have been duly elected and qualified, except in the event of his death, resignation, removal, or the earlier termination of his term of office. Our board of directors has the authority to fix the amounts which shall be payable to the members of the board of directors for attendance at any meeting or for services rendered to us.

## **Shareholder Meetings**

Under our amended and restated bylaws, annual shareholder meetings will be held at a time and place selected by our board of directors. The meetings may be held in or outside the Marshall Islands. Special meetings may be called for any purpose or purposes at any time by a majority of our board of directors, the chairman of our board of directors or an officer of the Company who is also a director. Our board of directors may set a record date between 15 and 60 days before the date of any meeting to determine the shareholders that will be eligible to receive notice and vote at the meeting. Shareholders of record holding at least one-third of the shares issued and outstanding and entitled to vote at such meetings, present in person or by proxy, will constitute a quorum at all meetings of shareholders.

## **Dissenters' Rights of Appraisal and Payment**

Under the Marshall Islands Business Corporations Act, or the BCA, our shareholders have the right to dissent from various corporate actions, including any merger or consolidation sale of all or substantially all of our assets not made in the usual course of our business, and receive payment of the fair value of their shares. In the event of any further amendment of our amended and restated articles of incorporation a shareholder also has the right to dissent and receive payment for his or her shares if the amendment alters certain rights in respect of those shares. The dissenting shareholder must follow the procedures set forth in the BCA to receive payment. In the event that we and any dissenting shareholder fail to agree on a price for the shares, the BCA procedures involve, among other things, the institution of proceedings in the high court of the Republic of the Marshall Islands or in any appropriate court in any jurisdiction in which the Company's shares are primarily traded on a local or national securities exchange.

## **Shareholders' Derivative Actions**

Under the BCA, any of our shareholders may bring an action in our name to procure a judgment in our favor, also known as a derivative action, provided that the shareholder bringing the action is a holder of common stock both at the time the derivative action is commenced and at the time of the transaction to which the action relates.

## **Limitations on Liability and Indemnification of Officers and Directors**

The BCA authorizes corporations to limit or eliminate the personal liability of directors to corporations and their shareholders for monetary damages for breaches of directors' fiduciary duties.

Our amended and restated bylaws provide that certain individuals, including our directors and officers, are entitled to be indemnified by us to the extent authorized by the BCA, if such individuals acted in good faith and in a manner they reasonably believed to be in or not opposed to the best interests of the Company, and, with respect to any criminal action or proceeding, had no reasonable cause to believe their conduct was unlawful. We shall have the power to pay in advance expenses a director or officer incurred while defending a civil or criminal proceeding, subject to certain conditions. We believe that these indemnification provisions and insurance are useful to attract and retain qualified directors and executive officers.

The limitation of liability and indemnification provisions in our amended and restated bylaws may discourage shareholders from bringing a lawsuit against our directors for breach of their fiduciary duties. These provisions may also have the effect of reducing the likelihood of derivative litigation against our directors and officers, even though such an action, if successful, might otherwise benefit us and our shareholders. In addition, your investment may be adversely affected to the extent we pay the costs of settlement and damage awards against our directors and officers pursuant to these indemnification provisions.

#### **Anti-takeover Effect of Certain Provisions of our Amended and Restated Articles of Incorporation and Amended and Restated Bylaws**

Several provisions of our amended and restated articles of incorporation and amended and restated bylaws may have anti-takeover effects. These provisions, which are summarized below, are intended to avoid costly takeover battles, lessen our vulnerability to a hostile change of control and enhance the ability of our board of directors to maximize shareholder value in connection with any unsolicited offer to acquire us. However, these anti-takeover provisions could also discourage, delay or prevent (i) the merger or acquisition of our Company by means of a tender offer, a proxy contest or otherwise that a shareholder may consider in its best interest and (ii) the removal of incumbent officers and directors.

#### ***Blank Check Preferred Stock***

Under the terms of our amended and restated articles of incorporation, our board of directors has authority, without any further vote or action by our shareholders, to issue up to 25,000,000 shares of blank check preferred stock. Our board of directors may issue shares of preferred stock on terms calculated to discourage, delay or prevent a change of control of our company or the removal of our management.

#### ***Classified Board of Directors***

Our amended and restated articles of incorporation provide for the division of our board of directors into three classes of directors, with each class as nearly equal in number as possible, serving staggered, three-year terms. Approximately one-third of our board of directors is elected each year. This classified board provision could discourage a third party from making a tender offer for our shares or attempting to obtain control of us. It could also delay shareholders who do not agree with the policies of our board of directors from removing a majority of our board of directors for two years.

#### ***Election and Removal of Directors***

Our amended and restated articles of incorporation prohibit cumulative voting in the election of directors. Our amended and restated bylaws require parties other than the board of directors to give advance written notice of nominations for the election of directors. Our amended and restated articles of incorporation also provide that our directors may be removed only for cause and only upon the affirmative vote of two-thirds of the outstanding shares of our capital stock entitled to vote for those directors. These provisions may discourage, delay or prevent the removal of incumbent officers and directors.

#### ***Limited Actions by Shareholders***

Under the BCA, our amended and restated articles of incorporation and our amended and restated bylaws, any action required or permitted to be taken by our shareholders must be effected at an annual or special meeting of shareholders or by the unanimous written consent of our shareholders. Our amended and restated articles of incorporation and amended and restated bylaws provide that, unless otherwise prescribed by law, only a majority of our board of directors, the chairman of our board of directors or an officer of the Company who is also a director may call special meetings of our shareholders, and the business transacted at the special meeting is limited to the purposes stated in the notice. Accordingly, a shareholder may be prevented from calling a special meeting for shareholder consideration of a proposal over the opposition of our board of directors and shareholder consideration of a proposal may be delayed until the next annual meeting.



**Advance Notice Requirements for Shareholder Proposals and Director Nominations**

Our amended and restated bylaws provide that shareholders seeking to nominate candidates for election as directors or to bring business before an annual meeting of shareholders must provide timely notice of their proposal in writing to the corporate secretary. Generally, to be timely, a shareholder’s notice must be received at our principal executive offices not less than 150 days nor more than 180 days prior to the one-year anniversary of the preceding year’s annual meeting. Our amended and restated bylaws also specify requirements as to the form and content of a shareholder’s notice. These provisions may impede shareholders’ ability to bring matters before an annual meeting of shareholders or make nominations for directors at an annual meeting of shareholders.

**Registrar and Transfer Agent**

The board of directors has the power and authority to make such rules and regulations as they may deem expedient concerning the issuance, registration and transfer of shares of the Company’s stock, and may appoint transfer agents and registrars thereof.

**Listing**

Our common shares are listed on The Nasdaq Capital Market under the symbol “PSHG.”

**Comparison of Marshall Island Law to Delaware Law**

The following table provides a comparison between some statutory provisions of the Delaware General Company Law and the Marshall Islands Business Corporations Act relating to shareholders’ rights.

<b>Marshall Islands</b>	<b>Delaware</b>
<b>Shareholder Meetings</b>	
Held at a time and place as designated in the bylaws.	May be held at such time or place as designated in the certificate of incorporation or the bylaws, or if not so designated, as determined by the board of directors.
Special meetings of the shareholders may be called by the board of directors or by such person or persons as may be authorized by the articles of incorporation or by the bylaws.	Special meetings of the shareholders may be called by the board of directors or by such person or persons as may be authorized by the certificate of incorporation or by the bylaws.
May be held within or outside the Marshall Islands.	May be held within or outside Delaware.
Notice:	Notice:
Whenever shareholders are required to take any action at a meeting, written notice of the meeting shall be given which shall state the place, date and hour of the meeting and, unless it is an annual meeting, indicate that it is being issued by or at the direction of the person calling the meeting. Notice of a special meeting shall also state the purpose for which the meeting is called.	Whenever shareholders are required to take any action at a meeting, a written notice of the meeting shall be given which shall state the place, if any, date and hour of the meeting, and the means of remote communication, if any.
A copy of the notice of any meeting shall be given personally, sent by mail or by electronic mail not less than 15 nor more than 60 days before the meeting.	Written notice shall be given not less than 10 nor more than 60 days before the meeting.

<b>Marshall Islands</b>	<b>Delaware</b>
<b>Shareholders’ Voting Rights</b>	
Unless otherwise provided in the articles of incorporation, any action required to be taken at a meeting of shareholders may be taken without a meeting, without prior notice and without a vote, if a consent in writing, setting forth the action so taken, is signed by all the shareholders entitled to vote with respect to the subject matter thereof, or if the articles of incorporation so provide, by the holders of outstanding shares having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted.	Any action required to be taken at a meeting of shareholders may be taken without a meeting if a consent for such action is in writing and is signed by shareholders having not fewer than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted.

Any person authorized to vote may authorize another person or persons to act for him by proxy.

Unless otherwise provided in the articles of incorporation or bylaws, a majority of shares entitled to vote constitutes a quorum. In no event shall a quorum consist of fewer than one-third of the shares entitled to vote at a meeting.

When a quorum is once present to organize a meeting, it is not broken by the subsequent withdrawal of any shareholders.

The articles of incorporation may provide for cumulative voting in the election of directors.

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#### **Merger or Consolidation**

Any two or more domestic corporations may merge into a single corporation if approved by the board and if authorized by a majority vote of the holders of outstanding shares at a shareholder meeting.

Any sale, lease, exchange or other disposition of all or substantially all the assets of a corporation, if not made in the corporation's usual or regular course of business, once approved by the board, shall be authorized by the affirmative vote of two-thirds of the shares of those entitled to vote at a shareholder meeting.

Any domestic corporation owning at least 90% of the outstanding shares of each class of another domestic corporation may merge such other corporation into itself without the authorization of the shareholders of any corporation.

Any mortgage, pledge of or creation of a security interest in all or any part of the corporate property may be authorized without the vote or consent of the shareholders, unless otherwise provided for in the articles of incorporation.

Any person authorized to vote may authorize another person or persons to act for him by proxy.

For stock corporations, the certificate of incorporation or bylaws may specify the number of shares required to constitute a quorum but in no event shall a quorum consist of less than one-third of shares entitled to vote at a meeting. In the absence of such specifications, a majority of shares entitled to vote shall constitute a quorum.

When a quorum is once present to organize a meeting, it is not broken by the subsequent withdrawal of any shareholders.

The certificate of incorporation may provide for cumulative voting in the election of directors.

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Any two or more corporations existing under the laws of the state may merge into a single corporation pursuant to a board resolution and upon the majority vote by shareholders of each constituent corporation at an annual or special meeting.

Every corporation may at any meeting of the board sell, lease or exchange all or substantially all of its property and assets as its board deems expedient and for the best interests of the corporation when so authorized by a resolution adopted by the holders of a majority of the outstanding stock of the corporation entitled to vote.

Any corporation owning at least 90% of the outstanding shares of each class of another corporation may merge the other corporation into itself and assume all of its obligations without the vote or consent of shareholders; however, in case the parent corporation is not the surviving corporation, the proposed merger shall be approved by a majority of the outstanding stock of the parent corporation entitled to vote at a duly called shareholder meeting.

Any mortgage or pledge of a corporation's property and assets may be authorized without the vote or consent of shareholders, except to the extent that the certificate of incorporation otherwise provides.

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**Marshall Islands**

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**Delaware**

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**Directors**

The board of directors must consist of at least one member.

The board of directors must consist of at least one member.

The number of board members may be changed by an amendment to the bylaws, by the shareholders, or by action of the board under the specific provisions of a bylaw.

The number of board members shall be fixed by, or in a manner provided by, the bylaws, unless the certificate of incorporation fixes the number of directors, in which case a change in the number shall be made only by an amendment to the certificate of incorporation.

If the board is authorized to change the number of directors, it can only do so by a majority of the entire board and so long as no decrease in the number shall shorten the term of any incumbent director.

If the number of directors is fixed by the certificate of incorporation, a change in the number shall be made only by an amendment of the certificate.

Removal:

Removal:

Any or all of the directors may be removed for cause by vote of the shareholders.

Any or all of the directors may be removed, with or without cause, by the holders of a majority of the shares entitled to vote unless the certificate of incorporation otherwise provides.

If the articles of incorporation or the bylaws so provide, any or all of the directors may be removed without cause by vote of the shareholders.

In the case of a classified board, shareholders may effect removal of any or all directors only for cause.

**Dissenters' Rights of Appraisal**

Shareholders have a right to dissent from any plan of merger, consolidation or sale of all or substantially all assets not made in the usual course of business, and receive payment of the fair value of their shares. However, the right of a dissenting shareholder under the BCA to receive payment of the appraised fair value of his shares shall not be available for the shares of any class or series of stock, which shares or depository receipts in respect thereof, at the record date fixed to determine the shareholders entitled to receive notice of and to vote at the meeting of the shareholders to act upon the agreement of merger or consolidation, were either (i) listed on a securities exchange or admitted for trading on an interdealer quotation system or (ii) held of record by more than 2,000 holders. The right of a dissenting shareholder to receive payment of the fair value of his or her shares shall not be available for any shares of stock of the constituent corporation surviving a merger if the merger did not require for its approval the vote of the shareholders of the surviving corporation.

Appraisal rights shall be available for the shares of any class or series of stock of a corporation in a merger or consolidation, subject to limited exceptions, such as a merger or consolidation of corporations listed on a national securities exchange in which listed stock is offered for consideration is (i) listed on a national securities exchange or (ii) held of record by more than 2,000 holders.

A holder of any adversely affected shares who does not vote on or consent in writing to an amendment to the articles of incorporation has the right to dissent and to receive payment for such shares if the amendment:

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**Marshall Islands****Delaware**

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- Alters or abolishes any preferential right of any outstanding shares having preference; or
- Creates, alters, or abolishes any provision or right in respect to the redemption of any outstanding shares; or
- Alters or abolishes any preemptive right of such holder to acquire shares or other securities; or
- Excludes or limits the right of such holder to vote on any matter, except as such right may be limited by the voting rights given to new shares then being authorized of any existing or new class.

**Shareholder's Derivative Actions**

An action may be brought in the right of a corporation to procure a judgment in its favor, by a holder of shares or of voting trust certificates or of a beneficial interest in such shares or certificates. It shall be made to appear that the plaintiff is such a holder at the time of bringing the action and that he was such a holder at the time of the transaction of which he complains, or that his shares or his interest therein devolved upon him by operation of law.

A complaint shall set forth with particularity the efforts of the plaintiff to secure the initiation of such action by the board or the reasons for not making such effort.

Such action shall not be discontinued, compromised or settled, without the approval of the High Court of the Republic of the Marshall Islands.

Reasonable expenses including attorney's fees may be awarded if the action is successful.

A corporation may require a plaintiff bringing a derivative suit to give security for reasonable expenses if the plaintiff owns less than 5% of any class of outstanding shares or holds voting trust certificates or a beneficial interest in shares representing less than 5% of any class of such shares and the shares, voting trust certificates or beneficial interest of such plaintiff has a fair value of \$50,000 or less.

In any derivative suit instituted by a shareholder of a corporation, it shall be averred in the complaint that the plaintiff was a shareholder of the corporation at the time of the transaction of which he complains or that such shareholder's stock thereafter devolved upon such shareholder by operation of law.

Other requirements regarding derivative suits have been created by judicial decision, including that a shareholder may not bring a derivative suit unless he or she first demands that the corporation sue on its own behalf and that demand is refused (unless it is shown that such demand would have been futile).

SHIPBUILDING CONTRACT

(CONTRACT NO.: 2024YZJ849GR)

FOR CONSTRUCTION OF  
ONE 75,000 DWT PRODUCT OIL / CHEMICAL TANKER

(HULL NO.: YZJ2024-1624)

BETWEEN

SAINT BARTH SHIPPING COMPANY INC.

AS BUYER

AND

JIANGSU YANGZIJANG SHIPBUILDING GROUP CO., LTD.

AND

JIANGSU NEW YANGZI SHIPBUILDING CO., LTD.

AND

JIANGSU YANGZI XINFU SHIPBUILDING CO., LTD.

COLLECTIVELY AS SELLER

30TH APRIL, 2024

## CONTENTS

<b>SHIPBUILDING CONTRACT</b>	<b>6</b>
<b>ARTICLE I - DESCRIPTION AND CLASS.</b>	<b>8</b>
1. DESCRIPTION	8
2. CLASSIFICATION, RULES AND REGULATIONS	8
3. PRINCIPAL PARTICULARS AND DIMENSIONS OF THE VESSEL	10
4. GUARANTEED SPEED	10
5. GUARANTEED FUEL CONSUMPTION	10
6. GUARANTEED DEADWEIGHT	10
7. SUBCONTRACTING	11
8. REGISTRATION	12
9. BUYER AND CLASSIFICATION SOCIETY COMMUNICATION	12
10. IDENTIFICATION OF MATERIALS, ETC.	13
<b>ARTICLE II - CONTRACT PRICE &amp; TERMS OF PAYMENT</b>	<b>14</b>
1. CONTRACT PRICE	14
2. CURRENCY	14
3. TERMS OF PAYMENT	15
4. METHOD OF PAYMENT	16
5. PREPAYMENT	18
6. SECURITY FOR PAYMENT OF INSTALMENTS BEFORE DELIVERY	18
7. REFUNDS	19
<b>ARTICLE III - ADJUSTMENT OF THE CONTRACT PRICE</b>	<b>21</b>
1. DELAYED DELIVERY	21
2. INSUFFICIENT SPEED	22
3. EXCESSIVE FUEL CONSUMPTION	23
4. INSUFFICIENT DEADWEIGHT	25
5. EFFECT OF TERMINATION, CANCELLATION OR RESCISSION	25
<b>ARTICLE IV - SUPERVISION AND INSPECTION</b>	<b>27</b>

1. APPOINTMENT OF THE BUYER'S SUPERVISOR	27
2. APPROVAL OF PLANS AND DRAWINGS	27
3. SUPERVISION AND INSPECTION BY THE SUPERVISOR	28
4. LIABILITY OF THE SELLER	31
5. SALARIES AND EXPENSES	32
6. REPLACEMENT OF SUPERVISOR	32
<b>ARTICLE V - MODIFICATION, CHANGES AND EXTRAS</b>	<b>33</b>
1. HOW EFFECTED	33
2. CHANGES IN RULES AND REGULATIONS, ETC.	33
3. SUBSTITUTION OF MATERIALS AND/OR EQUIPMENT	35
4. BUYER'S SUPPLIED ITEMS	35
<b>ARTICLE VI - TRIALS</b>	<b>37</b>
1. NOTICE	37
2. HOW CONDUCTED	38
3. TRIAL LOAD DRAFT	39
4. METHOD OF ACCEPTANCE OR REJECTION	39
5. DISPOSITION OF SURPLUS CONSUMABLE STORES	41
6. EFFECT OF ACCEPTANCE	41
<b>ARTICLE VII - DELIVERY</b>	<b>43</b>
1. TIME AND PLACE	43
2. WHEN AND HOW EFFECTED	43
3. DOCUMENTS TO BE DELIVERED TO THE BUYER	44
4. TITLE AND RISK	46
5. REMOVAL OF VESSEL	46
6. TENDER OF THE VESSEL	47
<b>ARTICLE VIII - DELAYS &amp; EXTENSION OF TIME FOR DELIVERY</b>	<b>48</b>
1. CAUSE OF PERMISSIBLE DELAYS	48
2. NOTICE OF DELAY	49
3. RIGHT TO CANCEL FOR EXCESSIVE DELAY	50

4. DEFINITION OF PERMISSIBLE DELAY	51
<b>ARTICLE IX - WARRANTY OF QUALITY</b>	<b>52</b>
1. GUARANTEE OF MATERIAL AND WORKMANSHIP	52
2. NOTICE OF DEFECTS	53
3. REMEDY OF DEFECTS	53
4. EXTENT OF THE SELLER'S LIABILITY	55
<b>ARTICLE X - CANCELLATION, REJECTION AND RESCISSION BY THE BUYER</b>	<b>57</b>
<b>ARTICLE XI - BUYER'S DEFAULT</b>	<b>60</b>
1. DEFINITION OF BUYER'S DEFAULT	60
2. NOTICE OF DEFAULT	61
3. INTEREST AND CHARGE	61
4. DEFAULT BEFORE DELIVERY OF THE VESSEL	62
5. SALE OF THE VESSEL	62
<b>ARTICLE XII - INSURANCE</b>	<b>65</b>
1. EXTENT OF INSURANCE COVERAGE	65
2. APPLICATION OF RECOVERED AMOUNT	65
3. TERMINATION OF THE SELLER'S OBLIGATION TO INSURE	67
<b>ARTICLE XIII - DISPUTES AND ARBITRATION</b>	<b>68</b>
1. RULES, REGULATIONS AND REQUIREMENTS OF CLASSIFICATION SOCIETY	68
2. TECHNICAL MATTERS	68
3. PROCEEDINGS	68
4. ALTERNATIVE SETTLEMENT BY AGREEMENT	69
5. NOTICE OF AWARD	70
6. EXPENSES	70
7. AWARD OF ARBITRATION	70
8. ENTRY IN COURT	70
9. ALTERATION OF DELIVERY TIME	70



<b>ARTICLE XIV - RIGHT OF ASSIGNMENT OR NOVATION</b>	<b>71</b>
<b>ARTICLE XV - TAXES AND DUTIES</b>	<b>72</b>
1. TAXES	72
2. DUTIES	72
<b>ARTICLE XVI - PATENTS, TRADEMARKS AND COPYRIGHTS</b>	<b>73</b>
<b>ARTICLE XVII - NOTICE</b>	<b>74</b>
<b>ARTICLE XVIII - EFFECTIVE DATE OF CONTRACT</b>	<b>76</b>
<b>ARTICLE XIX - INTERPRETATION</b>	<b>77</b>
1. LAW APPLICABLE	77
2. DISCREPANCIES	77
3. DEFINITION	77
4. ENTIRE AGREEMENT	78
<b>EXHIBIT "A": IRREVOCABLE LETTER OF REFUND GUARANTEE</b>	<b>80</b>
<b>EXHIBIT "B": IRREVOCABLE LETTER OF CORPORATE GUARANTEE</b>	<b>87</b>

**SHIPBUILDING CONTRACT**  
**(CONTRACT NO.: 2024YZJ849GR)**  
**FOR CONSTRUCTION OF**  
**ONE 75,000 DWT PRODUCT OIL / CHEMICAL TANKER**  
**(HULL NO.: YZJ2024-1624)**

THIS CONTRACT, is made and entered into on this 30th day of April 2024, by and between

SAINT BARTH SHIPPING COMPANY INC., a corporation organized and existing under the Laws of Republic of the Marshall Islands, having its registered address at Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro Marshall Islands MH96960 (hereinafter called the "BUYER") on one part; and

JIANGSU YANGZIJANG SHIPBUILDING GROUP CO., LTD., a corporation organized and existing under the Laws of the People's Republic of China, having its registered office at No.1 Lianyung Road, Jingjiang Park of Jiangyin Economic Development Zone, Jingjiang City, Jiangsu Province, the People's Republic of China (hereinafter called "JYS"), JIANGSU NEW YANGZI SHIPBUILDING CO., LTD., a corporation organized and existing under the Laws of the People's Republic of China, having its registered office at Jingjiang Park of Jiangyin Economic Development Zone, Jingjiang City, Jiangsu Province, the People's Republic of China (hereinafter called the "JNYS") and JIANGSU YANGZI XINFU SHIPBUILDING CO., LTD., a corporation organized and existing under the Laws of the People's Republic of China, having its registered office at Hongqiao Industrial Park, Taixing City, Jiangsu Province, the People's Republic of China (hereinafter called the "JYXS") (hereinafter JYS, JNYS and JYXS are hereinafter collectively called the "SELLER") on the other part.

JYS, JNYS and JYXS are severally and jointly liable under this CONTRACT. Any failure of any of them shall be deemed as if this failure is made by the SELLER.

## WITNESSETH

In consideration of the mutual covenants contained herein, the SELLER agrees to design, build, launch, equip, trial test and complete at the shipyard of JNYS located at Jingjiang Park of Jiangyin Economic Development Zone, Jingjiang City, Jiangsu Province, the People's Republic of China (hereinafter called the "SHIPYARD") and to sell and deliver to the BUYER after completion and conclusion of successful sea trial in accordance with this CONTRACT and the SPECIFICATIONS of ONE (1) 75,000 DWT PRODUCT OIL / CHEMICAL TANKER as more fully described in Article I hereof (hereinafter called the "VESSEL"), to be registered under the flag of Marshall Islands and the BUYER agrees to purchase and take delivery of the aforesaid VESSEL from the SELLER and to pay for the same in accordance with the terms and conditions hereinafter set forth.

## ARTICLE I - DESCRIPTION AND CLASS

## 1. DESCRIPTION

The VESSEL is a Product Oil / Chemical Tanker of 74,700 metric tons deadweight at scantling draft moulded of 13.70 meters of the class described below, having the SELLER'S Hull No.: YZJ2024-1624 and shall be designed, constructed, equipped and completed identical to the vessel with the SELLER's Hull No.: YZJ2023-1529 (hereinafter called the "Reference Vessel") in accordance with the following "Specifications":

- (a) Building Specification with Ref. No. SC5247F3-010-02SM dated 30th April 2024;
- (b) General Arrangement Plan with Ref. No. SC2019-B5022F4-03 dated 30th April 2024;
- (c) Midship Section with Ref. No. SC5247F3-010-04 dated 30th April 2024;
- (d) Makers List with Ref. No. SC5247F3-010-05PFM dated 30th April 2024;
- (e) Buyer's Comments on Building Specification with Ref. No. SC5247F3-010D-02SM dated 30th April 2024 amending the documents listed at (a) to (c) above ("Specification Addendum").

attached hereto and signed by each of the parties to this CONTRACT (hereinafter collectively called the "SPECIFICATIONS"), making an integral part hereof.

## 2. CLASSIFICATION, RULES AND REGULATIONS

The VESSEL, including its machinery, equipment and outfitings, shall be constructed in accordance with the rules and regulations which have already been issued/published, effective and become compulsorily applicable on or before the date of signing this CONTRACT of Lloyd's Register of Shipping (hereinafter called the "Classification Society"), and shall be distinguished in the record by the symbol of:

+100A1, Double Hull Oil and Chemical Tanker, Ship Type 3, CSR, ESP, ShipRight(CM,ACS(B)),LI,\*IWS,SPM4,ECO(P,VECS-L), +LMC,UMS,BWTS,IGS, EGCN(SCR), EGCS(Open, Partial), With descriptive Note "shipRight(BWMP(S,T),IHM,SCM,SERS" and shall also comply with the rules and regulations and requirements of the regulatory authorities in respect of the VESSEL as fully described in the SPECIFICATIONS.

The requirements of the authorities as fully described in the SPECIFICATIONS including that of the Classification Society, Flag State and other regulatory bodies are to include any additional rules or circulars thereof which have already been issued/published, effective and become compulsorily applicable on or before the date of signing this CONTRACT.

The SELLER shall arrange with the Classification Society to assign a representative or representatives (hereinafter called the "Classification Surveyor") to the SHIPYARD for supervision of the construction of the VESSEL.

All fees and charges incidental to classification of the VESSEL in compliance with all the rules, regulations and the requirements of this CONTRACT as described in the SPECIFICATIONS which have already been issued/published, effective and become compulsorily applicable on or before the date of signing this CONTRACT as well as royalties, if any, payable on account of the construction of the VESSEL shall be for the account of the SELLER, except as otherwise provided and agreed herein.

The key plans, materials and workmanship entering into the construction of the VESSEL shall at all times be subject to inspections and tests in accordance with the rules and regulations of the Classification Society and other regulatory bodies as described in the SPECIFICATIONS and the SELLER shall ensure that all classification and other regulatory inspections take place in good time and with satisfactory results.

Decisions of the head office of the Classification Society as to compliance or noncompliance with Classification rules and regulations shall be final and binding upon the parties hereto.

## 3. PRINCIPAL PARTICULARS AND DIMENSIONS OF THE VESSEL

## (a) Hull:

Length, overall	abt. 228.00 m
Length, between perpendiculars	abt. 224.00 m
Breadth, moulded	36.00 m
Depth, moulded	20.00 m
Designed draft, moulded	12.20 m
Scantling draft, moulded	~13.70 m

## (b) Propelling Machinery:

The VESSEL shall be equipped, in accordance with the SPECIFICATIONS, with one (1) set of MAN 5G60ME-C10.5-HPSCR type Main Engine.

## 4. GUARANTEED SPEED

The SELLER guarantees that the service speed of the VESSEL after correction is to be not less than 14.5 knots (the "Guaranteed Speed"), in design draft of 12.20 m at main engine output of 6,660 kW at 71.3 RPM (NCR) with 15% sea margin, with new and clean hull and propeller, smooth and deep water, calm sea condition with no wind, no wave and no current as stipulated in the SPECIFICATIONS.

The trial speed shall be corrected for wind speed, wave and shallow water effect, etc. The correction method of the speed shall be as specified in the SPECIFICATIONS.

## 5. GUARANTEED FUEL CONSUMPTION

The SELLER guarantees that the specific fuel oil consumption of the Main Engine in Tier II mode is not to exceed:

156.0 g/kwh (the "Guaranteed Fuel Consumption") (Tolerance: + 6%) at NCR output (80.73 percent SMCR output) (6,660 kW at 71.3 RPM) measured during the Main Engine maker's shop trial under ISO3046-I ambient reference condition and diesel fuel oil having a lower calorific value of 42,700 KJ/kg.

## 6. GUARANTEED DEADWEIGHT

The SELLER guarantees that the VESSEL is to have a deadweight of not less than 74,700 metric tons (the "Guaranteed Deadweight") at the scantling draft moulded of 13.70 meters in sea water of 1.025 specific gravity.

The term, "Deadweight", as used in this CONTRACT, shall be as defined in the SPECIFICATIONS.

The actual deadweight of the VESSEL expressed in metric tons shall be based on calculations made by the SELLER and checked by the BUYER, and all measurements necessary for such calculations shall be performed in the presence of the BUYER'S supervisor(s) or the representative(s) authorized by the BUYER and the Classification Surveyor.

Should there be any dispute between the SELLER and the BUYER in connection with such calculations and/or measurements, the decision of the Classification Society shall be final and binding upon the parties hereto.

#### 7. SUBCONTRACTING

The SELLER may, at its sole discretion and responsibility, subcontract part of the construction work of the VESSEL to any qualified subcontractors, subject to the BUYER'S prior written consent in accordance with the SPECIFICATIONS, but always on the basis that final assembly into the VESSEL of any such work subcontracted, and delivery of the VESSEL, shall be at the SHIPYARD. In any event the SELLER shall remain fully responsible for any part of the VESSEL and the construction work subcontracted in accordance with this CONTRACT and/or the SPECIFICATIONS.

For purposes of this CONTRACT (and subject to final assembly, and delivery, at the SHIPYARD, as above), elements of the construction work (such as block and hatch cover fabrication) can be also carried out by JIANGSU YANGZIJANG SHIPBUILDING GROUP CO., LTD. and JIANGSU YANGZI XINFU SHIPBUILDING CO., LTD.

No subcontract shall bind or purport to bind the BUYER.

All subcontractors howsoever employed or engaged are hereby declared and agreed to be subcontractors employed or engaged by the SELLER and the SELLER agrees that it is and shall remain fully responsible for and liable in respect of any subcontractors and/or their acts or omissions and shall not be relieved from any of its obligations and liabilities under this CONTRACT and, without prejudice to the generality of the foregoing, the SELLER shall ensure control over supervision and scheduling of the all work related to this VESSEL done by subcontractors.

The SELLER hereby agrees that if any of its employees, servants or agents or those of the subcontractors appointed pursuant to this CONTRACT shall, in the reasonable opinion of the BUYER'S representative, not be carrying out properly their duties and responsibilities under or pursuant to the terms of this CONTRACT, the BUYER shall be entitled (by giving written notice to the SELLER) to draw the same to the attention of the SELLER and, if the BUYER considers it necessary, to request the SELLER to replace such person(s) if the same are its own employees, servants or agents, or to use its reasonable endeavors to replace such person(s) if employees, servants or agents of a subcontractor. The SELLER shall investigate any such request, and if found justified take appropriate action. Any such replacement shall be within such a time scale so as to ensure that the SELLER continues to carry out all of its duties and obligations under or pursuant to this CONTRACT.

The BUYER will not contract directly with the suppliers in respect of items or materials in the Makers List with Ref. No. SC5247F3-010-05PFM dated 30th April 2024 agreed between the parties.

#### 8. REGISTRATION

The VESSEL shall be built by the SELLER to fly the flag of Marshall Islands and shall be registered by the BUYER at its own cost and expenses under the Laws of Marshall Islands at the time of delivery and acceptance thereof.

#### 9. BUYER AND CLASSIFICATION SOCIETY COMMUNICATOIN

The SELLER accepts that the BUYER and Classification Society may communicate during the design, building, launching, equipping and completion of the VESSEL and the BUYER has the right to have full access and be copied in the relevant technical correspondence and to attend meetings between the SELLER and the Classification Society if the BUYER so requires.



10. IDENTIFICATION OF MATERIALS, ETC.

All parts, material, machinery and equipment allocated to the construction of the VESSEL by any of the SELLER'S companies shall be identified as belonging to the VESSEL and plainly marked either with the hull number, or with other appropriate markings or symbols of identification according to the SHIPYARD'S normal practice.

(End of Article)

## ARTICLE II - CONTRACT PRICE &amp; TERMS OF PAYMENT

## 1. CONTRACT PRICE

The purchase price of the VESSEL delivered to the BUYER at the SHIPYARD is United States Dollars Fifty-Six Million Five Hundred and Thirty-Three Thousand Only (USD 56,533,000.00), net receivable by the SELLER (hereinafter called the "Contract Price"), which is exclusive of the cost for the BUYER'S Supplied Items as provided in Article V hereof and shall be subject to upward or downward adjustment, if any, as hereinafter set forth in this CONTRACT.

The Contract Price shall include payment for services in the inspection, tests, survey and classification of the VESSEL which will be rendered by the Classification Society and/or regulatory bodies as referred to in Article I Paragraph 2.

The Contract Price also includes all costs and expenses for supplying all necessary drawings and plans as stipulated in the SPECIFICATIONS except those to be furnished by the BUYER for the VESSEL in accordance with the SPECIFICATIONS.

## 2. CURRENCY

Any and all payments by the BUYER to the SELLER under this CONTRACT shall be made in United States Dollars.

If it is not possible due to a legal restriction applicable to the BUYER for the BUYER to make payment in United States Dollars, subject to mutual agreement and without prejudice to BUYER'S obligation and SELLER'S rights under this CONTRACT, the parties shall discuss alternative arrangements for payment, including without limitation BUYER is entitled, provided it can lawfully do so, to make payment in Euros (EUR) or Pounds sterling (GBP), converted at the rate obtained from Reuters on the date of payment, provided that BUYER may lawfully do so, and SELLER may lawfully receive payment in such alternative currency, and the relevant payment shall be treated as having been properly made in accordance with this CONTRACT. Subject to the foregoing, the SELLER, will, if necessary and provided it may lawfully do so, nominate an account with the Refund Guarantor bank designated in the correct currency for receiving such payment.

### 3. TERMS OF PAYMENT

The Contract Price shall be paid by the BUYER to the SELLER in instalments as follows:

(a) 1st Instalment:

The sum of United States Dollars Eight Million Four Hundred and Seventy-Nine Thousand Nine Hundred and Fifty Only (USD 8,479,950.00) representing fifteen percent (15%) of the Contract Price shall become due and payable and be paid by the BUYER or BUYER'S financing bank to the SELLER within five (5) banking days after the BUYER'S receipt of the SELLER'S telefax or email notice of payment demand for this Instalment together with an invoice for the Instalment and the BUYER has received the Refund Guarantee by SWIFT as stipulated in Paragraph 7 of this Article, but no earlier than 31st May 2024.

(b) 2nd Instalment:

The sum of United States Dollars Five Million Six Hundred and Fifty-Three Thousand and Three Hundred Only (USD 5,653,300.00) representing ten percent (10%) of the Contract Price shall become due and payable and be paid by the BUYER or BUYER'S financing bank to the SELLER within five (5) banking days after the BUYER has received a telefax or email notice of payment demand for this Instalment accompanied with an invoice for the Instalment and a copy of the statement of the Classification Society confirming that the steel cutting of the first plate of the VESSEL has been carried out and completed at the SHIPYARD, but no earlier than 30th November 2025.

(c) 3rd Instalment:

The sum of United States Dollars Five Million Six Hundred and Fifty-Three Thousand and Three Hundred Only (USD 5,653,300.00) representing ten percent (10%) of the Contract Price shall become due and payable and be paid by the BUYER or BUYER'S financing bank to the SELLER within five (5) banking days after the BUYER has received a telefax or email notice of payment demand for this Instalment accompanied with an invoice for the Instalment and a copy of the statement of the Classification Society confirming that the keel laying of the VESSEL has been carried out at the SHIPYARD, but no earlier than 28th February 2026.

## (d) 4th Instalment:

The sum of United States Dollars Five Million Six Hundred and Fifty-Three Thousand and Three Hundred Only (USD 5,653,300.00) representing ten percent (10%) of the Contract Price shall become due and payable and be paid by the BUYER or BUYER'S financing bank to the SELLER within five (5) banking days after the BUYER has received a telefax or email notice of payment demand for this Instalment accompanied with an invoice for the Instalment and a copy of the statement of the Classification Society confirming that the launching of the VESSEL has been carried out at the SHIPYARD, but no earlier than 31st August 2026.

## (e) 5th Instalment (Payment upon delivery of the VESSEL):

The sum of United States Dollars Thirty-One Million Ninety-Three Thousand One Hundred and Fifty Only (USD 31,093,150.00) representing fifty-five percent (55%) of the Contract Price plus any increase or minus any decrease due to modifications and/or adjustments of the Contract Price in accordance with provisions of this CONTRACT, shall become due and payable and be paid by the BUYER or BUYER financing bank to the SELLER concurrently with delivery and acceptance of the VESSEL. The SELLER shall send to the BUYER a telefax or email demand for this Instalment accompanied with an invoice for the Instalment five (5) days prior to the scheduled date of delivery of the VESSEL.

## 4. METHOD OF PAYMENT

## (a) 1st Instalment:

The BUYER shall remit the amount of this Instalment in accordance with Article II, Paragraph 3(a) by telegraphic transfer to a bank account with the Refund Guarantor bank nominated by the SELLER, for credit to the account of the SELLER.

However, if a due date falls on a day which is not a banking day, such due date shall fall due upon the first banking day next following.

## (b) 2nd Instalment:

The BUYER shall remit the amount of this Instalment in accordance with Article II, Paragraph 3(b) by telegraphic transfer to a bank account with the Refund Guarantor bank nominated by the SELLER, for credit to the account of the SELLER.

## (c) 3rd Instalment:

The BUYER shall remit the amount of this Instalment in accordance with Article II, Paragraph 3(c) by telegraphic transfer to a bank account with the Refund Guarantor bank nominated by the SELLER, for credit to the account of the SELLER.

## (d) 4th Instalment:

The BUYER shall remit the amount of this Instalment in accordance with Article II, Paragraph 3(d) by telegraphic transfer to a bank account with the Refund Guarantor bank nominated by the SELLER, for credit to the account of the SELLER.

## (e) 5th Instalment (Payable upon delivery of the VESSEL):

The BUYER shall, at least one (1) banking day prior to the scheduled date of delivery of the VESSEL, make a conditional payment by swift message MT103 accompanied by swift message MT199, and such amount to be held in trust in the name of the BUYER or BUYER'S financing bank with a bank account with the Refund Guarantor bank nominated by the SELLER, for a period of at least five (5) days following the scheduled delivery date of the VESSEL and covering the amount of this Instalment (as adjusted in accordance with the provisions of this CONTRACT), with an irrevocable instruction that the said amount (or any other amount mutually agreed by the parties) shall be released to the SELLER against presentation by the SELLER to the said bank nominated by the SELLER, of (i) a copy of the Protocol of Delivery and Acceptance duly signed by the authorized representatives of the BUYER and the SELLER, (ii) a copy of release letter signed by the BUYER simultaneously with PODA, setting out the exact amount to be released to the SELLER. Interest, if any, accrued from such deposit, shall be for the benefit of the BUYER.

If the delivery of the VESSEL is not effected on or before the expiry of the aforesaid five (5) days period, the BUYER'S payment under this Paragraph 4(d) shall automatically be returned to BUYER'S Bank plus accrued interest upon the expiry date and the SELLER shall be compelled to nominate a revised scheduled delivery date. However, when the new scheduled delivery date is notified to the BUYER by the SELLER, the BUYER shall make the conditional payment in accordance with the same terms and conditions as set out above.

The above mechanism for conditional payment of the 5th Instalment is subject to agreement by the BUYER'S financing bank(s) in the period prior to delivery of the VESSEL. If agreement cannot be reached on the terms of the conditional payment or the BUYER'S financing bank is not able to make such a conditional payment (for whatever reason), the parties shall discuss alternative arrangements, which may include pre-positioning the 5th Instalment by means of a contractual escrow arrangement, subject to final agreement by the parties and without prejudice to the BUYER'S obligation to pay the 5th Instalment against delivery of the VESSEL under and in accordance with this CONTRACT.

#### 5. PREPAYMENT

The BUYER shall have the right to make prepayment of any and all instalments before delivery of the VESSEL, by giving to the SELLER at least thirty (30) days prior written notice, without any price adjustment of the VESSEL for such prepayment.

#### 6. SECURITY FOR PAYMENT OF INSTALMENTS BEFORE DELIVERY

The BUYER shall, concurrently with payment of 1st Instalment of the Contract Price, deliver to the SELLER an irrevocable and unconditional Letter of Corporate Guarantee (hereinafter called the "Corporate Guarantee") in favor of the SELLER issued by PERFORMANCE SHIPPING INC. of the Republic of the Marshall Islands (hereinafter called the "Corporate Guarantor") in order to secure the due and faithful performance of this CONTRACT by the BUYER, in the same form and substance as Exhibit "B".

## 7. REFUNDS

All payments made by the BUYER prior to delivery of the VESSEL shall be in the nature of advance to the SELLER, and in the event this CONTRACT is terminated, rescinded or cancelled by the BUYER, in accordance with the specific terms of this CONTRACT permitting such termination, rescission or cancellation, the SELLER shall refund to the BUYER in United States Dollars the full amount of all sums already paid by the BUYER to the SELLER under this CONTRACT, together with interest (at the rate of five percent (5%) per annum) from the respective payment date(s) to the date of remittance by telegraphic transfer of such refund to the account specified by the BUYER. The transfer and other bank charges of such refund from the SELLER'S bank shall be for the SELLER'S account.

As security to the BUYER, the SELLER shall deliver to the BUYER on or before the SELLER'S receipt of the First Instalment (and in any event no later than ninety (90) days after the date of this CONTRACT), an irrevocable Letter of Refund Guarantee (hereinafter called the "Refund Guarantee"), covering 1st, 2nd, 3rd, and 4th Instalments of the Contract Price plus interest as aforesaid, to be issued by the SELLER'S nominated Bank in the People's Republic of China (hereinafter called the "Refund Guarantor"), provided such bank is approved by the BUYER and the BUYER'S financing bank in the form in Exhibit "A" annexed hereto, incorporating any changes which may be requested by the Refund Guarantor and which the BUYER and the BUYER'S financing bank may agree.

All expenses in issuing and maintaining the Refund Guarantee by the Refund Guarantor shall be borne by the SELLER.

It is hereby understood by both parties that payment of any interest provided herein is by way of liquidated damages due to cancellation of this CONTRACT and not by way of compensation for use of money.

If the SELLER is required to refund to the BUYER the instalments paid by the BUYER to the SELLER as provided in this Paragraph, the SELLER shall return to the BUYER all of the BUYER'S Supplied Items which were not incorporated into the VESSEL and pay to the BUYER an amount equal to the cost to the BUYER of those BUYER'S Supplied Items incorporated into the VESSEL.

Upon email notice by the BUYER to be given no later than sixty (60) days before the Expiry Date of the Refund Guarantee requiring the SELLER to extend the Refund Guarantee, the SELLER shall procure from the Refund Guarantor and deliver to the BUYER no later than thirty (30) days before the Expiry Date, either (i) an amendment to the Refund Guarantee extending the Expiry Date by not less than sixty (60) days or (ii) a replacement refund guarantee on the same terms as the Refund Guarantee and issued by the same Refund Guarantor, or otherwise on such terms and/or issued by such entity as the BUYER may approve in its absolute discretion, with an Expiry Date no earlier than sixty (60) days after the last effective Expiry Date. ("Expiry Date" means the expiry date of the Refund Guarantee from time to time as stated in it, or as extended by an extension or replacement under this paragraph or otherwise.) If, following delivery of the Refund Guarantee in accordance with this Article II Paragraph 7, the SELLER is required but fails to provide any amendment or replacement as required by the preceding two sentences, such failure shall be deemed a repudiation of this CONTRACT by the SELLER and the BUYER shall have the option, on notice to the SELLER, to terminate this CONTRACT under and in accordance with Article X of this CONTRACT.

(End of Article)



## ARTICLE III - ADJUSTMENT OF THE CONTRACT PRICE

The Contract Price of the VESSEL shall be subject to adjustments as hereinafter set forth. It is hereby understood by all parties that any reduction of the Contract Price is by way of liquidated damages and not by way of penalty.

## 1. DELAYED DELIVERY

- (a) No adjustment shall be made, and the Contract Price shall remain unchanged for the first thirty (30) days of delay in delivery of the VESSEL beyond the Delivery Date as defined in Article VII hereof ending as of twelve o'clock midnight China Standard Time (CST) of the thirtieth (30th) day of delay.
- (b) If the delivery of the VESSEL is delayed more than thirty (30) days after the Delivery Date as defined in Article VII hereof, then, in such event, beginning at twelve o'clock midnight China Standard Time (CST) of the thirtieth (30th) day after the date on which delivery is required under this CONTRACT, the Contract Price of the VESSEL shall be reduced by deducting therefrom the sum of United States Dollars Thirteen Thousand Only (USD 13,000.00) per day of delay.

Unless the parties hereto agree otherwise, the total reduction in the Contract Price shall be deducted from the Fifth (5th) Instalment of the Contract Price and in any event (including the event that the BUYER consents to take the VESSEL at the later delivery date after the expiration of two hundred and ten (210) days delay of delivery as described in Paragraph 1(c) of this Article) shall not be more than one hundred and eighty (180) days at the above specified rate of reduction after the thirty (30) days allowance, that is United States Dollars Two Million Three Hundred and Forty Thousand Only (USD 2,340,000.00) being the maximum.

- (c) However, if the delay in the delivery of the VESSEL continues for a period of two hundred and ten (210) days after the Delivery Date as defined in Article VII, then in such event, the BUYER may, at its option, rescind or cancel this CONTRACT in accordance with the provisions of Article X of this CONTRACT. The SELLER may at any time after the expiration of the aforementioned two hundred and ten (210) days, if the BUYER has not served notice of rescission or cancellation pursuant to Article X, notify the BUYER of the date upon which the SELLER estimates the VESSEL will be ready for delivery and demand in writing that the BUYER make an election, in which case the BUYER shall, within thirty (30) days after such demand is received by the BUYER, either notify the SELLER of its decision to cancel this CONTRACT, or consent to take delivery of the VESSEL at an agreed future date, it being understood and agreed by the parties hereto that, if the VESSEL is not delivered by such future date, the BUYER shall have the same right of cancellation upon the same terms, as hereinabove provided.
- (d) For the purpose of this Article, the delivery of the VESSEL shall not be deemed delayed and the Contract Price shall not be reduced when and if the Delivery Date of the VESSEL is extended by reason of causes and provisions of Articles V, VI, XI, XII and XIII and other applicable Articles hereof on account of which this CONTRACT expressly provides for the Delivery Date to be extended. The Contract Price shall not be adjusted or reduced if the delivery of the VESSEL is delayed by reason of permissible delays as defined in Article VIII hereof.

## 2. INSUFFICIENT SPEED

- (a) The Contract Price of the VESSEL shall not be affected nor changed by reason of the actual speed (as determined by the Trial Run after correction according to the SPECIFICATIONS) being less than three-tenths ( $3/10$ ) of one (1) knot below the Guaranteed Speed as specified in Paragraph 4 of Article I of this CONTRACT.
- (b) However, commencing with and including a deficiency of three-tenths ( $3/10$ ) of one knot in actual speed (as determined by the Trial Run after correction according to the SPECIFICATIONS) below the Guaranteed Speed as specified in Paragraph 4, Article I of this CONTRACT, the Contract Price shall be reduced as follows:

In case of deficiency	
at or above 0.30 but below 0.40 knot	USD 60,000.00
at or above 0.40 but below 0.50 knot	USD 70,000.00
at or above 0.50 but below 0.60 knot	USD 80,000.00
at or above 0.60 but below 0.70 knot	USD 90,000.00
at or above 0.70 but below 0.80 knot	USD 100,000.00
at or above 0.80 but below 0.90 knot	USD 110,000.00
at or above 0.90 but below or equal to 1.00 knot	USD 120,000.00

(fractions of less than one-tenth (1/10) of a knot shall be regarded as a full one-tenth (1/10) of a knot)

- (c) If the deficiency in actual speed (as determined by the Trial Run after correction according to the SPECIFICATIONS) of the VESSEL upon the Trial Run, is more than one (1) knot below the Guaranteed Speed under this CONTRACT, then the BUYER may at its option reject the VESSEL and rescind or cancel this CONTRACT in accordance with provisions of Article X of this CONTRACT or may accept the VESSEL at a reduction in the Contract Price as above provided, by United States Dollars Three Hundred and Eighty Thousand Only (USD 380,000.00) being the maximum.

### 3. EXCESSIVE FUEL CONSUMPTION

- (a) The Contract Price of the VESSEL shall not be affected nor changed if the actual fuel consumption of the Main Engine, as determined by shop trial in manufacturer's works as per the SPECIFICATIONS, is greater than the Guaranteed Fuel Consumption as specified and required under the provisions of this CONTRACT and the SPECIFICATIONS if such actual excess is equal to or less than six percent (6%).
- (b) However, if the actual fuel consumption as determined by shop trial is greater than six percent (6%) above the Guaranteed Fuel Consumption then, the Contract Price shall be reduced by the sum of United States Dollars Ninety Thousand Only (USD 90,000.00) for each full one percent (1%) increase in fuel consumption in excess of the above said six percent (6%) (fractions of less than one per cent (1%) shall be regarded as a full one percent (1%).

- (c) If as determined by shop trial such actual fuel consumption of the Main Engine is equal to or more than ten percent (10%) in excess of the Guaranteed Fuel Consumption, the BUYER may, subject to the SELLER'S right to effect alterations or corrections as specified in the following sub-paragraph of Article III 3 (c) hereof at its option, reject the VESSEL and rescind or cancel this CONTRACT, in accordance with the provisions of Article X of this CONTRACT or may accept the VESSEL at a reduction in the Contract Price by United States Dollars Three Hundred and Sixty Thousand Only (USD 360,000.00) if such excess is just equal to 10% or United States Dollars Four Hundred Thousand Only (USD 400,000.00) if such excess is more than 10% being the maximum.

Notwithstanding the above, if as determined by shop trial such actual fuel consumption of the Main Engine is ten percent (10%) or more in excess of the Guaranteed Fuel Consumption, the SELLER may investigate the cause of the non-conformity and the proper steps may promptly be taken to remedy the same and to make whatever corrections and alterations and / or re-shop trial test or tests as may be necessary to correct such non-conformity without extra cost to the BUYER. Upon completion of such alterations or corrections of such nonconformity, the SELLER shall promptly perform such further shop trials or any other tests, as may be deemed necessary to prove the fuel consumption of the Main Engine's conformity with the requirement of this CONTRACT and the SPECIFICATIONS and if found to be satisfactory, give the BUYER notice by telefax and/or email confirmed in writing of such correction and as appropriate, successful completion accompanied by copies of such results, and the BUYER shall, within five (5) business days after receipt of such notice, notify the SELLER by telefax and / or email confirmed in writing of its acceptance or reject the re-shop trial together with the reasons therefor. If the BUYER fails to notify the SELLER by telefax and / or email confirmed in writing of its acceptance or rejection of the re-shop trial together with the reasons therefor within five (5) business days period as provided herein, the BUYER shall be deemed to have accepted the shop trial. For the avoidance of doubt, if as determined by the repeat shop trial such actual fuel consumption of the Main Engine is ten percent (10%) or more in excess of the Guaranteed Fuel Consumption, the BUYER may, at its option, either reject the Main Engine (and terminate this CONTRACT in accordance with Article X) or require further rectification to meet the requirements of this CONTRACT and the SPECIFICATIONS (in which case the BUYER shall have the same rights again to accept or reject the further rectified Main Engine).

## 4. INSUFFICIENT DEADWEIGHT

- (a) In the event that there is a deficiency in the actual deadweight of the VESSEL determined as provided in the SPECIFICATIONS, the Contract Price shall not be decreased if such deficiency is nine hundred (900) metric tons or less below the Guaranteed Deadweight.
- (b) However, the Contract Price shall be decreased by the sum of United States Dollars One Thousand Only (USD 1,000.00) for each full metric ton of such deficiency being more than nine hundred (900) metric tons.
- (c) In the event that there should be a deficiency in the VESSEL'S actual deadweight which exceeds one thousand and five hundred (1,500) metric tons below the Guaranteed Deadweight, the BUYER may, at its option, reject the VESSEL and rescind or cancel this CONTRACT in accordance with the provisions of Article X of this CONTRACT, or may accept the VESSEL with reduction in the Contract Price in the maximum amount of United States Dollars Six Hundred Thousand Only (USD 600,000.00).

## 5. EFFECT OF TERMINATION, CANCELLATION OR RESCISSION

For the avoidance of doubt, if there is any excess or deficiency in the VESSEL'S speed, fuel consumption and/or deadweight, the SELLER shall use all reasonable endeavours to correct the excess or deficiency up until the last date for delivery of the VESSEL.

It is expressly understood and agreed by the parties hereto that in any case, if the BUYER terminates, rescinds or cancels this CONTRACT under this CONTRACT, the BUYER shall not be entitled to any liquidated damages.

However, the BUYER shall be entitled to a refund of all instalments of the Contract Price paid to the SELLER together with interest as provided in Article X up to the date of rescission of this CONTRACT under this Article and until the SELLER refunds the instalment(s) paid by the BUYER to the SELLER.

If the SELLER is required to refund to the BUYER the instalments paid by the BUYER to the SELLER as provided in this Paragraph, the SELLER shall return to the BUYER all of the BUYER'S Supplied Items as stipulated in Article V which were not incorporated into the VESSEL and pay to the BUYER an amount equal to the cost to the BUYER of those BUYER'S Supplied Items incorporated into the VESSEL.

The transfer and such other bank charges of such refund from the SELLER'S bank under this Article shall be for the SELLER'S account.

(End of Article)

## ARTICLE IV - SUPERVISION AND INSPECTION

## 1. APPOINTMENT OF THE BUYER'S SUPERVISOR

The BUYER shall timely send to and maintain at the SHIPYARD at the BUYER'S own cost and expense, one or more representative(s) who shall be duly accredited in writing by the BUYER (such representative(s) being hereinafter collectively and individually called the "Supervisor") to attend inspections and tests relating to, and to supervise and survey the construction by the SELLER of the VESSEL, her equipment and accessories, modifications to the SPECIFICATIONS, and the Delivery Date, approval of the plans and drawings, and any other matters for which he is specifically authorized by the BUYER. The SELLER hereby warrants that the necessary invitation letter for the Supervisor to enter China will be issued on demand provided that the Supervisor meets with the rules, regulations and Laws of the People's Republic of China and the SELLER will provide its best assistance for issuance of visa for the Supervisor. The BUYER undertakes to give the SELLER adequate notice for the application of visa.

## 2. APPROVAL OF PLANS AND DRAWINGS

- (a) No drawings and/or plans shall be required to be submitted by the SELLER to the BUYER for approval. However, the SELLER shall provide the BUYER with one copy of the drawings and/or plans in electronic version (PDF) duly approved by the buyer of the Reference Vessel and the Classification Society (with the comments, if any) for reference only.
- (b) No model test or inclining test shall be required to be carried out for the VESSEL, however, the copy of the model test report and inclining test result of the Reference Vessel shall be provided to the BUYER for reference only. The shop test, sea trial and mooring test shall be required to be performed as the subsequent vessel of the Reference Vessel.
- (c) No modification to the construction of the VESSEL and/or the Specifications and/or plans and/or drawings shall be required or demanded by the BUYER.
- (d) The final maker selection for the Reference Vessel on the Makers List shall be same applied to the VESSEL and the BUYER shall pay the same additional cost (if any) when the buyer of the Reference Vessel selects such maker, and the payment for such additional cost accrued during the maker selection of the Reference Vessel shall be made together with 5th Instalment on delivery of the VESSEL.

- (e) If there is any modification to the construction and/or plans and/or drawings and/or Specifications as required by the buyer of the Reference Vessel and there is any adjustment of any terms of the Contract for the Reference Vessel, such adjustment/modification shall be correspondingly and automatically applied to the VESSEL as well.

### 3. SUPERVISION AND INSPECTION BY THE SUPERVISOR

The necessary inspection of the VESSEL, its machinery, equipment and outfittings shall be carried out by the Classification Society or other applicable regulatory bodies, and/or inspection team of the SELLER throughout the entire period of construction, in order to ensure that the construction of the VESSEL is duly performed in accordance with this CONTRACT and the SPECIFICATIONS. The procedures for the inspections and the tests shall be in accordance with the SPECIFICATIONS.

The Supervisor shall have, at all times until delivery of the VESSEL, the right to attend all tests and inspect (during any actual working hours) the VESSEL, her engines, accessories and materials at the SHIPYARD, its subcontractors' premises or any other place where work is being done or materials are stored in connection with the VESSEL.

The SELLER shall provide the Supervisor with reasonable notice in advance of the date and place of tests and inspections for the convenience of their attendance both inside the SHIPYARD and with respect to subcontractors works to ensure that the Supervisor is able to attend to such matters.

Whether or not the Supervisor has been present, the SELLER shall promptly deliver to the BUYER or the Supervisor the results of all tests and inspections.

The Supervisor shall to the extent, and within the limits of the authority conferred upon him by the BUYER, make decisions or give advice to the SELLER on behalf of the BUYER promptly on all problems arising out of, or in connection with, the construction of the VESSEL and generally act in a reasonable manner with a view to cooperating with the SELLER in the construction process of the VESSEL within the limits of the Supervisor's authority. The decision, approval or written advice of the Supervisor within such limits shall be deemed to have been given by the BUYER.



In the event that the Supervisor discovers any construction or material or workmanship is not deemed to conform to the requirements of this CONTRACT and/or the SPECIFICATIONS, the Supervisor shall be entitled to give the SELLER a notice in writing as to such nonconformity. Upon receipt of such notice from the Supervisor, the SELLER shall correct such nonconformity if the SELLER agrees to his view. In case of dispute between the SELLER and the BUYER in respect of the notified non-conformity either party may submit the issue to the head office of the Classification Society or to arbitration in accordance with Article XIII hereof. In any circumstances, the SELLER shall be entitled to proceed with the construction of the VESSEL even if there exists discrepancy in the opinion between the BUYER and the SELLER, without however prejudice to the BUYER'S right for submitting the issue for determination by the head office of the Classification Society or arbitration in accordance with the provisions hereof and without prejudice to the SELLER'S obligations to deliver the VESSEL free of non-conformity of the SPECIFICATIONS and this CONTRACT. However the BUYER undertakes and assures the SELLER that the Supervisor shall carry out his inspections in accordance with the SPECIFICATIONS, mutually agreed inspection procedure and schedule and usual shipbuilding practice and in a way as to minimize any increase in building costs and delays in the construction of the VESSEL. Once a test/inspection has been witnessed and approved by the BUYER'S representatives, the same test/inspection should not have to be repeated, provided it has been carried out in compliance with the requirements of the Classification Society and the SPECIFICATIONS and the test/inspection parameters have been satisfactorily met.

The working hours of the Supervisor shall be arranged in accordance of the working schedule of the SELLER. The SELLER shall provide the Supervisor with at least one (1) day advance notice of tests and inspections which the Supervisor shall attend within the SHIPYARD and at least three (3) days advance notice with respect to any other locations within China and at least ten (10) days advance notice outside of China. Failure by the Supervisor to be present at such tests, trial and inspections after due notice to him as aforesaid shall be deemed to be a waiver of the Supervisor's right to be present. In the event that the SELLER needs an inspection to be made during non-working hours for smooth progress of work, the Supervisor shall exercise his reasonable endeavors to attend such inspection provided that SELLER has given a reasonable advance notice to the Supervisor. If the Supervisor does not attend any such tests having been given due notice to attend, the BUYER shall be obliged to accept the results of such tests on the basis of acceptance of such tests by the Classification Society as the case may be and provided that defective work or material shall be corrected and/or replaced by the SELLER in accordance with this CONTRACT and the SPECIFICATIONS. In case that the inspections for one specialty overlap for the same time at the same day, the inspection schedule may be adjusted, if practicable. In general, the daily inspections in the SHIPYARD will commence at 09:00 hours and finish 17:00 hours except the special cases due to particular nature of the process. The SELLER shall make effort not to arrange inspections during holidays or Sunday except inspections for paint or other emergent or special inspections.

The SELLER agrees to furnish free of charge the Supervisor with office space and other reasonable facilities which shall include air conditioning, telephone and internet connections according to SELLER'S practice at, or in the immediate vicinity of the SHIPYARD. But the fees for the communication like telephone, telefax, and internet etc. shall be borne by the BUYER. At all times, during the construction of the VESSEL until delivery thereof, the Supervisor shall be given free and ready access to the VESSEL, her engines and accessories, and to any other place where the work is being done, or the materials are being processed or stored, in connection with the construction of the VESSEL, including the yards, workshops, stores of the SELLER and the premises of subcontractors of the SELLER, who are doing work or storing materials in connection with the VESSEL'S construction. The travel expenses for the said access to SELLER'S subcontractors outside of Jiangsu Province shall be at BUYER'S account. The transportation, of any nature whatsoever, shall be provided to the Supervisor by the BUYER except for transportation to such subcontractors' premises within Jiangsu Province which shall be paid by SELLER.

The SELLER shall promptly provide to the Supervisor and/or his assistants and shall ensure that its subcontractors shall promptly provide all such information as he or they may reasonably request in connection with the construction of the VESSEL and her engines, equipment and machinery.

The obligations and liabilities of the SELLER, and the rights of the BUYER, under or pursuant to this CONTRACT shall not in any way be derogated from, diminished or impaired by any act or omission of the BUYER and the Supervisor and assistant(s), the Classification Society or any other regulatory body (Provided that the preceding sentence is not intended to affect the SELLER'S right to rely on any determination made by the Classification Society under and in accordance with this CONTRACT.). Any acceptance or other action or failure to attend or act in connection with any inspections or approvals by the BUYER or the Supervisor shall in no way alter or diminish the SELLER'S responsibilities and obligations under this CONTRACT.

#### 4. LIABILITY OF THE SELLER

The Supervisor engaged by the BUYER under this CONTRACT shall at all times be deemed to be in the employ of the BUYER. The SELLER shall be under no liability whatsoever to the BUYER, the Supervisor, or the BUYER'S employees or agents for personal injuries, including death, during the time when they, or any of them, are on the VESSEL, or within the premises of either the SELLER or its subcontractors, or are otherwise engaged in and about the construction of the VESSEL, unless, however, such personal injuries, including death, were caused by negligence of the SELLER, or of any of the SELLER'S employees or agents or subcontractors. Nor shall the SELLER be under any liability whatsoever to the BUYER for damage to, or loss or destruction of property in China of the BUYER or of the Supervisor, or of the BUYER'S employees or agents, unless such damage, loss or destruction was caused by negligence of the SELLER, or of any of the SELLER'S employees or agents or subcontractors.

Neither the BUYER nor its Supervisor shall be liable to the SELLER, or to its assistant(s), or to the SELLER'S employees or agents for personal injuries, including death, during the time they or any of them, are on the VESSEL, or within the premises of either the SELLER or its subcontractors, or are otherwise engaged in and about the construction of the VESSEL, unless however, such personal injuries including death are caused by the negligence of the BUYER or its Supervisor. Nor shall the BUYER or its Supervisor be under any liability whatsoever to the SELLER for damage to, or loss or destruction of property in China of the SELLER, its assistant(s), employees or agents, unless and to the extent such damage, loss or destruction was caused by gross negligence or willful misconduct of the BUYER or its Supervisor.

No act or omission of the Supervisor or his assistants shall, in any way, diminish the liability of the SELLER under Article IX (WARRANTY OF QUALITY) or relieve the SELLER of its obligation in every respect to comply with this CONTRACT and with all the requirements that the Classification Society and/or other regulatory bodies may impose by virtue of the rules and regulations mentioned in Article I of this CONTRACT before delivery of the VESSEL.

5. SALARIES AND EXPENSES

All salaries and expenses of the Supervisor, or any other employees employed by the BUYER under this Article, shall be for the BUYER'S account.

6. REPLACEMENT OF SUPERVISOR

The SELLER has the right to request the BUYER to replace any of the Supervisor who is deemed unsuitable and unsatisfactory for the proper progress of the VESSEL'S construction together with reasons. The BUYER shall investigate the situation by sending its representative to the SHIPYARD if necessary, and if the BUYER considers that such SELLER'S request is justified, the BUYER shall effect the replacement as soon as conveniently arrangeable.

(End of Article)

## ARTICLE V - MODIFICATION, CHANGES AND EXTRAS

## 1. HOW EFFECTED

The Specifications and Plans in accordance with which the VESSEL is constructed, may not be modified and/or changed at any time:

- (1) No modification to the construction of the VESSEL and/or the Specifications and/or plans and/or drawings shall be required or demanded by the BUYER.
- (2) If there is any modification to the construction and/or plans and/or drawings and/or Specifications as required by the buyer of the Reference Vessel and there is any adjustment of any terms of the Contract for the Reference Vessel, such adjustment/modification shall be correspondingly and automatically applied to the VESSEL.

## 2. CHANGES IN RULES AND REGULATIONS, ETC.

- (1) If, after the date of signing this CONTRACT, any requirements as to the rules and regulations as specified in this CONTRACT and the SPECIFICATIONS to which the construction of the VESSEL is required to conform, are altered or changed by the Classification Society or the other regulatory bodies authorized to make such alterations or changes, the SELLER and/or the BUYER, upon receipt of the notice thereof, shall transmit such information in full to each other in writing, whereupon within ten (10) days after receipt of the said notice by the BUYER from the SELLER or vice versa, the BUYER shall instruct the SELLER in writing as to the alterations or changes, if any, to be made in the VESSEL which the BUYER, in its sole discretion, shall decide. The SELLER shall promptly comply with such alterations or changes, if any in the construction of the VESSEL, provided that the BUYER shall first agree:
  - (a) As to any increase or decrease in the Contract Price of the VESSEL that is occasioned by the cost for such compliance; and/or
  - (b) As to any extension in the time for delivery of the VESSEL that is necessary due to such compliance; and/or

- (c) As to any increase or decrease in the guaranteed figures of the VESSEL stipulated in Article I including but not limited to deadweight and speed of the VESSEL, if such compliance results in increase or decrease in any of the guaranteed figures in Article I; and/or
  - (d) As to any other alterations in the terms of this CONTRACT or of SPECIFICATIONS or both, if such compliance makes such alterations of the terms necessary; and/or
  - (e) If the price is to be increased, then, in addition, as to providing to the SELLER additional securities reasonably satisfactory to the SELLER.
- (2) If, due to whatever reasons, the parties shall fail to agree on the adjustment of the Contract Price or extension of the time for delivery or increase or decrease of the guaranteed figures stipulated in Article I or providing additional security to the SELLER or any alteration of the terms of this CONTRACT, if any, provided that the alterations or changes are not compulsory, then the SELLER shall be entitled to proceed with the construction of the VESSEL in accordance with, and the BUYER shall continue to be bound by the terms of this CONTRACT and the SPECIFICATIONS without making any such alterations or changes.
- (3) If the alterations or changes are compulsorily required to be made, then, notwithstanding any dispute between the parties relating to the adjustment of the Contract Price and/or extension of the time for delivery and/or increase or decrease of the guaranteed figures stipulated in Article I and/or providing additional security to the SELLER and/or any alteration of the terms of this CONTRACT and/or any other respect, the SELLER shall promptly comply with such alterations or changes first. The Delivery Date shall be further extended for a period necessary for such compliance. The BUYER shall, in any event, bear the costs and expenses of such alterations or changes. Any dispute with regard to the adjustment of the Contract Price and/or the extension of Delivery Date and/or any other disputes shall be determined by arbitration in accordance with Article XIII of this CONTRACT.

### 3. SUBSTITUTION OF MATERIALS AND/OR EQUIPMENT

In the event that any of the materials and/or equipment required by the SPECIFICATIONS or otherwise under this CONTRACT for the construction of the VESSEL cannot be procured in time to meet the SELLER'S construction schedule for the VESSEL, the SELLER may, provided the BUYER so agrees in writing, supply other materials and/or equipment of at least the equivalent quality, capable of meeting the requirements of the Classification Society and of the rules, regulations, requirements and recommendations with which the construction of the VESSEL must comply. Any agreement as to such substitution of materials shall be effected in the manner provided in Paragraph 1 of this Article.

### 4. BUYER'S SUPPLIED ITEMS

The BUYER shall deliver to the SELLER at the SHIPYARD the items as specified in the SPECIFICATIONS which the BUYER shall supply on the BUYER'S account (the "BUYER'S Supplied Items") by the time designated by the SELLER.

Should the BUYER fail to deliver to the SELLER the BUYER'S Supplied Items within the time specified, the delivery of the VESSEL shall automatically be extended for a period of such delay. In such event, the BUYER shall pay to the SELLER all losses and damages sustained by the SELLER due to such delay in the delivery of the BUYER'S Supplied Items and such payment shall be made upon delivery of the VESSEL, provided that the SELLER shall have:

- (a) furnished the BUYER with the time schedule referred to above, two (2) months prior to installation of the BUYER'S Supplied Items; and
- (b) given the BUYER written notice of any delay in delivery of the BUYER'S Supplied Items and the necessary documents or advice for such supplies as soon as the delay occurs which might give rise to a claim by the SELLER under this Paragraph.

If any delay in delivery of the BUYER'S Supplied Items should exceed ten (10) days, the SELLER shall be entitled to proceed with construction of the VESSEL without installation of such items in or onto the VESSEL, without prejudice to the SELLER'S right hereinabove provided, and the BUYER shall accept the VESSEL so completed.

The SELLER shall be responsible for storing, safekeeping and handling of the BUYER'S Supplied Items as specified in the SPECIFICATIONS after delivery to the SELLER and shall install them on board the VESSEL at the SELLER'S expenses.

Upon arrival of such shipment of the BUYER'S Supplied Items, both parties shall undertake a joint unpacking inspection. If any damages are found to any of the BUYER'S Supplied Items that make it unsuitable for installation, the SELLER shall be entitled to refuse to accept the damaged/defective item.

However, upon request by the BUYER, the SELLER shall assist the BUYER to

- (i) repair the damaged or defective item, if the SELLER is able to do so, and/or
- (ii) accept delivery of a replacement item in good condition,

But, in any event above (i) and (ii) shall be subject to the BUYER'S acceptance of payment by the BUYER of any reasonable costs incurred by the SELLER and extension of Delivery Date of the VESSEL accordingly.

If any of the BUYER'S Supplied Items is lost or damaged while in the custody of the SELLER, the SELLER shall be responsible for such loss or damage.

(End of Article)



## ARTICLE VI - TRIALS

## 1. NOTICE

The trials shall start when the VESSEL is reasonably completed according to the SPECIFICATIONS and to a standard capable for the performance of adequate trials as set forth in this Article.

The BUYER and the Supervisor shall receive from the SELLER at least fourteen (14) and seven (7) days estimated notice in advance and three (3) days definite notice in advance in writing or by telefax or email, of the scheduled time and place of the VESSEL'S sea trial as described in the SPECIFICATIONS (hereinafter referred to as the "Trial Run") and the BUYER and the Supervisor shall promptly acknowledge receipt of such notice.

The BUYER'S representatives and/or the Supervisor shall be on board the VESSEL to witness such Trial Run and to check upon the performance of the VESSEL during the same. In the event of failure of the BUYER'S representatives to be present at the Trial Run of the VESSEL after due notice to the BUYER and the Supervisor as provided above, the BUYER shall be deemed to have waived its right to have its representatives on board the VESSEL during the Trial Run, and the SELLER shall conduct such Trial Run within presence of the Classification Society but without the BUYER'S representatives being present, and in such case the BUYER shall be obliged to accept the VESSEL on the basis of a certificate jointly signed by the SELLER and the Classification Society certifying that the VESSEL, after Trial Run subject to minor alterations and corrections as provided in this Article, if any, is found to conform to this CONTRACT and the SPECIFICATIONS.

The SELLER hereby warrants that the necessary invitation letter for the BUYER'S representatives to enter China will be issued on demand otherwise the Trial Run shall be postponed until after the BUYER'S representatives have arrived at the SHIPYARD and any delays as a result thereof shall not count as a permissible delay under Article VIII thereof. However, should the nationalities and other personal particulars of the BUYER'S representative(s) be not acceptable to the SELLER in accordance with its best understanding of the relevant rules, regulations and/or Laws of the People's Republic of China then prevailing, then the BUYER shall, on the SELLER'S telefax or email demand, effect replacement of all or any of them as soon as reasonably practicable. Otherwise the Delivery Date as stipulated in Article VII hereof shall be extended by the delays as caused by the BUYER.

In the event of unfavorable weather on the date specified for the Trial Run, the same shall take place on the first available day thereafter that the weather conditions permit. The parties hereto recognize that the weather conditions in Chinese waters, in which the Trial Run is to take place, are such that great changes in weather may arise momentarily and without warning and, therefore, it is agreed that if during the Trial Run of the VESSEL, the weather should suddenly become unfavorable, as would have precluded the continuance of the Trial Run, the Trial Run of the VESSEL shall be discontinued and postponed until the first favorable day next following, unless the BUYER shall assent by telefax or email of its acceptance of the VESSEL on the basis of the Trial Run made prior to such sudden changes in weather conditions.

In the event that the Trial Run is postponed because of unfavorable weather conditions, such delay shall be regarded as a permissible delay, as specified in Article VIII hereof.

## 2. HOW CONDUCTED

- (a) All expenses in connection with Trial Run of the VESSEL are to be for the account of the SELLER, who, during the Trial Run and when subjecting the VESSEL to Trial Run, is to provide, at its own expense, the necessary crew to comply with conditions of safe navigation. The Trial Run shall be conducted in the manner prescribed in this CONTRACT and the SPECIFICATIONS and shall prove fulfillment of the performance required for the Trial Run as set forth in the SPECIFICATIONS.

The course of Trial Run shall be determined by the SELLER.

- (b) The SELLER shall provide the VESSEL with the required quantities of water and fuel oil with exception of greases, lubricating oil and hydraulic oil which shall be supplied by the BUYER for the conduct of the Trial Run or Trial Runs as prescribed in the SPECIFICATIONS. The fuel oil supplied by the SELLER and the greases, lubricating oil and hydraulic oil supplied by the BUYER shall be in accordance with the applicable engine specifications, and the cost of the quantities of water, fuel oil, lubricating oil, hydraulic oil and greases consumed during the Trial Run or Trial Runs shall be for the account of the SELLER.

### 3. TRIAL LOAD DRAFT

In addition to the supplies provided by the BUYER in accordance with sub-paragraph (b) of the preceding Paragraph 2 hereof, the SELLER shall provide the VESSEL with the required quantity of fresh water and other stores as necessary for the conduct of the Trial Run. The necessary ballast (fresh and sea water and such other ballast as may be required) to bring the VESSEL to the trial load draft as specified in the SPECIFICATIONS, shall be for the SELLER'S account.

### 4. METHOD OF ACCEPTANCE OR REJECTION

- (a) Upon completion of the Trial Run of the VESSEL, the SELLER shall analyze the result of the Trial Run, and if found to be in accordance with this CONTRACT and the SPECIFICATIONS, give the BUYER notice in writing or by telefax or email (a) of successful completion of the Trial Run accompanied by its full report, and copies of all the results and records, of all tests carried out and (b) of conformity of the VESSEL with the requirements of this CONTRACT and the SPECIFICATIONS and within five (5) business days thereafter, the BUYER shall notify the SELLER by telefax or email of its acceptance of the VESSEL or of its rejection of the VESSEL together with the reasons therefor.
- (b) However, should the result of the Trial Run indicate that the VESSEL or any part thereof including its equipment does not conform to the requirements of this CONTRACT and the SPECIFICATIONS, then the SELLER shall investigate with the Supervisor the cause of failure and the proper steps shall be taken to remedy the same and shall make whatever corrections and alterations to the VESSEL.

- (c) Upon completion of correction of such non-conformity, the SELLER shall promptly perform such further trials, or other test of the VESSEL, or the part or equipment thereof concerned, as may be deemed necessary to prove the VESSEL'S compliance with the requirements of this CONTRACT and the SPECIFICATIONS, and if found to be in accordance with this CONTRACT and the SPECIFICATIONS, give to the BUYER notice by telefax or email of such correction, and, as appropriate, successful completion accompanied by its full updated report and copies of all such results and tests, and the BUYER shall, within five (5) business days thereafter, notify the SELLER by telefax or email of its acceptance of the VESSEL or of the rejection of the VESSEL together with the reason therefor on the basis of the alterations and corrections and/or re-trial or re-trials by the SELLER.
- (d) Any notice of rejection of the VESSEL shall state the most significant issues on which the VESSEL fails to conform with the requirements of this CONTRACT and the SPECIFICATIONS.
- (e) If the SELLER does not agree to the rejection by the BUYER of the VESSEL or any part or equipment thereof, the SELLER shall so advise the BUYER promptly, in which case either the BUYER or the SELLER may submit any dispute as to the conformity thereof with the requirements of this CONTRACT and the SPECIFICATIONS to arbitration under Article XIII hereof.
- (f) In the event that the BUYER fails to notify the SELLER by telefax or email of its acceptance or rejection of the VESSEL together with the main reasons therefor within five (5) business days period as provided for in the above sub-paragraphs (a) and (c), the BUYER shall be deemed to have accepted the VESSEL.
- (g) Any dispute arising among the parties hereto as to the result of any Trial Run or further tests or trials, as the case may be, of the VESSEL shall be resolved by reference to arbitration as provided in Article XIII hereof.
- (h) Nothing herein shall preclude the BUYER from accepting the VESSEL with its qualifications and/or remarks following the Trial Run and/or further tests or trials as aforesaid and the SELLER shall be obliged to comply with and/or remove such qualifications and/or remarks (if such qualifications and/or remarks are consistent with the requirements of this CONTRACT and the SPECIFICATIONS) at the time before effecting delivery of the VESSEL to the BUYER under this CONTRACT.

- (i) In the event that the BUYER rejects any aspects of the performance of the VESSEL or its equipment tested on the Trial Run, the BUYER shall indicate the reason in its notice of such rejection in what respect the aspect of the performance of the VESSEL, or any part or equipment thereof does not conform to this CONTRACT and/or the SPECIFICATIONS.

#### 5. DISPOSITION OF SURPLUS CONSUMABLE STORES

Should any amount of fuel oil, fresh water, or other unbroached consumable stores furnished by the SELLER for the Trial Run or Trial Runs and commissioning remain on board the VESSEL at the time of acceptance thereof by the BUYER, the BUYER agrees to buy the same from the SELLER at the SELLER'S actual invoice price, and payment by the BUYER shall be effected upon delivery of the VESSEL as provided in Article II 3(e) and 4(e) of this CONTRACT.

The BUYER shall supply greases, lubricating oil and hydraulic oil for the purpose of Trial Run or Trial Runs and commissioning at its own expenses and the SELLER will reimburse for the amount of greases, lubricating oil and hydraulic oil actually consumed for the said Trial Run or Trial Runs and commissioning at the purchase price incurred by the BUYER, and payment by the SELLER shall be effected upon delivery of the VESSEL as provided in Article II 3(e) and 4(e) of this CONTRACT. The lubricating oil and greases shall be in accordance with the engine specifications and the BUYER shall decide and advise the SHIPYARD of the suppliers' name for lubricating oil and greases prior to the work commencement of the VESSEL, provided always that such suppliers shall be acceptable to the SHIPYARD and/or the manufacturers of all machinery.

#### 6. EFFECT OF ACCEPTANCE

The BUYER'S acceptance of the VESSEL by telefax or email notification sent to the SELLER, in accordance with the provisions set out above, shall be final and binding so far as conformity of the VESSEL to this CONTRACT and the SPECIFICATIONS is concerned, and shall preclude the BUYER from refusing formal delivery by the SELLER of the VESSEL, as hereinafter provided, if the SELLER complies with all other procedural requirements for delivery as provided in Article VII and save to the extent of any damage or loss which may occur to the VESSEL in the period after acceptance until formal delivery.

If, at the time of delivery of the VESSEL, there are minor deficiencies in the VESSEL, such deficiencies should be resolved in such way that if the deficiencies are of minor importance and do not in any way affect the safety or the operation of the VESSEL (including, without limitation, the issue of all safety and trading certificates in accordance with Article VII), the SELLER shall be nevertheless entitled to tender the VESSEL for delivery and the BUYER shall be nevertheless obliged to take delivery of the VESSEL, provided BUYER and SELLER have agreed the time scale following delivery when such minor non-conformities or defects will be corrected by the SELLER.

However, the BUYER'S acceptance of the VESSEL shall not affect the BUYER'S right under Article IX hereof.

The SELLER nevertheless undertakes to use all reasonable endeavours to rectify such minor non-conformities and defects continuously up to the time for delivery of the VESSEL.

(End of Article)

## ARTICLE VII - DELIVERY

## 1. TIME AND PLACE

The VESSEL shall be delivered safely afloat by the SELLER to the BUYER at the SHIPYARD or any other shipyard relating to the SELLER, in accordance with the SPECIFICATIONS and with all Classification and Statutory Certificates and after completion of Trial Run (or, as the case may be, re-Trial or re-Trials) and acceptance by the BUYER in accordance with the provisions of Article VI hereof on or before 31st March 2027, unless otherwise mutually agreed. In the event of delays in the construction of the VESSEL or any performance required under this CONTRACT due to causes which under the terms of this CONTRACT permit extension of the time for delivery, the aforementioned time for delivery of the VESSEL shall be extended accordingly.

The aforementioned date or such later date to which delivery is extended pursuant to the terms of this CONTRACT is herein called the "Delivery Date".

The SELLER shall give the BUYER in writing not less than 120 days, 90 days and 60 days of preliminary notice of the delivery and to the extent practicable the SELLER shall notify and confirm as soon as possible prior to such date of delivery. The SELLER shall also give thirty (30) days' provisional notice of the date of delivery and not less than fourteen (14) days and seven (7) days notice of the approximate date and five (5) days notice of the actual date on which the VESSEL will be ready for delivery.

However, the delivery of the VESSEL cannot be earlier than 12th January 2027 without prior written consent of the BUYER.

## 2. WHEN AND HOW EFFECTED

Provided that the SELLER and the BUYER shall have fulfilled all of their respective obligations as stipulated in this CONTRACT, delivery of the VESSEL shall be effected forthwith by the concurrent delivery by each of the parties hereto, one to the other, of a Protocol of Delivery and Acceptance signed by the parties hereto, acknowledging delivery of the VESSEL by the SELLER and acceptance thereof by the BUYER. The Protocol of Delivery and Acceptance shall be prepared in duplicate and executed by each of the parties hereto.

## 3. DOCUMENTS TO BE DELIVERED TO THE BUYER

Upon delivery and acceptance of the VESSEL, the SELLER shall deliver to the BUYER the following documents which shall accompany the aforementioned Protocol of Delivery and Acceptance:

- (a) PROTOCOL OF TRIALS (including results of Main Engine Shop Trials) of the VESSEL made by the SELLER pursuant to the SPECIFICATIONS;
- (b) PROTOCOL OF INVENTORY of the equipment of the VESSEL including spare parts and the like, all as specified in the SPECIFICATIONS, made by the SELLER;
- (c) PROTOCOL OF STORES OF CONSUMABLE NATURE made by the SELLER referred to under Paragraph 5 of Article VI hereof;
- (d) FINISHED DRAWINGS, MANUALS AND PLANS pertaining to the VESSEL as stipulated in the SPECIFICATIONS, made by the SELLER;
- (e) PROTOCOL OF INCLINING OR DEADWEIGHT EXPERIMENT, made by the SELLER;
- (f) ALL CERTIFICATES required to be furnished upon delivery of the VESSEL pursuant to this CONTRACT, the SPECIFICATIONS and the customary shipbuilding practice, including but not limited to:
  - (i) Classification Certificate
  - (ii) Safety Construction Certificate
  - (iii) Safety Equipment Certificate
  - (iv) Safety Radio Certificate
  - (v) International Loadline Certificate
  - (vi) International Tonnage Certificate
  - (vii) Builder's Certificate, duly notarized

The VESSEL will be delivered with class certificates, free of any conditions, and/or recommendations.



Certificates shall be issued by relevant Authorities or Classification Society. The VESSEL shall comply with the above rules and regulations which have already been issued/published, effective and become compulsorily applicable on or before the date of signing this CONTRACT. All the certificates shall be delivered in one (1) original to the VESSEL and one (1) photocopy to the BUYER.

If the full term certificate or certificates are unable to be issued at the time of delivery by the Classification Society or any third party other than the SELLER, then the provisional certificate or certificates as issued by the Classification Society or the third party other than the SELLER with the full term certificates to be furnished by the SELLER after delivery of the VESSEL and in any event within six (6) months after delivery of the VESSEL and provided the provisional certificates so supplied shall be sufficient for the VESSEL to commence and continue its normal trading.

- (g) DECLARATION OF WARRANTY issued by the SELLER that the VESSEL is delivered to the BUYER free and clear of any liens, charges, claims, mortgages, or other encumbrances upon the BUYER'S title thereto, and in particular, that the VESSEL is absolutely free of all burdens in the nature of imposts, taxes or charges imposed by the province or country of the port of delivery, as well as of all liabilities of the SELLER to its subcontractors, employees and crews and/or all liabilities arising from the operation of the VESSEL in Trial Run or Trial Runs, or otherwise, prior to delivery except as otherwise provided under this CONTRACT.
- (h) COMMERCIAL INVOICE.
- (i) BILL OF SALE made by the SELLER transferring title to the VESSEL free of all liens, claims, mortgages and other encumbrances whatsoever.
- (j) BUILDER'S CERTIFICATE made by the SELLER.

- (k) Any other documents, including the attestation of any delivery documents, reasonably required by the BUYER in connection with the financing or registration of the VESSEL provided that (1) the SELLER is able to provide such documents, (2) the BUYER agrees to bear all the reasonable documented costs and expenses which shall be paid by the BUYER on or before the delivery (or the BUYER indemnifies the SELLER against such costs and expenses) (3) the BUYER shall provide its best cooperation and sufficient advance notice, and (4) the construction and/or delivery of the VESSEL is not affected by such BUYER'S requirement of additional documents.

The SELLER agrees to obtain notarization and/or legalization/apostille of the BILL OF SALE and the BUILDER'S CERTIFICATE if so required by the VESSEL'S flag state and/or the BUYER'S financiers.

#### 4. TITLE AND RISK

Title to and risk of the VESSEL shall pass to the BUYER only upon delivery and acceptance thereof having been completed as stated above; it being expressly understood that, until such delivery is effected, title to the VESSEL and her equipment shall remain at all times with the SELLER and are at the entire risk of the SELLER. The title to the BUYER'S Supplied Items as provided in Article V shall remain with the BUYER (except for Article XI 4(b)(i)) and the SELLER'S responsibility for such BUYER'S Supplied Items shall be as described in Article V.

#### 5. REMOVAL OF VESSEL

The BUYER shall take possession of the VESSEL immediately upon delivery and acceptance thereof, and shall remove the VESSEL from the premises of the SELLER within five (5) days after delivery and acceptance thereof is effected. If the BUYER shall not remove the VESSEL from the premises of the SELLER within the aforesaid five (5) days, then, in such event, without prejudice to the SELLER'S right to require the BUYER to remove the VESSEL immediately at any time thereafter, the BUYER shall pay to the SELLER the reasonable mooring charge of the VESSEL.

6. TENDER OF THE VESSEL

If the BUYER fails to take delivery of the VESSEL after completion thereof according to this CONTRACT and the SPECIFICATIONS without justified reason, the SELLER shall have the right to tender the VESSEL for delivery by notice in writing to the BUYER after compliance with all procedural requirements as above provided.

(End of Article)

## ARTICLE VIII - DELAYS &amp; EXTENSION OF TIME FOR DELIVERY

## 1. CAUSE OF PERMISSIBLE DELAYS

If, at any time after signing this CONTRACT, either the construction or delivery of the VESSEL or any performance required hereunder as a prerequisite of delivery of the VESSEL is delayed by any of the following events which are beyond the control of the SELLER and/or of its subcontractors/suppliers, and which were not existing or could not have been avoided by reasonable business planning and were not foreseeable or known to the SELLER at the date of this CONTRACT, and the effect of which could not have been avoided or reduced by the exercise of due diligence by the SELLER and/or its subcontractors/suppliers, and which affect the construction schedule of the VESSEL including preparation for construction:

Acts of God, acts of state of government authorities, war or warlike conditions or other hostilities or preparations therefor, blockade, revolution, insurrection, mobilizations, civil war, civil commotions, acts of the public enemy, terrorism, riots, strikes, lockouts or other labor disturbances, labor shortage, vandalism, sabotage (but not for riots, strikes, vandalism, sabotage or lockouts affecting only the employees of the SELLER or its subcontractors/suppliers), plagues or other epidemics, quarantines, sand storm, snow disaster, local daily highest temperature higher than 37 degree centigrade continuing for three (3) days or more, prolonged failure, shortage or restriction of electric current from an outside source, short supply of oil and/or gas due to general shortage, freight embargoes, delay or failure in transportation, import restrictions (but not for import restrictions affecting the SELLER or its subcontractors by reason of the application of Sanctions), delay in delivery and/or short supply of timely ordered materials and/or machinery and/or equipment to be supplied by the subcontractor/supplier if and to the extent that such delay or short supply is itself directly caused by one of the other events described in this Paragraph 1 as permissible delay events and provided that such materials and equipment at the time of ordering could reasonably be expected by SELLER to be available and delivered in time, earthquakes, tidal waves, unusual severe weather conditions, destruction of or damage to the SELLER or works of the SELLER and/or its subcontractors/suppliers, or of the VESSEL or any part thereof by accidental fire, flood, typhoons, hurricanes, storms, landslides, accidental fire explosions, accidental collisions, or by any causes herein described, delays in the SELLER'S other commitments directly resulting from any causes herein described which in turn delay the construction of the VESSEL or the SELLER'S performance under this CONTRACT, and intervention of Authorities of People's Republic of China over which the SELLER and/or its subcontractors/suppliers have no control, and any other causes which are specified in this CONTRACT as causes of permissible delays of delivery of the VESSEL or other causes or accidents beyond control of the SELLER or its subcontractors/suppliers, as the case may be, or due to the delay, or restriction on the Trial Run due to government orders, then, in the event of delay due to the happening of any of the aforementioned contingencies, the SELLER shall not be liable for such delay and the time for delivery of the VESSEL under this CONTRACT shall be extended without any reduction in the Contract Price for a period of time equal to the actual effect on the critical path construction schedule of the VESSEL but which shall not in any event exceed the total accumulated time of all such delays (and for this purpose, delays attributable to two (2) or more concurrent events shall not be aggregated and shall not be count more than once), subject nevertheless to the BUYER'S right of cancellation under Paragraph 3 of this Article and subject however to all the relevant provisions of this CONTRACT which authorize and permit extension of the time of delivery of the VESSEL, provided that:

- (a) such delay or event has not been caused by any omission, act or negligence of the SELLER or its subcontractors/suppliers and
- (b) the SELLER shall use all reasonable efforts to prevent or minimize any delay in the construction of the VESSEL resulting from such events (including the obtaining of items from alternative sources).

## 2. NOTICE OF DELAY

As soon as possible within seven (7) days from the date of commencement of any delay, on account of which the SELLER claims that it is entitled under this CONTRACT to an extension of the time for delivery of the VESSEL, the SELLER shall advise the BUYER by telefax or email of the date such delay commenced, and the reasons therefor and shall supply the BUYER with evidence to justify the delay claimed within thirty (30) business days thereafter.

Likewise, as soon as possible within seven (7) days after such delay ends, the SELLER shall advise the BUYER by telefax or email of the date such delay ended and also shall notify the BUYER of the period by which the date for delivery of the VESSEL is extended by reason of such delay.

Failure of the BUYER to acknowledge of SELLER'S notification of any claim for extension of the Delivery Date within seven (7) days after receipt by the BUYER of such notification, shall be deemed to be a waiver by the BUYER of its right to object to such extension.

Failure by the SELLER to comply with the notice provisions in this Paragraph 2 shall preclude the SELLER from any right to extension of the Delivery Date.

### 3. RIGHT TO CANCEL FOR EXCESSIVE DELAY

If the total accumulated time of (i) all permissible delays accrued under and in accordance with Paragraph 1 above aggregate to one hundred and eighty (180) days or more or (ii) all such permissible delays and non-permissible delays aggregate to two hundred and forty (240) days or more, excluding delays determined by any arbitration tribunal as provided for in Article XIII hereof or due to default in performance by the BUYER, or due to delays in delivery of the BUYER'S Supplied Items, and excluding delays due to causes which, under Article V, Article VI, Article XI and Article XII hereof, permitting extension or postponement of the time for delivery of the VESSEL, then in such event, the BUYER may in accordance with the provisions set out herein rescind or cancel this CONTRACT by serving upon the SELLER telefaxed or emailed notice of cancellation and the provisions of Article X of this CONTRACT shall apply. Such rescission shall be effective as of the date of the notice thereof is received by the SELLER. If the BUYER has not served the notice of rescission as provided in Article III(1) or Article VIII (3) the SELLER may at any time after expiration of the accumulated time of the delay in delivery, either two hundred ten (210) days in case of the non- permissible delays in Article III Paragraph 1 or one hundred eighty (180) days in case of the permissible delays of Article VIII Paragraph 3 or two hundred forty (240) days in case of the total permissible delays and non- permissible delays in Article VIII Paragraph 3, demand in writing that the BUYER shall make an election, in which case the BUYER shall, within thirty (30) days after such demand is received by the BUYER either notify the SELLER of its intention to cancel, or consent to an extension of the time for delivery to a mutually agreed future date. If the BUYER consents to an extension of the time for delivery to a mutually agreed future date, the SELLER shall remain liable at delivery for such liquidated damages accrued at time of agreement of such extension as well as any additional liquidated damages accruing after the future date but always subject to the maximum liquidated damages USD 2,340,000.00 in accordance with Article III Paragraph 1. It is understood and agreed by the parties hereto that if any further delay occurs on account of causes justifying cancellation as specified in this CONTRACT, the BUYER shall have the same right of cancellation upon the same terms as hereinabove provided.

## 4. DEFINITION OF PERMISSIBLE DELAY

Delays on account of such causes as provided for in Paragraph 1 of this Article, but excluding any other extensions of a nature which under the terms of this CONTRACT permit postponement of the Delivery Date, shall be understood to be (and are herein referred to as) permissible delays, and are to be distinguished from non-permissible delays on account of which the Contract Price of the VESSEL is subject to adjustment as provided for in Article III hereof.

(End of Article)

## ARTICLE IX - WARRANTY OF QUALITY

## 1. GUARANTEE OF MATERIAL AND WORKMANSHIP

The SELLER, for a period of twelve (12) months following delivery to the BUYER of the VESSEL, guarantees the VESSEL, her hull, engine and machinery and all parts and equipment thereof that are manufactured or furnished or supplied by the SELLER and/or its subcontractors or suppliers under this CONTRACT including material, equipment (however excluding any parts for the VESSEL which have been supplied by or on behalf of the BUYER) against all defects which are due to defective design, defective installation, materials, and/or poor workmanship, construction, design, miscalculations or omissions or other improper acts by the SELLER and/or its subcontractors or suppliers provided that notice thereof shall have been duly given to SELLER as prescribed below.

The SELLER agrees that upon the expiry of this guarantee it shall assign to the BUYER, all rights, title and interest that the SELLER may have in and to all guarantees or warranties given by the supplier of any of the appurtenances and materials used in the construction and/or operation of the VESSEL. The SELLER agrees to render to the BUYER all reasonable assistance in making any claim or taking any action against any such supplier, which claim or action shall be made and/or taken at the BUYER'S sole expense.

The full amount of any additional guarantees or warranties given by the SELLER'S subcontractors, suppliers, or manufacturers, if any, shall be duly transferred to the BUYER by the SELLER to the maximum extent they are capable of being transferred in law but no such assignment shall discharge the SELLER from its responsibilities or obligation hereunder.

The BUYER shall be entitled on or after delivery and acceptance of the VESSEL to assign its rights under this Article to any purchaser or bareboat charterer or financier of the VESSEL without the prior written consent of the SELLER. Notice of any such assignment shall be given by the BUYER to the SELLER.



Any remedial work carried out in accordance with this Article shall in turn benefit from a further guarantee on the same terms as set out in this Article, such further guarantee to be for a period of twelve (12) months from completion of such work, subject to that the overall maximum guarantee period for those above remedial parts shall not exceed eighteen (18) months from the actual delivery date of the VESSEL.

## 2. NOTICE OF DEFECTS

The BUYER shall notify the SELLER in writing, or by telefax or email of any defects for which a claim is made under this guarantee in the SELLER'S special claim form together with photo showing defect or damaged part, as promptly as possible, but not later than seven (7) days after discovery thereof. The BUYER'S written notice shall describe the nature of the defect and the extent of the damage caused thereby. The SELLER shall have no obligation under this guarantee for any defects discovered prior to the expiry date of this guarantee, unless notice of such defects is received by the SELLER not later than twenty-one (21) days after such expiry date. Telefaxed or emailed advice with brief details explaining the nature of such defect and extent of damage within the time limit(s) above and that a claim is forthcoming will be sufficient compliance with the requirements as to time.

## 3. REMEDY OF DEFECTS

The SELLER shall remedy, at its expense, any defects against which the VESSEL or any part of the equipment thereof is guaranteed under this Article by making all necessary repairs and/or replacements at the shipyard or elsewhere as provided for in (b) below. Such repairs and/or replacements will be made by the SELLER.

However, if the BUYER (acting reasonably) considers it is impractical to make the repair by the SELLER, and/or if forwarding by the SELLER of replacement parts, and materials cannot be accomplished without impairing or delaying the operation or working schedule of the VESSEL, then, in any such event, the BUYER shall have the right to cause the necessary repairs or replacements to be made elsewhere which is deemed suitable for the purpose, at the discretion of the BUYER provided that the BUYER shall first and in all events, will, as soon as possible, give the SELLER notice in writing, or by telefax or email of the time and place such repairs will be made and, if the VESSEL is not thereby delayed, or her operation or working schedule is not thereby delayed, or her operation or working schedule is not thereby impaired, the SELLER shall have the right to verify by its own representative(s) or that of Classification Society the nature and extent of the defects complained of. The SELLER shall, in such cases, promptly advise the BUYER, by telefax or email, after such examination has been completed, of its acceptance or rejection of the defects as ones that are subject to the guarantee herein provided.

In any circumstances as set out below, the SELLER shall pay to the BUYER a sum in United States Dollars for the cost actually incurred by the BUYER for such repairs or replacements, or calculated as the average cost for making similar repairs or replacements as quoted by a leading shipyard each in Singapore and Malaysia area, Shanghai, Guangzhou and Dalian, whichever is lower, but excluding any indirect, special, exemplary, punitive and/or consequential losses and damages, arising from, or relating to or in connection with such repairs or replacements (including but not limited to loss of hire, loss of contract, loss of profit, crew wage, cost of stores or inspection, customs, ship removal and towage, port and anchorage charge, claims from third party):

- (a) upon the SELLER'S acceptance of the defects as justifying remedy under this Article, or
- (b) if the SELLER neither accepts nor rejects the defects as above provided, nor request arbitration within fifteen (15) days after its receipt of the BUYER'S notice of defects.

In any event, the VESSEL shall be taken at the BUYER'S cost and responsibility to the place elected, ready in all respects for such repairs or replacements.

Replacement parts or materials furnished to the BUYER by the SELLER for making repairs in an emergency under this guarantee elsewhere than at the SHIPYARD or in other facility of the SELLER in People's Republic of China shall be transported to the VESSEL at the place of such emergency repairs by air-freight at the SELLER'S expense. In the event the repairs are not urgent and do not affect the seaworthiness of the VESSEL, such replacement parts shall be transported by sea freight to the VESSEL or to the place specified by the BUYER at the SELLER'S expense.

Any dispute under this Article shall be referred to arbitration in accordance with the provisions of Article XIII hereof.

#### 4. EXTENT OF THE SELLER'S LIABILITY

- (a) The SELLER'S liability under this Article IX is strictly limited to the repair and/or replacement of any defects in the VESSEL which (i) are due to defective design, defective materials, and/or poor workmanship, construction, design, miscalculation or omissions on the part of the SELLER and/or its subcontractors specified in Paragraph 1 of this Article, and (ii) have been discovered and properly notified to the SELLER in accordance with Paragraph 2 of this Article ("DEFECT(s)").
- (b) The SELLER shall have no responsibility or liability for any other defects whatsoever in the VESSEL other than the DEFECT(s). The SELLER shall have no obligation and/or liabilities with respect to defects discovered after the expiration of the guarantee period specified above.
- (c) The SELLER shall not be obligated to repair, or to be liable for, damages to the VESSEL, or to any part of the equipment thereof, due to ordinary wear and tear or caused by the defects other than those specified in Paragraph 1 above, nor shall there be any SELLER'S liability hereunder for defects in the VESSEL, or any part of the equipment thereof, caused by fire or other accidents at sea or elsewhere (which fire or other accident is not directly caused or contributed to by a DEFECT), or accidents, or negligence in the maintenance of the VESSEL on the part of the BUYER, its employees or agents including the VESSEL'S officers, crew and passengers, or any persons on or doing work on the VESSEL other than the SELLER, its employees, agents or subcontractors, except caused by the maintenance of the VESSEL'S equipment in accordance with the SELLER'S supplier's written instructions. Likewise, the SELLER shall not be liable for defects in the VESSEL, or the equipment or any part thereof, due to repairs or replacement which were made by those other than the SELLER and/or their subcontractors and/or not in accordance with this Article. The SELLER shall not be responsible for any DEFECT(s) in any part of the VESSEL which subsequent to delivery of the VESSEL has been replaced or in any way repaired by any other contractor other than in accordance with this Article.

- (d) Upon delivery of the VESSEL to the BUYER, in accordance with the terms of this CONTRACT, the SELLER shall thereby and thereupon be released of all responsibility and liability whatsoever and howsoever arising under or by virtue of this CONTRACT (save in respect of those obligations to the BUYER expressly provided for in this Article IX and in Article XVI (patents, trademarks and copyright)). Nor shall The SELLER in any circumstances, be responsible or liable for (i) any consequential, indirect or special losses, damages or expenses whatsoever or howsoever arising; or (ii) any losses, damages or expenses for loss of time, loss of profit, loss of earnings or demurrage, regardless of whether such losses, damages or expenses are the direct or indirect result of any DEFECT(s) or are the direct or indirect result of repairs or other works done to the VESSEL to remedy such DEFECT(s).
- (e) The guarantee provided in this Article and the obligations and the liabilities of the SELLER hereunder are exclusive and in lieu of and the BUYER hereby waives all other remedies, warranties, guarantees, liabilities or conditions, express or implied, arising by law, customary, statutory or otherwise (including without limitation any obligations of the SELLER with respect to fitness, merchantability and consequential damages) or whether or not occasioned by the SELLER'S negligence. The guarantee contained in this Article shall not be extended, altered or varied except by a written instrument signed by the duly authorized representatives of the SELLER and the BUYER.
- (f) In case of the sale of the VESSEL from the BUYER to a new owner during the above stipulated guarantee period or if the BUYER bareboat charters the VESSEL, the SELLER agrees that BUYER may assign the remaining guarantee period to the new owner or bareboat charterer, which shall in no circumstances exceed twelve (12) months from the date of delivery of the VESSEL to the BUYER provided that this shall not impose any more obligations and /or liabilities to the SELLER than those contained in the original guarantee as set out herein.

(End of Article)

## ARTICLE X - CANCELLATION, REJECTION AND RESCISSION BY THE BUYER

1. All payments made by the BUYER prior to the delivery of the VESSEL shall be in the nature of advance to the SELLER. In the event the BUYER shall exercise its right of termination, cancellation and/or rescission of this CONTRACT under and pursuant to any of the provisions of this CONTRACT specifically permitting the BUYER to do so, then the BUYER shall notify the SELLER in writing or by telefax or email, and such termination, cancellation and/or rescission shall be effective as of the date the notice thereof is received by the SELLER, unless, by the time of the attempted delivery of the aforesaid notice, the SELLER as a corporate body has ceased its corporate existence and the notice hereunder cannot be served on it (or on any duly appointed officer, liquidator, receiver or trustee), and it is only under such circumstances the notice of rescission shall be deemed to be received in such method as set forth in Article XVII hereof.

In addition to the BUYER'S right of cancellation and /or rescission of this CONTRACT under and pursuant to any of the provisions of this CONTRACT specifically permitting the BUYER to do so, the BUYER shall be entitled to rescind or terminate this CONTRACT upon occurrence of any of the following events:

- (a) The SELLER applies for or consents to the appointment of a receiver, trustee or liquidator or an order is made by any competent court or resolutions are passed by the Board of Directors and /or shareholders and /or creditor(s) of the SELLER for the appointment of a liquidator, receiver, trustee, administrator or similar officer of the SELLER, or any final and effective order is made by any competent court for the winding-up or liquidation of the SELLER, provided however that it shall not be deemed as SELLER'S default under this sub-paragraph (a) hereof if in any such case the SELLER is engaged in a bona fide restructure of its business or amalgamation or merger without insolvency which does not prejudice its creditors and /or the SELLER (each of the preceding an "Insolvency Event"). For the avoidance of doubt, the BUYER'S right of termination shall arise if either of the companies constituting the "SELLER" suffers an Insolvency Event; or

- (b) failure of the SELLER to (i) issue the Refund Guarantee within ninety (90) days of the date this CONTRACT is executed by all parties or (ii) maintain or extend the Refund Guarantee, in each case in accordance with Paragraph 7 of Article II hereof or failure to maintain the necessary approvals; or
  - (c) if, by reason or in consequence of any Sanctions imposed on, applying to, or affecting, the SELLER, or the SELLER'S parent company, or the Refund Guarantor, the BUYER is prevented or prohibited from performing its obligations under this CONTRACT or taking delivery of, removing from China, registering, operating or otherwise having full and unrestricted use of the VESSEL, or it is or becomes impossible for the BUYER to demand or receive payment under the Refund Guarantee when it would otherwise be entitled to do so.
  - (d) if an Insolvency Event occurs with respect to the Refund Guarantor and if the SELLER is unable to substitute the Refund Guarantor with the new one that is acceptable to the BUYER within ninety (90) days.
2. Thereupon the SELLER shall refund in United States Dollars to the BUYER the full amount of all sums paid by the BUYER to the SELLER on account of the VESSEL, unless the SELLER disputes the BUYER'S cancellation and/or rescission by instituting arbitration in accordance with Article XIII. If the BUYER'S cancellation or rescission of this CONTRACT is disputed by the SELLER by instituting arbitration as aforesaid, then no refund shall be made by the SELLER, until the arbitration award between the BUYER and the SELLER which shall be in favour of the BUYER, declaring the BUYER'S cancellation and/or rescission justified, is made and delivered to the SELLER, provided that the parties acknowledge that the BUYER shall nevertheless be entitled to demand repayment from the Refund Guarantor under the Refund Guarantee notwithstanding any such dispute between the parties to this CONTRACT.

In the event that the SELLER is obligated to make refundment, the SELLER shall pay the BUYER interest in United States Dollars at the rate of five percent (5%) per annum, if the termination, cancellation or rescission of this CONTRACT is exercised by the BUYER under and pursuant to any of the provisions of this CONTRACT specifically permitting the BUYER to do so, on the amount required herein to be refunded to the BUYER computed from the respective dates when such sums were received by the bank account as nominated by the SELLER pursuant to Article II 4(a), 4(b), 4(c), 4(d) from the BUYER to the date of remittance by telegraphic transfer of such refund to the BUYER by the SELLER.

3. Upon such refund by the SELLER to the BUYER, all obligations, duties and liabilities of each of the parties hereto to the other under this CONTRACT shall be forthwith completely discharged.
4. The remedy set out in this Article X shall be the sole remedy of the BUYER in the event of termination, cancellation or rescission by the BUYER of this CONTRACT under and pursuant to any of the provisions of this CONTRACT specifically permitting the BUYER to do so, or in the event of any other termination, cancellation or rescission of this CONTRACT by the BUYER due to the SELLER's breach of contract.

(End of Article)

## ARTICLE XI - BUYER'S DEFAULT

## 1. DEFINITION OF BUYER'S DEFAULT

The BUYER shall be deemed in default of its obligation under this CONTRACT if any of the following events occurs:

- (a) The BUYER fails to pay the First or Second or Third or Fourth Instalment to the SELLER when any such Instalment(s) becomes due and payable under the provisions of Article II hereof and the BUYER has not effected payment thereof together with interest thereon at the rate provided at Article XI Paragraph 3 below within four (4) business days of being notified by the SELLER of such non payment; or
- (b) The BUYER fails to pay the Fifth Instalment to the SELLER concurrently with the delivery of the VESSEL by the SELLER to the BUYER in accordance with Paragraph 3(e) and 4(e) of Article II hereof; or
- (c) The BUYER fails to take delivery of the VESSEL within three (3) banking days, when the VESSEL is duly tendered for delivery by the SELLER under the provisions of Article VII hereof.
- (d) The BUYER applies for or consents to the appointment of a receiver, trustee or liquidator or an order is made by any competent court or resolutions are passed by the Board of Directors and /or shareholders and /or creditor(s) of the BUYER for the appointment of a liquidator, receiver, trustee, administrator or similar officer of the BUYER, or any final and effective order is made by any competent court for the winding- up or liquidation of the BUYER, provided however that it shall not be deemed as BUYER'S default under this subparagraph (d) hereof if in any such case the BUYER is engaged in a bona fide restructure of its business or amalgamation or merger without insolvency which does not prejudice its creditors and /or the BUYER.
- (e) failure of the BUYER to issue or maintain the Corporate Guarantee as per Paragraph 6 of Article II hereof;



- (f) if, by reason or in consequence of any Sanctions imposed on, applying to, or affecting, the BUYER or the Corporate Guarantor, the SELLER is prevented or prohibited from performing its obligations under this CONTRACT, or from receiving payment of the Contract Price.
- (g) if an Insolvency Event as described in the sub-paragraph (d) above occurs with respect to the Corporate Guarantor and if the BUYER is unable to substitute the Corporate Guarantor with the new one that is acceptable to the BUYER within ninety (90) days.

## 2. NOTICE OF DEFAULT

If the BUYER is in default of payment or in performance of its obligations as provided hereinabove, the SELLER shall notify the BUYER to that effect by telefax or email after the date of occurrence of the default as per Paragraph 1 of this Article and the BUYER shall forthwith acknowledge by telefax or email to the SELLER that such notification has been received.

In case the BUYER does not give the aforesaid telefax or email acknowledgment to the SELLER within three (3) days it shall be deemed that such notification has been duly received by the BUYER.

Without prejudice to the foregoing, if the circumstances described in Article II Paragraph 2 apply, the parties shall discuss the possibility of paying in an alternative currency as described therein.

## 3. INTEREST AND CHARGE

If the BUYER is in default of payment as to any instalment as provided in Paragraph 1 (a) and/or 1(b) of this Article, the BUYER shall pay interest on such instalment at the rate of five percent (5%) per annum for a period from the date when such instalment(s) becomes due and payable under the provisions of Article II hereof to the date of the payment of the full amount, including all aforesaid interest. In case the BUYER shall fail to take delivery of the VESSEL when required to as provided in Paragraph 1 (c) of this Article, the BUYER shall be deemed in default of payment of the Fifth (5th) Instalment and shall pay interest thereon at the same rate as aforesaid from and including the day on which the VESSEL is tendered for delivery by the SELLER, as provided in Article VII Paragraph 6 hereof.

## 4. DEFAULT BEFORE DELIVERY OF THE VESSEL

- (a) If any default by the BUYER occurs as defined in Paragraph 1 (a) or 1 (b) or 1 (c) of this Article, the Delivery Date shall, be automatically postponed for a period of continuance of such default by the BUYER.
- (b) If any such default as defined in Paragraph 1 (a) or 1 (b), 1 (c) or 1 (e) of this Article continues for a period of fifteen (15) days following written notice by the SELLER of the default or any such default as defined in Paragraph 1 (d), 1 (f) or 1 (g) of this Article committed or suffered by the BUYER occurs, then, the SELLER shall have all following rights and remedies:
- (i) The SELLER may, at its option, cancel or rescind this CONTRACT, provided the SELLER has notified the BUYER of such default pursuant to Paragraph 2 of this Article, by giving notice of such effect to the BUYER by telefax or email. Upon receipt by the BUYER of such telefax or email notice of cancellation or rescission, all of the BUYER'S Supplied Items shall forthwith become the sole property of the SELLER, and the VESSEL and all its equipment and machinery shall be at the sole disposal of the SELLER for sale or otherwise; and
- (ii) In the event of such cancellation or rescission of this CONTRACT, the SELLER shall be entitled to retain any instalment or instalments of the Contract Price paid by the BUYER to the SELLER on account of this CONTRACT.

## 5. SALE OF THE VESSEL

- (a) In the event of termination, cancellation or rescission of this CONTRACT as above provided, the SELLER shall have full right and power either to complete or not to complete the VESSEL as it deems fit, and to sell the VESSEL at a public or private sale on such terms and conditions as the SELLER thinks fit without being answerable for any loss or damage occasioned to the BUYER thereby.

The SELLER shall use its reasonable efforts to obtain the best terms possible.

In the case of sale of the VESSEL, the SELLER shall give telefax or email notice to the BUYER.

- (b) In the event of the sale of the VESSEL in its completed state, the proceeds of sale received by the SELLER shall be applied firstly to payment of all expenses attending such sale and otherwise incurred by the SELLER as a result of the BUYER'S default, and then to payment of all unpaid instalments and/or unpaid balance of the Contract Price and interest on such instalment at the interest rate as specified in the relevant provisions set out above from the respective due dates thereof to the date of application.
- (c) In the event of the sale of the VESSEL in its incomplete state, the proceeds of sale received by the SELLER shall be applied firstly to all expenses attending such sale and otherwise incurred by the SELLER as a result of the BUYER'S default, and then to payment of all costs of construction of the VESSEL (such costs of construction, as herein mentioned, shall include but are not limited to all costs of labor and/or prices paid or to be paid by the SELLER for the equipment and/or technical design and/or materials purchased or to be purchased, installed and/or to be installed on the VESSEL) and/or any fees, charges, expenses and/or royalties incurred and/or to be incurred for the VESSEL less the instalments so retained by the SELLER, and compensation to the SELLER for a reasonable sum of loss of profit which the SELLER would have been entitled to receive if the VESSEL had been completed and delivered.
- (d) In either of the above events of sale, if the proceeds of sale exceed the total of the amounts to which such proceeds are to be applied as aforesaid, the SELLER shall promptly pay the excesses to the BUYER without interest, provided, however that the amount of each payment to the BUYER shall in no event exceed the total amount of instalments already paid by the BUYER and the cost of the BUYER'S Supplied Items, if any.

- (e) If the proceeds of sale are insufficient to pay such total amounts payable as aforesaid, the BUYER and/or the Corporate Guarantor shall promptly pay the deficiency to the SELLER upon request.
- (f) The remedy set out in this Article XI shall be the sole remedy of the SELLER in the event of termination, cancellation or rescission by the SELLER of this CONTRACT due to BUYER'S Default, or in the event of any other termination, cancellation or rescission of this CONTRACT by the SELLER due to the BUYER's breach of contract.

(End of Article)

## ARTICLE XII - INSURANCE

## 1. EXTENT OF INSURANCE COVERAGE

From the time of keel-laying of the first section of the VESSEL until the same is completed, delivered to and accepted by the BUYER, the SELLER shall, at its own cost and expense, keep the VESSEL and all machinery, materials, equipment, appurtenances and outfit, delivered to the SELLER for the VESSEL or built into, or installed in or upon the VESSEL, including the BUYER'S Supplied Items, fully insured with one of first class Chinese insurance companies for SELLER'S risk, under coverage corresponding to London Institute of Builder's Risks clause (but without exclusion for earthquakes or volcanic eruptions).

The amount of such insurance coverage shall, up to the date of delivery of the VESSEL, be in an amount at least equal to, but not limited to, the aggregate of all instalments and any other payments made by the BUYER to the SELLER and including accrued interest at five percent (5%) per annum on BUYER'S instalments and including the value of the BUYER'S Supplied Items. One copy of each of the SELLER'S risk insurance policy shall be delivered to the BUYER upon the BUYER'S request. Any deductible set forth in the above policy or places of insurance shall be borne solely for the account of the SELLER. The policy referred to hereinabove shall be taken out in the name of the SELLER and all losses under such policy shall be payable to the SELLER as per Paragraph 2 of this Article below.

## 2. APPLICATION OF RECOVERED AMOUNT

## (a) Partial Loss:

In the event the VESSEL shall be damaged by any insured cause whatsoever prior to acceptance and delivery thereof by the BUYER and in the further event that such damage shall not constitute an actual or a constructive total loss of the VESSEL, the SELLER shall apply the amount recovered under the insurance policy referred to in Paragraph 1 of this Article to the repair of such damage satisfactory to the Classification Society and other institutions or authorities as described in the SPECIFICATIONS without additional expenses to the BUYER, and the BUYER shall accept the VESSEL under this CONTRACT if completed and if it is upon delivery in all respects in accordance with this CONTRACT and the SPECIFICATIONS and not make any claim for any consequential loss or depreciation.

- (b) Total Loss:  
However, in the event that the VESSEL is determined to be an actual or a constructive total loss, the SELLER shall either:
- (i) By the mutual agreement between the parties hereto, proceed in accordance with terms of this CONTRACT, in which case the amount recovered under said insurance policy shall be applied to the reconstruction and/or repair of the VESSEL'S damages and/or reinstallation of the BUYER'S Supplied Items, provided the parties hereto shall have first agreed in writing as to such reasonable extension of the Delivery Date and adjustment of other terms of this CONTRACT including the Contract Price as may be necessary for the completion of such reconstruction; or
- (ii) If due to whatever reasons the parties fail to agree on the above, then refund immediately to the BUYER the amount of all instalments paid to the SELLER under this CONTRACT with interest, at the rate of five percent (5%) per annum for a period from the respective dates when such instalments were received by the bank account as nominated by the SELLER pursuant to Article II 4(a), 4(b), 4(c), 4(d) from the BUYER to the date of remittance by telegraphic transfer of such refund to the BUYER by the SELLER, and return to the BUYER all of the BUYER'S Supplied Items which were not incorporated into the VESSEL and pay to the BUYER an amount equal to the cost to the BUYER of those BUYER'S Supplied Items incorporated into the VESSEL, whereupon this CONTRACT shall be deemed to be canceled and all rights, duties, liabilities and obligations of each of the parties to the other shall terminate forthwith.

Within thirty (30) days after receiving telefax or email notice of any damage to the VESSEL constituting an actual or a constructive total loss, the BUYER shall notify the SELLER by telefax or email of its agreement or disagreement under this sub-paragraph. In the event the BUYER fails to so notify the SELLER, then such failure shall be construed as a disagreement on the part of the BUYER. This CONTRACT shall be deemed as rescinded and canceled and the BUYER receive the refund as hereinabove provided and the provisions hereof shall apply.

3. TERMINATION OF THE SELLER'S OBLIGATION TO INSURE

The SELLER'S obligation to insure the VESSEL hereunder shall cease and terminate forthwith upon delivery thereof to and acceptance by the BUYER.

(End of Article)

## ARTICLE XIII - DISPUTES AND ARBITRATION

## 1. RULES, REGULATIONS AND REQUIREMENTS OF CLASSIFICATION SOCIETY

In the event that any dispute shall arise as to the conformity and compliance of any construction of the VESSEL, her machinery and equipment or material (including substitution of materials) or workmanship thereof and/or thereon, and/or in respect of interpretation of the SPECIFICATIONS with the Classification Society requirements, such dispute shall be submitted to the head office of the Classification Society whose decision as to whether or not such construction or material meets the Classification Society requirements shall be final.

## 2. TECHNICAL MATTERS

Any dispute or disagreement between the parties relating to any technical matter not governed by or relating to the rules and regulations of the Classification Society may be referred to an expert. The appointment of the expert shall be mutually agreed between the parties, however if they fail to do so within 7 days from the day that the relevant technical matter has been notified to the other party, then the matter shall be referred to the head office of the Classification Society, and they shall appoint the expert. Such expert shall give his opinion as an expert and not as an arbitrator and his opinion shall not be final and binding on the parties who shall be at liberty to refer the matter to the arbitration if they do not agree with such opinion.

## 3. PROCEEDINGS

Except as provided in Paragraphs 1 and 2 above, all disputes, controversies or differences which may arise between the parties as to any matter arising out of or relating to this CONTRACT or any stipulation herein or with respect thereto which cannot be settled by the parties themselves shall be finally settled by arbitration in London Maritime Arbitrators Association ("LMAA") in London, England, in accordance with English laws, and the Arbitration Act 1996 of the United Kingdom or any re-enactment or statutory modification thereof for the time being in force, and LMAA's then prevailing arbitration rules.



Either party may demand arbitration of any such disputes by giving written notice to the other party. Any demand for arbitration by either party hereto shall state the name of the arbitrator appointed by such party and shall also state specifically the question or questions as to which such party is demanding arbitration. Within twenty (20) days after receipt of notice of such demand for arbitration, the other party shall in turn appoint a second arbitrator. The two arbitrators thus appointed shall thereupon select a third arbitrator, and the three arbitrators so named shall constitute the board of arbitration (hereinafter called the "Arbitration Board") for the settlement of such dispute.

In the event however, that said other party should fail to appoint a second arbitrator as aforesaid within twenty (20) days following receipt of notice of demand of arbitration, it is agreed that such party shall thereby be deemed to have accepted and appointed as its own arbitrator the one already appointed by the party demanding arbitration, and the arbitration shall proceed forthwith before this sole arbitrator, who alone, in such event, shall constitute the Arbitration Board. And in the further event that the two arbitrators appointed respectively by the parties hereto as aforesaid should be unable to reach agreement on the appointment of the third arbitrator within twenty (20) days from the date on which the second arbitrator is appointed, either party of the said two arbitrators may apply to the President of the London Maritime Arbitrators Association to appoint the third arbitrator. The award of the arbitration, made by the sole arbitrator or by the majority of the three arbitrators as the case may be, shall be final, conclusive and binding upon the parties hereto.

#### 4. ALTERNATIVE SETTLEMENT BY AGREEMENT

Notwithstanding the preceding provisions of this Article, it is recognized that in the event of any dispute or difference of opinion arising in regard to the construction of the VESSEL, her machinery and equipment, or concerning the quality of materials or workmanship thereof or thereon, such dispute may be referred to the Classification Society upon mutual agreement of the parties hereto. In such case, the opinion of the Classification Society shall be final and binding on the parties hereto.

## 5. NOTICE OF AWARD

Notice of any award shall immediately be given in writing or by telefax or email confirmed in writing to the SELLER and the BUYER.

## 6. EXPENSES

The arbitrator(s) shall determine which party shall bear the expenses of the arbitration or the proportion of such expenses which each party shall bear.

Notwithstanding the foregoing, each party shall bear the expense of presenting its own witness and evidence to the Arbitration Board.

## 7. AWARD OF ARBITRATION

Award of arbitration shall be final and binding upon the parties concerned.

## 8. ENTRY IN COURT

Judgment on any award may be entered in any court of competent jurisdiction.

## 9. ALTERATION OF DELIVERY TIME

In the event of reference to arbitration of any dispute arising out of matters occurring prior to delivery of the VESSEL, the SELLER shall not be entitled to extend the Delivery Date as defined in Article VII hereof and the BUYER shall not be entitled to postpone its acceptance of the VESSEL on the Delivery Date or on such newly planned time of delivery of the VESSEL as declared by the SELLER.

However, if the construction of the VESSEL is affected by any arbitration or court proceeding, the arbitrators shall be asked to include in the arbitration award a finding as to what extent the SELLER shall be permitted to extend the Delivery Date.

(End of Article)

## ARTICLE XIV - RIGHT OF ASSIGNMENT OR NOVATION

Neither of the parties hereto shall assign or novate this CONTRACT to any other individual, firm, company or corporation or any other third parties without the expressly prior written consent of the other party, except that this CONTRACT may be:

- (i) assigned in accordance with the express provisions of this CONTRACT;
- (ii) assigned by way of security to a bank or financier providing finance to the BUYER in connection with the VESSEL; or
- (iii) assigned to another company by BUYER with the prior written approval of the SELLER, such approval not to be unreasonably withheld or delayed; or
- (iv) novated to another company that is a member of the same group of companies as whose ships are managed by Unitized Ocean Transport Limited of the Republic of the Marshall Islands.

Provided that in the case of any such assignment or novation under Article XIV (i) or (ii) or (iv) above, the payment obligations of the BUYER continue to be guaranteed by PERFORMANCE SHIPPING INC. as provided in Article II.6. The SELLER will in such case enter into such acknowledgement of assignment and/or novation agreement as the SELLER may approve, such approval not to be unreasonably withheld or delayed.

(End of Article)

## ARTICLE XV - TAXES AND DUTIES

## 1. TAXES

All taxes including stamp duties, levies, if any, incurred in connection with this CONTRACT in the People's Republic of China shall be borne by the SELLER. Any taxes and/or duties imposed upon those items or services procured by the SELLER in the People's Republic of China or elsewhere for the construction of the VESSEL shall be borne by the SELLER. All taxes on income of the SELLER shall be borne by the SELLER.

## 2. DUTIES

The SELLER shall indemnify the BUYER for, and hold it harmless against, any duties imposed in the People's Republic of China upon materials and equipment which under the terms of this CONTRACT and/or the SPECIFICATIONS will, or may be, supplied by the BUYER from the abroad for installation in the VESSEL as well as any duties imposed in the People's Republic of China upon running stores, provisions and supplies furnished by the BUYER from abroad to be stocked on board the VESSEL and also from the payment of export duties, if any, to be imposed upon the VESSEL as a whole or upon any of its parts or equipment.

(End of Article)

## ARTICLE XVI - PATENTS, TRADEMARKS AND COPYRIGHTS

The machinery and equipment of the VESSEL may bear the patent number, trademarks or trade names of the manufacturers. The SELLER shall defend and save harmless the BUYER from patent liability or claims of patent infringement of any nature or kind, including costs and expenses for, or on account of any patented or patentable invention made or used in the performance of this CONTRACT and also including cost and expense of litigation, if any.

Nothing contained herein shall be construed as transferring any patent or trademark rights or copyright in equipment covered by this CONTRACT, and all such rights are hereby expressly reserved to the true and lawful owners thereof.

The SELLER'S indemnity hereunder does not extend to equipment or parts supplied by the BUYER to the SELLER if any.

The SELLER retains (if any) all patents, copyrights and other intellectual property rights with respect to the SPECIFICATIONS and plans and working drawings, technical descriptions, calculations, test results and other data, information and documents concerning the design and construction of the VESSEL (the "IPR") and grants to the BUYER an irrevocable, worldwide, non-exclusive, royalty free licence in the IPR for all purposes relating to the ownership, operation, maintenance, repair and modification, sale and chartering of the VESSEL, and the BUYER undertakes not to disclose the same or divulge any information contained therein to any third parties save for the aforementioned purposes or otherwise with the prior written consent of the SELLER.

(End of Article)

## ARTICLE XVII - NOTICE

Any and all notices demands, instructions, advices and communications in connection with this CONTRACT shall be addressed as follows:

To the BUYER:

Address : c/o Unitized Ocean Transport Limited  
373 Syngrou Ave. & 2-4 Ymittou str., 17564, Palaio Faliro,  
Athens, Greece

Technical contact information: Mr. Argyris Chachalis  
Telephone  
Email:

Commercial Contact information: Mr. Andreas Michalopoulos  
Telephone:  
Email:

To the SELLER:

JIANGSU YANGZIJANG SHIPBUILDING GROUP CO., LTD.  
JIANGSU NEW YANGZI SHIPBUILDING CO., LTD.  
JIANGSU YANGZI XINFU SHIPBUILDING CO., LTD.  
Address : Jingjiang Park of Jiangyin Economic Development Zone,  
Jingjiang City, Jiangsu Province,  
the People's Republic of China  
Tele No. :  
Telefax No. :  
E-mail :  
Attention : Mr. Ji Hong Fei

Any change of address shall be communicated in writing by email, telefax, courier or registered mail by the party making such change to the other party and in the event of failure to give such notice of change, communications addressed to the party at their last known address shall be deemed sufficient.

Any and all notices, requests, demands, instructions, advice and communications in connection with this CONTRACT shall be deemed to be given at, and shall become effective from, the time when the same is delivered to the address of the party to be served, provided, however, that registered airmail shall be deemed to be delivered ten (10) days after the date of dispatch, express courier service shall be deemed to be delivered five (5) days after the date of dispatch, and telefax acknowledged by answerbacks or emails moved to the "Sent" box shall be deemed to be delivered upon dispatch.

Any and all notices, communications, SPECIFICATIONS and drawings in connection with this CONTRACT shall be written in the English language and each party hereto shall have no obligation to translate them into any other language.

(End of Article)

ARTICLE XVIII - EFFECTIVE DATE OF CONTRACT

This CONTRACT shall become effective upon signing of this CONTRACT by the parties hereto.

(End of Article)



## ARTICLE XIX - INTERPRETATION

## 1. LAW APPLICABLE

This CONTRACT has been prepared in English and shall be executed in duplicate and in such number of additional copies as may be required by either party respectively.

The parties hereto agree that the validity and interpretation of this CONTRACT and of each Article and part hereof as well as any non-contractual obligations arising under or in connection with this CONTRACT be governed by and interpreted in accordance with the Laws of England.

## 2. DISCREPANCIES

All general language or requirements embodied in the SPECIFICATIONS are intended to amplify, explain and implement the requirements of this CONTRACT. However, in the event that any language or requirements so embodied in the SPECIFICATIONS permit an interpretation inconsistent with any provision of this CONTRACT, then in each and every such event the applicable provisions of this CONTRACT shall prevail and govern. The SPECIFICATIONS and plans are also intended to explain each other, and anything shown on the plans and not stipulated in the SPECIFICATIONS or stipulated in the SPECIFICATIONS and not shown on the plans shall be deemed and considered as if embodied in both. In the event of conflict between the SPECIFICATIONS and plans, the SPECIFICATIONS shall prevail and govern.

However, with regard to such inconsistency or contradiction between this CONTRACT and the SPECIFICATIONS as may later occur by any change or changes in the SPECIFICATIONS agreed upon by and among the parties hereto after execution of this CONTRACT, then such change or changes shall prevail and govern.

## 3. DEFINITION

In absence of stipulation of "banking day(s)" or "business day(s)", the "day" or "days" shall be taken as "calendar day" or "calendar days".

For the purpose of this CONTRACT, “Banking Day(s)” or “banking day(s)” shall mean days, excluding Saturdays, Sundays and public holidays in New York, Athens, London, Oslo and Beijing.

“Business Day(s)” or “business day(s)” shall mean days, excluding Saturdays, Sundays and public holidays in Greece and China.

“Sanctions” shall mean economic, financial or trade sanctions or embargoes enacted or imposed by law or regulation or other restrictive measure or policy and administered or enforced from time to time by (a) the United Nations Security Council, (b) the US government, (c) the European Union or any of its member states’ governments, (d) the United Kingdom, (e) the People’s Republic of China, (f) Singapore or (g) by any other generally recognized country which is not itself the subject of any official sanction or prohibition on dealings imposed by any of the foregoing (whether through the Office of Foreign Assets Control of the U.S. Department of Treasury, the United States Department of State, the United States Department of Commerce or His Majesty’s Treasury or otherwise).

#### 4. ENTIRE AGREEMENT

This CONTRACT including the attachments at Article I Paragraph 1 constitutes the entire agreement and understanding between the parties hereto and supersedes all prior negotiations, representations, undertaking and agreements on any subject matter of this CONTRACT.

(End of Article)

In WITNESS WHEREOF, the parties hereto have caused this CONTRACT to be duly executed on the day and year first above written.

THE BUYER:

SAINT BARTH SHIPPING COMPANY INC.

By: \_\_\_\_\_  
Name:  
Title:

THE SELLER:

JIANGSU YANGZIJANG SHIPBUILDING GROUP CO., LTD.

By: \_\_\_\_\_  
Name:Ren Letian  
Title: Legal Representative

JIANGSU NEW YANGZI SHIPBUILDING CO., LTD.

By: \_\_\_\_\_  
Name:Ren Letian  
Title: Legal Representative

JIANGSU YANGZI XINFU SHIPBUILDING CO., LTD.

By: \_\_\_\_\_  
Name:Ren Letian  
Title: Legal Representative

## EXHIBIT "A": IRREVOCABLE LETTER OF REFUND GUARANTEE

TO:

ADDRESS:

Dear Sirs,

We, [ ], hereby issue our irrevocable letter of guarantee no. [ ] in favour of SAINT BARTH SHIPPING COMPANY INC., a corporation organized and existing under the Laws of Republic of the Marshall Islands, having its registered address at Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro Marshall Islands MH96960 (hereinafter referred to as the "Buyer"), for account of (a) Jiangsu Yangzijiang Shipbuilding Group Co., Ltd., a corporation organized and existing under the Laws of the People's Republic of China, having its registered office at No. 1 Lianyi Road, Jingjiang Park of Jiangyin Economic Development Zone, Jingjiang City, Jiangsu Province, the People's Republic of China, (b) Jiangsu New Yangzi Shipbuilding Co., Ltd., a corporation organized and existing under the Laws of the People's Republic of China, having its registered office at Jingjiang Park of Jiangyin Economic Development Zone, Jingjiang City, Jiangsu Province, the People's Republic Of China and (c) Jiangsu Yangzi Xinfu Shipbuilding Co., Ltd., a corporation organized and existing under the Laws of the People's Republic of China, having its registered office at Hongqiao Industrial Park, Taixing City, Jiangsu Province, the People's Republic of China (hereinafter collectively referred to as the "Seller"), at the application of the Seller and in consideration of the readiness of the Buyer in making advance payment to the Seller under the shipbuilding contract no. 2024YZJ849GR dated 30th April 2024 made by and between the Buyer and the Seller (such contract as may from time to time be further amended, varied, supplemented, assigned or novated hereinafter, with or without our consent referred to as the "Contract"), for the design, construction and sale of one (1) 75,000 DWT Product Oil / Chemical Tanker having the Seller's hull no. YZJ2024-1624 (hereinafter called the "Vessel").

1. We hereby irrevocably, absolutely and unconditionally guarantee as a primary obligor and not as a surety that we shall pay to the Buyer on Buyer's first written demand (provided only such demand is made in accordance with Clause 2 below) an amount stated in the Buyer's demand of up to but not exceeding (when aggregated with all other demands made under this letter of guarantee), United States Dollars Twenty-Five Million Four Hundred and Thirty-Nine Thousand Eight Hundred and Fifty Only (USD 25,439,850.00) (hereinafter the "Limit"), representing the first installment of United States Dollars Eight Million Four Hundred and Seventy-Nine Thousand Nine Hundred and Fifty Only (USD 8,479,950.00), the second installment of United States Dollars Five Million Six Hundred and Fifty-Three Thousand and Three Hundred Only (USD 5,653,300.00), the third installment of United States Dollars Five Million Six Hundred and Fifty-Three Thousand and Three Hundred Only (USD 5,653,300.00) and the fourth installment of United States Dollars Five Million Six Hundred and Fifty-Three Thousand and Three Hundred Only (USD 5,653,300.00) due under Article II of the Contract, (in order to secure repayment to you as and when the Buyer becomes entitled to a refund of the advance payment(s) made to the Seller, or any part thereof, prior to the delivery of the Vessel in connection with or under the terms and conditions of the Contract, should the Seller fail to make such repayment), together with interest at the rate of 5 pct (five percent) per annum from the respective dates of receipt by the Seller of each of the installments referred to in this Clause 1 to the date of remittance by telegraphic transfer of our payment, within thirty (30) days after our receipt of your demand complying with Clause 2 of this letter of guarantee.
2. Any demand by the Buyer under Clause 1 shall state the amount demanded and contain a statement certifying that the Buyer's demand for refund has been made to the Seller in conformity with Article X of the Contract and the Seller has not yet made the refund. Any such demand, if not submitted by SWIFT, shall be signed by or on behalf of the Buyer.
3. We shall make payment to the Buyer under this letter of guarantee by telegraphic transfer in United States Dollars free of bank charges, remittance fees, taxes and other applicable withholdings (and without any set-off, counterclaim, or other deductions whatsoever) the amount to be refunded as set out in the Buyer's demand in accordance with Clause 2, but not exceeding the Limit plus the interest described above.

4. We hereby acknowledge and agree that payment of any interest hereunder is by way of liquidated damages due to rescission of the Contract and not by way of compensation for use of the money.
5. Your demands and notices in connection with this letter of guarantee shall be validly given if sent to us through your bank by authenticated SWIFT (to SWIFT code: [ ]) or by courier to our office authenticated by your bank as follows:
- [ ]  
Address: [ ]  
Tel: [ ]
6. This letter of guarantee shall become effective from the time of the actual receipt of the first installment by the Seller, at its account no. [ ] with us and the amounts guaranteed under this letter of guarantee shall correspond to the payment(s) actually made by you from time to time under the Contract prior to the delivery and acceptance by you of the Vessel (together with interest calculated as described above). However, the available amount under this letter of guarantee (including, for clarity, under Clause 9) shall in no event exceed the Limit together with interest calculated as described above for the period from the date of receipt by the Seller of the installment to the date of remittance by telegraphic transfer of such refund by us.
7. This letter of guarantee shall expire and terminate (a) upon the receipt by the Buyer of the full sum guaranteed hereunder from the Seller or ourselves under this letter of guarantee, (b) upon delivery to us of a protocol of delivery and acceptance for the Vessel duly signed by the authorised representatives of the Seller and the Buyer, or (c) [25th March 2028], whichever occurs earliest (the "Expiry"). This guarantee is valid until the occurrence of one of the three aforementioned events, except that, in the event that there exists an arbitration (or appeal) between the Buyer and the Seller before expiration of this letter of guarantee, then the validity of this letter of guarantee shall be automatically further extended until the date which is sixty (60) days after (1) the date of issue of the final arbitration award, or (2) in the event of appeal(s), the final court judgment is published, or (3) a settlement agreement between the Seller and the Buyer in relation to the dispute becomes effective. For the avoidance of doubt, if a valid demand under this letter of guarantee is received by us on or before Expiry, we shall remain obliged to make payment under this letter of guarantee after Expiry. Upon Expiry, except as provided in the preceding sentence, this letter of guarantee shall become null and void.

8. In the event that we receive written notification from the Buyer or the Seller within thirty (30) days after the Buyer's demand under Clause 1 has been received by us, advising of any dispute between the Buyer and the Seller as to whether the Seller shall be liable to repay the installment(s) made by the Buyer and, consequently, whether the Buyer shall have the right to demand payment from us and that such dispute has been referred to arbitration in accordance with Article XIII of the Contract, we shall be entitled to withhold and defer payment to the Buyer under this guarantee until final award has been published under such arbitration, or in the event of appeal(s) the final court judgment has been published, or, as the case may be, a settlement agreement between the Seller and the Buyer has been signed. Thereafter, we shall not be obligated to make any payment to the Buyer unless and until required by Clause 9.
9. If a sum is adjudged to be due to the Buyer by the Seller pursuant to the final arbitration award or the final court judgment or the settlement agreement, we shall refund to the Buyer to the extent the final arbitration award or the final court judgment or the settlement agreement, thus orders but not exceeding the Limit plus the interest described above, upon receipt of the Buyer's further written demand for payment, provided that Buyer's demand for payment is accompanied by a copy of the final arbitration award or the final court judgment or the settlement agreement as the case may be, and the Buyer's written statement that the Seller has failed to pay the amount demanded within 30 days after the date of the final arbitration award, the final court judgment or the settlement agreement.

10. We hereby agree that this letter of guarantee shall be construed as an independent, continuing and unconditional obligation and without regard to the validity or unenforceability of any other agreement or instrument and, for clarity, without regard to defence, set-off or counterclaim or any other circumstance whatsoever which might constitute an equitable or legal discharge of our obligation hereunder. No action or failure to act on the Buyer's part shall relieve us of any our obligations hereunder.
11. For clarity, our obligations under this letter of guarantee shall not be discharged or impaired or otherwise prejudiced in any manner by any delay in the construction or delivery of the Vessel howsoever caused or by the giving of any time or indulgence whatsoever granted to the Seller, or by any amendment or supplement or modification to the Contract whether made with or without our knowledge (and we agree that any amendment or supplement or modification to the Contract does not require our prior consent) or by the liquidation, insolvency (or any other equivalent procedure) or other financial failure of or dissolution of the Seller, or by any invalidity, irregularity or unenforceability, if any, of the terms of the Contract, or by any other act, event or circumstance which could or might, but for this provision, operate to discharge, impair, diminish or otherwise prejudice our obligations under this letter of guarantee. We further waive and disclaim all rights whatsoever to claim sovereign immunity for ourselves or our assets in respect of any claim or proceedings brought against us under or in respect of this letter of guarantee.
12. This letter of guarantee shall continue to be effective or reinstated, as the case may be, if payment of any amount made or referred to hereunder or herein is rescinded or must otherwise be returned by the Buyer upon the insolvency, bankruptcy or reorganization (or any such analogous event under the laws of any jurisdiction including without limitation the People's Republic of China) of the Seller or otherwise, all as though any such payment had not been made.
13. Any and all payments by us under this letter of guarantee shall be made without any set off or counter claim and without deduction or withholding for or on account of any present or future taxes, duties or charges whatsoever unless we are compelled by law to deduct or withhold the same. In the latter event we shall make the minimum deduction or withholding permitted and shall pay such additional amounts as may be necessary in order that the net amount received by you after such deductions or withholdings is equal to the amount which would have been received by you had no such deduction or withholding been required to be made.



14. All rights, title and interest in or under this letter of guarantee, shall be assignable to any party to whom the Buyer may assign rights under Article XIV of the Contract, by giving written notice to us. If requested by the Buyer or the Buyer's financier, we shall provide a written acknowledgement of such assignment.
15. This letter of guarantee shall be exclusively governed by and construed and interpreted in accordance with the laws of England.
16. Any dispute arising under or in connection with this letter of guarantee, including questions of validity and existence, shall be referred to arbitration in London before a tribunal of three arbitrators, such arbitration shall be conducted in accordance with the Arbitration Act 1996 (or any statutory modification or reenactment thereof) and the London Maritime Arbitrators Association (LMAA) Terms current at the time when the arbitration proceedings are commenced, in London, England. The seat of the arbitration shall be England, even where any hearing takes place outside England. The language of the arbitration shall be English.
17. We hereby confirm that we are permitted by our head office and the laws of the People's Republic of China and have full power and authority to issue this guarantee with this wording and to perform our obligations hereunder and especially to designate English law as the applicable law to this Letter of Refund Guarantee and London, England as the place of arbitration, and according to the LMAA Rules in force at the time of the proceedings.
18. With regards to rules, regulations and requirements of foreign exchange imposed by or pursuant to the laws and regulations of the People's Republic of China, we hereby confirm that we have obtained all necessary approvals and authorizations to issue this guarantee in foreign currency (US Dollars) and with this wording and that we are authorized to effect payment hereunder in foreign currency (US dollars) and to transfer funds out of the People's Republic of China in case of utilization.

19. If it is not possible due to Sanctions or due to other legal restriction for us to make payment in United States Dollars, we undertake, provided we can lawfully do so, to make payment in Euros (EUR) or Pounds sterling (GBP), converted at the rate obtained from Reuters on the banking day prior to the date of payment, to such account (designated in the correct currency for receiving such payment) as the Buyer shall nominate, and the relevant payment shall be treated as having been properly made in accordance with this guarantee.

For the purposes of this provision, "Sanctions" shall mean economic, financial or trade sanctions or embargoes enacted or imposed by law or regulation or other restrictive measure or policy and administered or enforced from time to time by (a) the United Nations Security Council, (b) the US government, (c) the European Union or any of its member states' governments, (d) the United Kingdom, (e) the Republic of Singapore or (f) by any other generally recognized country which is not itself the subject of any official sanction or prohibition on dealings imposed by any of the foregoing (whether through the Office of Foreign Assets Control of the U.S. Department of Treasury, the United States Department of State, the United States Department of Commerce or His Majesty's Treasury or otherwise).

very truly yours,  
for and on behalf of  
[●]

## Exhibit "B": Irrevocable Letter of Corporate Guarantee

Date:

From: PERFORMANCE SHIPPING INC.

To: Jiangsu Yangzijiang Shipbuilding Group Co., Ltd.,  
Jiangsu New Yangzi Shipbuilding Co., Ltd.  
and Jiangsu Yangzi Xinfu Shipbuilding Co., Ltd.  
(Collectively called as the "Seller")

Dear sirs,

1. In consideration of your entering into a shipbuilding contract (contract no.: 2024YZJ849GR) dated 30th April 2024 (the "Shipbuilding Contract") with SAINT BARTH SHIPPING COMPANY INC., a corporation organized and existing under the Laws of Republic of the Marshall Islands, having its registered address at Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro Marshall Islands MH96960 as the Buyer (the "Buyer") for the construction of one (1) 75,000 DWT Product Oil / Chemical Tanker known as the Seller's hull no.: YZJ2024-1624 (the "Vessel"), we, PERFORMANCE SHIPPING INC., a corporation organized and existing under the Laws of the Republic of the Marshall Islands, having its registered address at Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro Marshall Islands MH96960, hereby irrevocably, absolutely and unconditionally guarantee, as the primary obligor and not merely as the surety, the due and punctual payment by the Buyer of each and all of the 1st, 2nd 3rd and 4th instalments of the contract price amounting to a total sum of United States Dollars Twenty-Five Million Four Hundred and Thirty-Nine Thousand Eight Hundred and Fifty Only (USD 25,439,850.00) as specified in Paragraph 2 below.
2. The instalments guaranteed hereunder, pursuant to the terms of the Shipbuilding Contract, comprise the 1st instalment in the amount of United States Dollars Eight Million Four Hundred and Seventy-Nine Thousand Nine Hundred and Fifty Only (USD 8,479,950.00), the 2nd instalment in the amount of United States Dollars Five Million Six Hundred and Fifty-Three Thousand and Three Hundred Only (USD 5,653,300.00), the 3rd instalment in the amount of United States Dollars Five Million Six Hundred and Fifty-Three Thousand and Three Hundred Only (USD 5,653,300.00) and 4th instalment in the amount of United States Dollars Five Million Six Hundred and Fifty-Three Thousand and Three Hundred Only (USD 5,653,300.00).

3. We also irrevocably, absolutely and unconditionally guarantee, as primary obligor and not merely as surety, the due and punctual payment by the Buyer of interest on each instalment guaranteed hereunder at the rate of five percent (5%) per annum from and including the first day after the due date of payment of the 1st, 2nd, 3rd and 4th instalments until the date of full payment by us of such amount guaranteed hereunder, and on the terms and conditions provided herein.
4. In the event that the Buyer fails to punctually pay any instalment guaranteed hereunder or the Buyer fails to pay any interest thereon, and any such default continues for a period of fifteen (15) days, then, upon receipt by us of your first written demand, we shall within five (5) New York Banking Days pay to you or your assignee the amount which the Buyer has failed to pay, together with the interest as specified in paragraph 3 hereof, without requesting you to take any or further action, procedure or step against the Buyer or with respect to any other security which you may hold.
5. Subject to Clause 11, but notwithstanding any other provision of this guarantee, our obligation to pay any amount under this guarantee is coextensive with, and does not exceed, that of the Buyer to pay the same amounts under the Shipbuilding Contract, and we are entitled to take any defence or objection to liability or obligation to pay which is available to the Buyer.
6. We hereby agree that at your option this guarantee and the undertaking hereunder shall be assignable to and if so assigned shall inure to the benefit of any third party designated by you or your financing bank/institution as your assignee as if any such third party or your financing bank/institution were originally named herein. It is not otherwise assignable.

7. Any payment by us under this guarantee shall be made in United States Dollars by telegraphic transfer to a receiving bank nominated by you for credit to your nominated account, in favour of you or your assignee.
8. Our obligations under this guarantee shall not be affected or prejudiced by any dispute between you as the Seller and the Buyer under the shipbuilding contract or by the Seller's delay in the construction and/or delivery of the vessel, due to whatever causes or by any variation or extension of their terms thereof or by any security or other indemnity now or hereafter held by you in respect thereof, or by any time or indulgence granted by you or any other person in connection therewith, or by any invalidity or unenforceability of the terms thereof, or by any act, omission, fact or circumstances whatsoever, which could or might, but for the foregoing, diminish in any way our obligations under this guarantee.
9. All claims, demands, statements and notices in connection with this letter of guarantee shall be in writing signed by one of your officers and may be served on us by any of the following means:
  - (a) by hand or by courier or registered mail to address: 373 Syngrou Avenue, 175 64, P. Faliro, Athens, Greece (or such other address as we may notify to you in writing) with attention: Aikaterini Oikonomea; or
  - (b) by fax (fax no.; attention: Aikaterini Oikonomea);  
or
  - (c) by email (email address:  
; attention: Aikaterini Oikonomea). In case we do not give the telefax or email acknowledgement to you within three (3) days, it shall be deemed that such claims, demands, statements or notices has been duly received by us.
10. This letter of guarantee shall come into full force and effect upon delivery to you of this guarantee and shall continue in force and effect until the vessel is delivered to and accepted by the Buyer and the Buyer shall have performed all its obligations for taking delivery thereof, or until the full payment of all 1st, 2nd, 3rd and 4th instalments of the contract price together with the aforesaid interest by the Buyer or us, whichever first occurs.

11. The maximum amount, however, that we are obliged to pay to you under this guarantee shall not exceed the aggregate amount of all the 1st, 2nd, 3rd and 4th instalments guaranteed hereunder in the total amount of United States Dollars Twenty-Five Million Four Hundred and Thirty-Nine Thousand Eight Hundred and Fifty Only (USD 25,439,850.00) plus interest as stated above in paragraph 3.

12. All payments by us under this guarantee shall be made without any set-off or counterclaim and without deduction or withholding for or on account of any taxes, duties, or charges whatsoever unless we are compelled by law to deduct or withhold the same.

In the latter event we shall make the minimum deduction or withholding permitted and will pay such additional amounts as may be necessary in order that the net amount received by you after such deductions or withholdings shall equal the amount which would have been received had no such deduction or withholding been required to be made.

13. This letter of guarantee shall be construed in accordance with and governed by the laws of England.

All disputes, controversies or differences which may arise between the parties as to any matter arising out of or relating to this letter of guarantee or any stipulation herein or with respect thereto which cannot be settled by the parties themselves shall be finally settled by arbitration in London, in accordance with English law, and the LMAA Rules in force at the time of the proceedings.

Either party may demand arbitration of any such disputes by giving written notice to the other party. Any demand for arbitration by either party hereto shall state the name of the arbitrator appointed by such party and shall also state specifically the question or questions as to which such party is demanding arbitration. Within twenty (20) days after receipt of notice of such demand for arbitration, the other party shall in turn appoint a second arbitrator. The two arbitrators thus appointed shall thereupon select a third arbitrator, and the three arbitrators so named shall constitute the board of arbitration (hereinafter called the "Arbitration Board") for the settlement of such dispute.

In the event however, that said other party should fail to appoint a second arbitrator as aforesaid within twenty (20) days following receipt of notice of demand of arbitration, it is agreed that such party shall thereby be deemed to have accepted and appointed as its own arbitrator the one already appointed by the party demanding arbitration, and the arbitration shall proceed forthwith before this sole arbitrator, who alone, in such event, shall constitute the Arbitration Board. And in the further event that the two arbitrators appointed respectively by the parties hereto as aforesaid should be unable to reach agreement on the appointment of the third arbitrator within twenty (20) days from the date on which the second arbitrator is appointed, either party of the said two arbitrators may apply to the President of the London Maritime Arbitrators Association to appoint the third arbitrator. The award of the arbitration, made by the sole arbitrator or by the majority of the three arbitrators as the case may be, shall be final, conclusive and binding upon the parties hereto.

14. This letter of guarantee shall have expired as aforesaid, you will return the same to us without any request or demand from us.

15. In witness whereof, we have caused this letter of guarantee to be executed and delivered by our duly authorized representative the day and year above written.

very truly yours

PERFORMANCE SHIPPING INC.

by: \_\_\_\_\_  
name:  
title:

**BARECON 2017**  
**STANDARD BAREBOAT CHARTER PARTY PART I**

1. Place and date <b>16 July 2024</b>	
2. Owners (Cl. 1) (i) Name: <b>Kenzan Kaiun Co., Limited (99%) and Azalea Line, S.A. (1%) both guaranteed by Yano Kaiun Co., Ltd.</b>  (ii) Place of registered office: <b>1276-1, Ko, Go, Namikata-cho, Imabari City, Ehime Pref, Japan (Kenzan Kaiun Co., Limited) and Paseo del Mar and Pacific Avenues, costa del Este, MMG Tower, 23rd floor, Panama City, Republic of Panama (Azalea Line, S.A.)</b>  (iii) Law of registry: <b>Japan (Kenzan Kaiun Co., Limited) and Panama (Azalea Line, S.A.)</b>	3. Charterers (Cl. 1) (i) Name: <b>Nakaza Shipping Company Inc. guaranteed by Performance Shipping Inc.</b>  (ii) Place of registered office: <b>Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, The Marshall Islands MH 96960</b>  (iii) Law of registry: <b>The Republic of the Marshall Islands</b>
4. Vessel (Cl. 1 and 3) (i) Name: <b>HULL H1515 tbn "P. MASSPORT"</b> (ii) IMO Number: <b>9997476</b> (iii) Flag State: <b>Marshall Islands or Liberia</b> (iv) Type: <b>LR2 Tanker</b>	(v) GT/NT: (vi) Summer DWT: (vii) When/where built: <b>Shanghai Waigaoqiao Shipbuilding</b> (viii) Classification Society: <b>IACS classification society in Charterer's option</b>
5. Date of last special survey by the Vessel's Classification Society <b>N/A</b>	6. Validity of class certificate (state number of months to apply) (i) Delivery (Cl. 3): <b>N/A</b> (ii) Redelivery (Cl. 10): <b>minimum 3 months</b>
7. Latent Defects (state number of months to apply) (Cl. 1,3) <b>N/A</b>	8. Port or place of delivery (Cl. 3) <b>As per MOA Clause 5</b>
9. Delivery notices (Cl. 4) <b>N/A</b>	10. Time for delivery (Cl. 4) <b>As per MOA Clause 5</b>
11. Cancelling date (Cl. 4,5) <b>30 April 2026</b>	12. Port or place of redelivery (Cl.10) <b>Worldwide range, safely afloat at an accessible safe berth or anchorage at a safe port or place (excluding war risk areas in accordance with the terms of the Vessel's insurances), in Charterers' option.</b>
13. Redelivery notices (Cl. 10) <b>Thirty (30) and twenty (20), fifteen (15), seven (7), and three running days' approximate notices and two (2) running days' definite notice</b>	14. Trading limits (Cl. 11) <b>World Wide trading within institute Warranty Limits (IWL), provided that, Charterers shall be permitted to trade outside of IWL if they pay any applicable premium and/or expenses. North Korea, Russia and any other states or regions sanctioned by UN, USA, EU, UK or Japan shall be excluded. If Charterers call at a</b>

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	state which results in a breach of sanctions applicable to the Charterers and/or the Vessel then Charterers to undertake to indemnify Owners in accordance with Clause 22 and Clause 51.
15. Bunker fuels, unused oils and greases (optional, state if (a) (actual net price), or (b) (current net market price) to apply) (Cl. 9) N/A	16. Charter period (Cl. 2) <b>8 years from Delivery</b>
17. Charter hire (state currency and amount) (Cl. 2,10 and 15) (i) Charter hire: <b>A: Fixed part: USD 7,132 per day; plus</b> <b>B: Floating part: (1M CME SOFR +2.425% Margin) x No of days/360 x Loan Outstanding</b> <b>Margin as per line 27</b> <b>Loan Outstanding as per Clause 49</b>  (ii) Charter hire for optional period: N/A	18. Optional period and notice (Cl. 2) (i) State extension period in months: N/A (ii) State when declarable: N/A
19. Rate of interest payable (Cl. 15(g)) <b>1 Month CME TERM SOFR plus 2.425 percentage points per annum</b>	20. Owners' bank details (state beneficiary and bank account) (Cl. 15) <b>The Nishi-Nippon City Bank Ltd.</b>  <b>Branch Code:</b> <b>SWIFT Code:</b> <b>USD Account No :</b> <b>Account Name:</b> <b>Beneficiary:</b>
21. New class and other regulatory requirements (Cl. 13(b)) (i) State if 13(b)(i) or (ii) to apply: <b>Clause 13(b)(I) to apply</b> (ii) Threshold amount (AMT): N/A (iii) Vessel's expected remaining life in years on the Delivery Date: N/A	
22. Mortgage(s), if any (state if 16(a) or (b) to apply; if 16(b) applies state date of Financial Instrument and name of Mortgagee(s)/Place of business) (Cl. 1, 16) <b>First priority ship mortgage in favor of the Nishi-Nippon City Bank Ltd. Japan</b>	
23. Insured Total Loss value (Cl. 17) <b>See Clause 47</b>	24. Insuring party (state if Cl. 17(b) (Charterers to insure) or Cl. 17(c) (Owners to insure) to apply) <b>Clause 17(b)</b> <b>And See Clause 47</b>
25. Performance guarantee (state amount and entity) (Cl. 27) (optional) <b>See Clause 43</b>	
26. Dispute Resolution (state 33(a), 33(b), 33(c) or 33(d); if 33(c) is agreed, state Singapore or English law; if 33(d) is agreed, state governing law and place of arbitration) (Cl. 33) <b>(a) English law, London arbitration</b>	

27. Newbuilding Vessel (indicate with "yes" or "no" whether PART III applies and if "yes", complete details below) (optional) <b>No</b> (i) Name of Builders: (ii) Hull number: (iii) Date of newbuilding contract: (iv) Liquidated damages for physical defects or deficiencies (state party): (v) Liquidated damages for delay in delivery (state party):	
28. Purchase Option (indicate with "yes" or "no" whether PART IV applies) (optional)  <b>No, see however Clause 45</b>	29. Bareboat Charter Registry (indicate with "yes" or "no" whether PART V applies and if "yes", complete details below) (optional) <b>No</b> (i) Underlying Registry: N/A (ii) Bareboat Charter Registry: N/A
30. Notice to Owners (state full style details for serving notices) (Cl. 34) <b>Kenzan Kaiun Co., Limited</b> <b>1276-1, Ko, Go, Namikata-cho, Imabari City,</b> <b>Ehime pref, Japan</b> <b>Email:</b> <b>Attention: Yutaka Yano</b>  <b>Azalea Line, S.A.</b> <b>Paseo del Mar and Pacific Avenues, costa del</b> <b>Este, MMG Tower ,23rd floor, Panama</b> <b>City, Republic of Panama</b> <b>Email:</b> <b>Attention: Yutaka Yano</b>	31. Notice to Charterers (state full style details for serving notices) (Cl. 34) <b>Nakaza Shipping Company Inc.</b> <b>c/o Unitized Ocean Transport Limited</b> <b>373 Syngrou Ave. &amp; 2-4 Ymittou str.,</b> <b>17564, Palaio Faliro, Athens,</b> <b>Greece</b> <b>Email:</b> <b>Attention: Mr. Andreas Nikolaos</b> <b>Michalopoulos</b>

It is mutually agreed that this Charter Party shall be performed subject to the conditions contained in this Charter Party which shall include PART I, and PART II *and Rider Clauses 39-55*. In the event of a conflict of conditions, the provisions of PART I shall prevail over those of PART II *and Rider Clauses 39-55* to the extent of such conflict but no further. It is further mutually agreed that PART III and/or PART IV and/or PART V shall only apply and only form part of this Charter Party if expressly agreed and stated in BOX 27, 28 and 29. If PART III and/or PART IV and/or PART V applies, it is further agreed that in the event of a conflict of conditions, the provisions of PART I and PART II shall prevail over those of PART III and/or PART IV and/or PART V to the extent of such conflict but nor further.

<b>Kenzan Kaiun Co., Limited</b> Signature (Owners)  /s/ Yutaka Yano Name: Yutaka Yano Title: Director	<b>Nakaza Shipping Company Inc.</b> Signature (Charterers)  /s/ Andreas Nikolaos Michalopoulos Name: Andreas Nikolaos Michalopoulos Title: Director
---	--

<p><b>Azalea Line, S.A.</b> Signature (Owners)</p> <p>/s/ Yutaka Yano Name: Yutaka Yano Title: Director/President</p>	
<p><b>Yano Kaiun Co., Ltd.</b> Signature (Guarantor)</p> <p>/s/ Yutaka Yano Name: Yutaka Yano Title: Director/Representative Director</p>	<p><b>Performance Shipping Inc.</b> Signature (Guarantor)</p> <p>/s/ Andreas Nikolaos Michalopoulos Name: Andreas Nikolaos Michalopoulos Title: Director/Chief Executive Officer</p>

**PART II**  
**BARECON 2017 STANDARD BAREBOAT CHARTER PARTY**

**1. Definitions**

In this Charter Party:

“Banking Day” means a day on which banks are open in the places stated in Boxes 30 and 31, *New York, Tokyo, London, Athens, Shanghai* and, for payments in US dollars, in New York.

“Builder” means *Shanghai Waigaoqiao Shipbuilding Company Limited, a corporation organized and existing under the laws of the People’s Republic of China, having its registered office at 3001 Zhouhai Road, Pudong New District, Shanghai 200137, the People’s Republic of China*

“Building Contract” means *the ship building contract dated 7 March 2023 (as amended by Addendum no.1 dated 7 March 2023) made between the Construction Seller and the Sellers as buyer.*

“Charterers” means the party identified in Box 3.

“Charterers’ Event of Default” has the meaning given to it in Clause 31(a) and a Charterers’ Event of Default is “continuing” if such Charterers’ Event of Default has not been remedied by the Charterers or waived by the Owners.

“Compulsory Acquisition” has the meaning given to it in Clause 30(b).

“Construction Seller” means together (i) the Builder and (ii) *China Shipbuilding Trading Company Limited, a company incorporated and existing under the laws of the People’s Republic of China, having its registered office at 56(Yi), Zhongguancun Nan Da Jie, Beijing 100044, the People’s Republic of China.*

“Crew” means the Master, officers and ratings and any other personnel employed on board the Vessel.

“Delivery Date” means *the date of delivery of the Vessel by the Owners to the Charterers under this Charter Party.*

“Financial Instrument” means the mortgage, deed of covenant or other such financial security instrument as identified in Box 22.

“Fixed Hire” means *the fixed part of the Charter Hire identified in Box 17(i)(A).*

“Flag State” means the flag state in Box 4 or such other flag state to which the Charterers may have re-registered the Vessel with the Owners’ consent during the Charter Period.

“Guarantees” has the meaning ascribed to it in Clause 43

~~“Latent Defect” means a defect which could not be discovered on such an examination as a reasonably careful skilled person would make.~~

“Margin” means *2.425% per annum.*

“MOA” means *the Memorandum of Agreement entered into between the Owners (as buyers) and the Charterers (as sellers) dated 16 July 2024.*

“Mortgagee” means *The Nishi-Nippon City Bank Ltd.*

“Outstanding Principal” means *at any relevant time the aggregate of the amount of \$44,250,000 less the aggregate Fixed Hire which has at any relevant time been received by the Owners in accordance with this Charter Party.*

Handwritten signatures and circular stamps in the bottom right corner. There are two horizontal lines with signatures above them, and three circular stamps arranged vertically to the right of the lines.

54  
55 "Owners" means the party identified in Box 2.

56  
57 "Parties" means the Owners and the Charterers.

58  
59 "Permitted Liens" means:

- 60  
61 (i) any liens for unpaid master's and crew's wages in accordance with first class ship ownership and  
62 management practice and not being enforced through arrest; or  
63  
64 (ii) general average and salvage not being enforced through arrest; or  
65  
66 (iii) liens in favour of suppliers, necessities and other similar liens arising by operation of law or in the  
67 ordinary course of trading, operation, repair or maintenance of the Vessel, such liens not being enforced  
68 through arrest and not as a result of failure of payment by the Charterers, their agents or any sub-  
69 charterers of the Vessel; or  
70  
71 (iv) any security interest created by any security documents granted by the Charterers in relation to the  
72 Vessel; or  
73  
74 (v) any liens created by or on the instructions or with the prior consent of the Owners.

75 "Purchase Option" has the meaning ascribed to it in Clause 45

76  
77 "Owners' Put Option" has the meaning ascribed to it in Clause 46.

78  
79 "QEL" has the meaning ascribed to it in Clause 43

80  
81 "Total Loss" means an actual, constructive, compromised, agreed or arranged total loss of the Vessel under  
82 the insurances.

83  
84 "Variable Hire" means the floating part of the Charter Hire identified in Box 17(i)(B).

85  
86 "Vessel" means the vessel described in Box 4 including its equipment, machinery, boilers, fixtures and fittings.

87  
88  
89 **2. Charter Period**

90  
91 The Owners have agreed to let and the Charterers have agreed to hire the Vessel for the period stated in  
92 Box 16 ("Charter Period"). *The Charter Period shall commence simultaneously with delivery of the Vessel by*  
93 *the Charterers as sellers to the Owners as buyers under the MOA and subject to the terms and conditions of*  
94 *this Charter Party shall end on the date falling eight (8) years from the Delivery Date.*

95  
96 ~~The Charterers shall have the option to extend the Charter Period by the period stated in Box 18(i), at the rate~~  
97 ~~stated in Box 17(ii), which option shall be exercised by written notice to the Owners latest as stated in Box~~  
98 ~~18(ii).~~

99  
100 Subject to the terms and conditions herein provided, during the Charter Period the Vessel shall be in the full  
101 possession and at the absolute disposal for all purposes of the Charterers and under their complete control  
102 in every respect.

103  
104 **3. Delivery See Clause 39, 40 and 41**

105  
106 ~~(not applicable when Part III applies, as stated in Box 27).~~  
107

Handwritten signature in blue ink, followed by three circular stamps, each containing the letters 'YY'.

108  
109 ~~(a) The Owners shall deliver the Vessel in a seaworthy condition and in every respect ready for service under~~  
110 ~~this Charter Party and in accordance with the particulars stated in Boxes 4 to 6.~~

111  
112 ~~If the Charterers have inspected the Vessel prior to delivery, the Vessel shall be delivered by the Owners in~~  
113 ~~the same condition as at the time of inspection, fair wear and tear excepted.~~

114  
115 ~~The Vessel shall be delivered by the Owners and taken over by the Charterers at the port or place stated in~~  
116 ~~Box 8 at such readily accessible safe berth or mooring as the Charterers may direct.~~

117  
118 ~~(b) The Vessel shall be properly documented on delivery in accordance with the laws and regulations of the Flag~~  
119 ~~State and the requirements of the classification Society stated in Box 4. The Vessel upon delivery shall have~~  
120 ~~her survey eyes up to date and class certificates valid and unextended for at least the number of months~~  
121 ~~stated in Box 6(i) free of any conditions recommendations. If Box 6(i) is not filled in, then six (6) months~~  
122 ~~shall apply.~~

123  
124 ~~(c) Without prejudice to the Charterer's rights with respect to any breach by the Owners of (i) this Charter Party~~  
125 ~~or (ii) any laws and/or sanctions, the delivery of the Vessel by the Owners and the taking over of the Vessel~~  
126 ~~by the Charterers shall constitute a full performance by the Owners of all the Owners' obligations under this~~  
127 ~~Clause, and thereafter the Charterers shall not be entitled to make or assert any claim against the Owners on~~  
128 ~~account of any conditions, representations or warranties expressed or implied with respect to the Vessel but~~  
129 ~~the Owners shall be liable for the cost of but not the time for repairs or renewals arising out of Latent Defects~~  
130 ~~in the Vessel existing at the time of delivery under this Charter Party, provided such Latent Defects manifest~~  
131 ~~themselves within the number of months after delivery stated in Box 7. If Box 7 is not filled in, then twelve (12)~~  
132 ~~months shall apply.~~

133  
134 **4. Time for Delivery See Clause 39**

135  
136 ~~(not applicable when Part III applies, as stated in Box 27)~~

137  
138 ~~The Vessel shall not be delivered before the date stated in Box 10 without the Charterers' consent and the~~  
139 ~~Owners shall exercise due diligence to deliver the Vessel not later than the date stated in Box 11.~~

140  
141 ~~The Owners shall keep the Charterers informed of the Vessel's itinerary for voyage leading up to delivery~~  
142 ~~and shall serve the Charterers with the number of days approximate/definite notices of the Vessel's delivery~~  
143 ~~stated in Box 9. Following the tender of any such notices the Owners shall give or allow to be given to the~~  
144 ~~Vessel only such further employment orders as are reasonably expected when given to allow delivery to~~  
145 ~~occur by the date notified.~~

146  
147 **5. Cancelling See Clause 39**

148  
149 ~~(not applicable when Part III applies, as stated in Box 27)~~

150  
151 ~~(a) Should the Vessel not be delivered by the cancelling date stated in Box 11, the Charterers shall have the~~  
152 ~~option of cancelling this Charter Party.~~

153  
154 ~~(b) If it appears that the Vessel will be delayed beyond the cancelling date, the Owners may, as soon as they are~~  
155 ~~in a position to state with reasonable certainty the day on which the Vessel should be ready, give notice thereof~~  
156 ~~to the Charterers asking whether they will exercise their option of cancelling, and the option must then be~~  
157 ~~declared within three (3) Banking Days of the receipt by the Charterers of such notice. If the Charterers do~~  
158 ~~not then exercise their option of cancelling the readiness date stated in the Owners' notice shall be substituted~~  
159 ~~for the cancelling date stated in Box 11 for the purpose of this Clause 5 (Cancelling)~~

160  
161 ~~(c) Cancellation under this Clause 5 (Cancelling) shall be without prejudice to any claim the Charterers may~~

Handwritten signature in blue ink, followed by three circular stamps, each containing the initials 'YY'.

~~otherwise have against the Owners under this Charter Party-~~

6. Familiarisation

~~(a) The Charterers shall have the right to place a maximum of two (2) representatives board the Vessel at their sole risk and expense for a reasonable period prior to the delivery of the Vessel.~~

~~The Charterers and the Charterers' representatives shall sign the Owners' usual letter of indemnity prior to embarkation:~~

(b) The Owners shall have the right to place a maximum of two (2) representatives on board the Vessel at their sole risk and expense ~~for a reasonable period~~ at a convenient port for a maximum of (60) days prior to expected date of redelivery of the Vessel subject to not causing any disruption to the Vessel's itinerary or operations.

The Owners and the Owners' representatives shall sign the Charterers' usual letter of indemnity prior to embarkation.

(c) Such representatives shall be onboard for the purpose of familiarisation and in the capacity of observers only, and they shall not interfere in any respect with the operation of the Vessel and follow the Master's instructions. The Owners representatives while onboard shall be allowed use of the Vessel's communication systems while on board but such use shall never interfere with the Vessel's operation. Charterer shall cooperate with Owners representatives reasonable comments, requests and questions which they may have for familiarisation purpose. Costs for communication to be settled by Owners upon redelivery. This clause shall not apply if the Charterers exercise their Purchase Option as set out in Clause 45 or the Owners exercise their Put Option as set out in Clause 46.

7. Surveys on Delivery and Redelivery See Clause 42

~~(a) The Owners and Charterers shall each appoint and pay for their respective surveyors for the purpose of determining and agreeing in writing the condition of the Vessel at the time of delivery and redelivery hereunder. The Owners shall bear all the Vessel's expenses related to the on-hire survey including loss of time, if any. The Charterers shall bear all the Vessel's expenses related to the off-hire survey including loss of time, if any.~~

~~(b) Divers inspection on delivery/redelivery~~

~~The Charterers shall have the option at delivery and the Owners shall have the option at redelivery, at their respective time, cost and expenses, to arrange for an underwater inspection by a diver approved by the Classification Society, in the presence of a Classification Society surveyor, to determine the condition of the rudder, propeller, bottom and other underwater parts of the Vessel. Not earlier than 45 days or later than 30 days or if not possible then as soon as the Vessel becomes available before re-delivery of the Vessel, the Owners and the Charterers shall jointly agree upon the appointment of a surveyor for the purpose of determining the condition of the Vessel at the time of re-delivery hereunder. The surveyor, whose decision shall be final and binding on both parties, shall report in writing, specifying all items, if any, which have not been properly maintained in accordance with the terms and conditions of the Charter and the work required to correct such deficiencies. The costs of such a surveyor shall be equally shared between the parties. In the event that the parties are not able to agree upon a single surveyor, each shall appoint their own and the two surveyors so appointed shall conduct a joint survey of the Vessel. In such an event each party shall pay their own appointed surveyor's costs. The survey shall be carried out at the point of re-delivery and in Charterers time. Any works required as a result of such survey shall be carried out by Charterers prior to their re-delivery of the Vessel. Charterers shall have the option to pay a compensation based on the surveyors' assessment to the Owners for any works required instead of performing the required works before redelivery (unless the required works are class affecting). In the event that two surveyors so appointed disagree, the matter shall be referred to arbitration in accordance with Clause 33. This clause shall not apply if the Charterers exercise~~



216 their Purchase Option as set out in Clause 45 or the Owners exercise their Put Option as set out in Clause  
217 46.

218  
219 **8. Inventories**

220 A complete inventory of the Vessel's equipment, outfit, spare parts and consumable stores on board the  
221 Vessel shall be made by the parties on delivery and redelivery of the Vessel.

222  
223  
224 **9. Bunker fuels, oils and greases**

225  
226 On redelivery, Owners to pay for all bunkers, fuels and unused lubrication and hydraulic oils and greases in  
227 storage tanks and unopened drums in accordance with, either:

- 228  
229 (a) Charterers' last invoice price paid (not to be older than 6 months); or otherwise.  
230  
231 (b) if such invoices are not available on account of the Vessel being employed on sub time charter, the sub-  
232 time charter prices; or otherwise  
233  
234 (c) the current market price prevailing at the port of redelivery (or, if unavailable, at the nearest bunkering  
235 port).

236 The Charterers and the Owners, respectively, shall at the time of delivery and redelivery take over and pay  
237 for all bunker fuels and unused lubricating and hydraulic oils and greases in storage tanks and unopened  
238 drums at:

- 239  
240  
241 (a)\* The actual price paid (excluding barging expenses) as evidenced by invoices or vouchers.  
242  
243 (b)\* The current market price (excluding barging expenses) at the port and date of delivery/redelivery of the Vessel  
244 or, if unavailable, at the nearest bunkering port.

245  
246 \*Subclauses (a) and (b) are alternatives; state alternative agreed in Box 15. If Box 15 is not filled in then  
247 subclause (a) shall apply.

248  
249 **10. Redelivery**

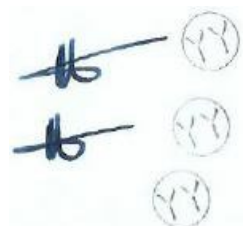
250  
251 At the expiration of the Charter Period the Vessel shall be redelivered by the Charterers and taken over by  
252 the Owners at the port or place stated in Box 12 at such readily accessible safe berth or mooring as the  
253 Owners-Charterers may direct (acting reasonably).

254  
255 The Charterers shall keep the Owners informed of the Vessel's itinerary for the voyage leading up to  
256 redelivery and shall serve the Owners with the number of days approximate/definite notices or the Vessel's  
257 redelivery stated in Box 13.

258  
259 The Charterers warrant that they will not permit the Vessel to commence a voyage (including any preceding  
260 ballast voyage) which cannot reasonably be expected to be completed in time to allow redelivery of the  
261 Vessel within the Charter Period and in accordance with the notices given. Notwithstanding the above, should  
262 the Charterers fail to redeliver the Vessel within the Charter Period, the Charterers shall pay the daily  
263 equivalent to the rate of hire stated in Box 17(i) applicable at the time plus ten (10) percent or the market  
264 rate, whichever is the higher, for the number of days by which the Charter Period is exceeded. Such payment  
265 of enhanced hire rate shall be without prejudice to any claims the Owners may have against the Charterers  
266 in this respect.

267 All other terms, conditions and provisions of this Charter Party shall continue to apply.

268  
269 Subject to the provisions of Clause 13 (Maintenance and Operation), the Vessel shall be redelivered to the

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270 Owners in the same condition and class as that in which it was delivered, fair wear and *tear* not affecting  
271 class excepted.

272  
273 The Vessel upon redelivery shall have her survey cycles up to date and class certificates valid and  
274 unextended for at least the number of months agreed in Box 6(ii) free of any conditions or recommendations  
275 *by the Classification Society or the relevant authorities at the time of redelivery. If Box 6(1) is not filled in,*  
276 ~~then six (6) months shall apply.~~

277  
278 All plans, drawings and manuals (excluding ISM/ISPS manuals) and maintenance records shall remain on  
279 board and accessible to the Owners upon redelivery. Any other technical documentation regarding the Vessel  
280 which may be in the Charterers' possession shall promptly after redelivery be forwarded to the Owners at  
281 their expense, if they so request. The Charterers may keep the Vessel's log books but the Owners shall have  
282 the right to make copies of the same.

283  
284 *This clause shall not apply if the Charterers exercise their Purchase Option in Clause 45 of this Charter Party*  
285 *or the Owners exercise their Put Option in Clause 46 in which event a Protocol of Delivery and Acceptance*  
286 *will be signed.*

#### 287 **11. Trading Restrictions**

288  
289 The Vessel shall be employed in lawful trades for the carriage of lawful merchandise within the trading limits  
290 stated in Box 14.

291  
292 The Charterers undertake not to employ the Vessel or allow the Vessel to be employed otherwise than in  
293 conformity with the terms of the contracts of insurance (including any warranties expressed or implied therein)  
294 without first obtaining the consent of the insurers to such employment and complying with such requirements  
295 as to additional premium or otherwise as the insurers may require. *In case insurers' consent is required,*  
296 *Charterers will notify the Owners in writing, which notification may be by way of copying in the Owners in the*  
297 *Charterers' relevant notice to the insurers prior to the intended entry into such area, and, upon reasonable*  
298 *request by the Owners, furnishing the Owners with the proof of extension of the insurance coverages*  
299 *practically obtainable within a reasonable period from such request.*

300  
301 The Charterers will not do or permit to be done anything which might cause any breach or infringement of  
302 the laws and regulations of the Flag State, or of the places where the Vessel trades.

303  
304 Notwithstanding any other provisions contained in this Charter Party it is agreed that nuclear fuels or  
305 radioactive products or waste are specifically excluded from the cargo permitted to be loaded or carried under  
306 this Charter Party. This exclusion does not apply to radio-isotopes used or intended to be used for any  
307 Industrial, commercial, agricultural, medical or scientific purposes provided the Owners' prior approval has  
308 been obtained to loading thereof.

#### 309 **12. Contracts of Carriage**

310  
311 (a) The Charterers ~~are~~ shall use reasonable commercial efforts to procure that all documents issued during  
312 the Charter Period evidencing the terms and conditions agreed in respect of carriage of goods shall contain  
313 a paramount clause which shall incorporate the *Hague or Hague-Visby Rules* unless any other legislation  
314 relating to carrier's liability for cargo is compulsorily applicable in the trade. The documents shall also  
315 contain the New Jason Clause and the Both-to-Blame Collision Clause.

316  
317 ~~(b) The Charterers are to procure that all passenger tickets issued during the Charter Period for the carriage~~  
318 ~~of passengers and their luggage under this Charter Party shall contain a paramount clause which shall~~  
319 ~~incorporate the Athens Convention Relating to the Carriage of Passengers and their Luggage by sea, 1974,~~  
320 ~~and any protocol thereto, unless any other legislation relating to carrier's liability for passengers and their~~  
321 ~~luggage is compulsorily applicable in the trade.~~

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luggage is compulsorily applicable in the trade.

13. Maintenance and Operation

(a) Maintenance

During the Charter Period the Vessel shall be in the full possession and at the absolute disposal for all purposes of the Charterers and under their complete control in every respect, unless Charter's Default occurred. The Charterers shall properly maintain the Vessel in a good state of repair, in efficient operating condition and in accordance with good commercial maintenance practice and, at their own expense, maintain the Vessel's Class with the Classification Society stated in Box 4 and all necessary certificates. The Charterers shall have the option to change the Vessel's Classification Society to any IACS classification society but time and cost to be for Charterers' account.

(b) New Class and Other Regulatory Requirements

~~(i)\* In the event of any structural changes or new equipment becoming necessary for the continued operation of the Vessel by reason of new class requirements or by compulsory legislation ("Required Modification"), all such costs shall be for the Charterers' account. In the event of any improvement deemed necessary by the Charterers in connection with the operation of the Vessel, or structural changes or new equipment being necessary for the continued operation of the Vessel by reason of new class requirements or by compulsory legislation, the cost of compliance shall be for the Charterers' account. Notwithstanding the foregoing, Charterers are allowed to make improvements to the Vessel provided cost of the same to be for Charterers account.~~

~~(ii)\* In the event of any structural changes or new equipment becoming necessary for the continued operation of the Vessel by reason of a Required Modification, the costs shall be apportioned as follows:~~

- ~~(1) if the costs of the Required Modification are less than the amount stated in Box 21(ii), such costs shall be for the Charterers' account;~~
- ~~(2) if the costs of the Required Modification are greater than the amount stated in Box 21(i), the Charterers' portion of costs shall be apportioned using the formula below; all costs other than the Charterers' portion of costs shall be for the Owners' account.~~

~~AMT= agreed amount stated in Box 21(ii)~~

~~CRM= cost of Required Modification~~

~~MEL= modification's expected life in years~~

~~VEL= the Vessel's expected remaining life in years stated in Box 21(iii)~~

~~RPY= remaining charter period in years~~

~~(i) If the Required Modification is expected to last for the remaining life of the Vessel, then:~~

~~Charterers' portion of costs = CRM/VEL x RPY~~

~~(ii) If the Required Modification is not expected to last for the remaining life of the Vessel, then:~~

~~Charterers' portion of costs = CRM/MEL x RPY~~

~~\*Subclauses 13(b)(i) and 13(b)(ii) are alternatives, state alternative agreed in Box 21(i). If Box 21(i) is not~~

378 ~~filled in, then subclause 13(b)(i) shall apply.~~

379  
380 (c) Financial Security

381  
382 The Charterers shall maintain financial security or responsibility in respect of third party liabilities as required  
383 by any government, including federal, state or municipal or other division or authority thereof, to enable the  
384 Vessel, without penalty or charge, lawfully to enter, remain at, or leave any port, place, territorial or contiguous  
385 waters of any country, state or municipality in performance of this Charter Party without any delay. This  
386 obligation shall apply whether or not such requirements have been lawfully imposed by such government or  
387 division or authority thereof. The Charterers shall make and maintain all arrangements by bond or otherwise  
388 as may be *reasonably* necessary to satisfy such requirements at the Charterers' sole expense and the  
389 Charterers shall indemnify the Owners against all *direct* consequences whatsoever (including loss of time)  
390 for any failure or inability to do so.

391  
392 (d) Operation of the Vessel

393  
394 The Charterers shall at their own expense crew, victual, navigate, operate, supply, fuel, maintain and repair  
395 the Vessel during the Charter Period and they shall be responsible for all costs and expenses whatsoever  
396 relating to their use and operation of the Vessel, including any taxes and fees. The Crew shall be the servants  
397 of the Charterers for all purposes whatsoever, even if for any reason appointed by the Owners.

398  
399 (e) Information to Owners

400  
401 The Charterers shall keep the Owners advised of the ~~intended~~ employment, planned dry-docking and major  
402 repairs of the Vessel, as reasonably required by the Owners.

403  
404 (f) Flag and Name of Vessel

405  
406 *The Owners have no right to change the name or flag of the Vessel during the Charter Period. During the*  
407 *Charter Period, the Charterers shall have the liberty to paint the Vessel in their own colours, install and display*  
408 *their funnel insignia and fly their own house flag. The Charterers shall also have the liberty, with the Owners'*  
409 *prior written consent, which shall not be unreasonably withheld or delayed, to change the flag and/or the name*  
410 *of the Vessel during the Charter Period by providing 30 days prior notice to the Owners and such expense*  
411 *shall be for Charterer's account. In case Charterers do not exercise their Purchase Option as set out in Clause*  
412 *45 or the Owners do not exercise their Put Option as set out in Clause 46, painting and re-painting, instalment*  
413 *and re-instalment, registration and re-registration at re-delivery, if required by the Owners, shall be at the*  
414 *Charterers' expense and time. Any annual tonnage tax plus Agency fee and tonnage tax arising as a result*  
415 *of a flag change undertaken by the Charterers shall be for the account of the Charterers during the Charter*  
416 *period. Change of flag (including Bareboat flag registration) during charter period to be accepted/agreed by*  
417 *Owners and Charterers which to be Charterers' Account (which agreement not to be unreasonably withheld*  
418 *or delayed).*  
419 *Any cost and fee for initial registration of title to the Vessel and legal documentation cost for documenting the*  
420 *lease and security to be Charterers' account; however such cost not to exceed USD15,000.*

421  
422 (g) Changes to the Vessel

423  
424 ~~Subject to subclause 13(b) (New Class and Other Regulatory Requirements), the Charterers shall make no~~  
425 ~~structural or substantial changes to the Vessel without the Owners' prior written approval. If the Owners agree~~  
426 ~~to such changes, the Charterers shall, if the Owners so require, restore the Vessel, prior to redelivery of the~~  
427 ~~Vessel, to its former condition.~~

428  
429 *Subclause 13(b) notwithstanding, Charterers are permitted to make improvements to the Vessel provided*  
430 *cost of same to be for Charterers' account.*

431

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432 *Charterers to inform to the Owners any changes or improvement occurred and to provide any documents or*  
433 *certificate for such changes or improvement.*

434  
435 (h) Use of the Vessel's Outfit and Equipment

436  
437 The Charterers shall have the use of all outfit, equipment and spare parts on board the Vessel at the time of  
438 delivery, provided the same or their substantial equivalent shall be returned to the Owners on redelivery in  
439 the same good order and condition as on delivery ~~as per the inventory (see Clause 8 (Inventories))~~, ordinary  
440 wear and tear excepted. The Charterers shall from time to time during the Charter Period replace such  
441 equipment that ~~become~~ becomes unfit for use. The Charterers shall procure that all repairs to or replacement  
442 of any damaged, worn or lost parts or equipment will be effected in such manner (both as regards  
443 workmanship and quality of materials, including spare parts) as not to *materially* diminish the value of the  
444 Vessel.

445  
446 The Charterers have the right to fit additional equipment at their expense and risk but the Charterers shall  
447 remove such equipment at the end of the Charter Period if requested by the Owners (*acting reasonably*). Any  
448 hired equipment on board the Vessel at the time of delivery shall be kept and maintained by the Charterers.  
449 ~~and the Charterers shall assume the obligations and liabilities of the Owners under any lease contracts in~~  
450 ~~connection therewith and shall reimburse the Owners for all expenses incurred in connection therewith, also~~  
451 ~~for any new hired equipment required in order to comply with any regulations.~~

452  
453 (i) Periodical Dry-Docking

454  
455 The Charterers shall dry-dock the Vessel and clean and paint her underwater parts whenever the same may  
456 be necessary, but not less than once every sixty (60) calendar months or such other period as may be required  
457 by the Classification Society or Flag State.

458  
459 **14. Inspection during the Charter Period**

460  
461 *Not more than once in each calendar year during the Charter Period*, the Owners shall have the right at ~~any~~  
462 ~~time~~ after giving reasonable notice to the Charterers (*provided that such inspection shall not delay or interfere*  
463 *with the Vessel's operation and/or trading and/or loading or unloading*) to inspect the Vessel or instruct a duly  
464 authorised surveyor to carry out such inspection on their behalf to ascertain its condition and satisfy  
465 themselves that the Vessel is being properly repaired and maintained or for any other *reasonable* commercial  
466 reason they consider necessary (provided it does not unduly interfere with the commercial operation of the  
467 Vessel). *The Owners' representative and the surveyor shall sign the Charterers usual letter of indemnity prior*  
468 *to embarkation.*

469  
470 The fees for such inspections shall be paid for by the Owners. All time used in respect of inspection shall be  
471 for the Charterers' account and form part of the Charter Period.

472  
473 The Charterers shall also permit the Owners to inspect the Vessel's class records, log books, certificates,  
474 maintenance and other records ~~whenever requested and shall whenever required by the Owners when~~  
475 ~~reasonably required upon the Owners' request and shall furnish them the Owners~~ with full information  
476 regarding any casualties or other accidents or damage to the Vessel *as may be requested by the Owners.*

477  
478 **15. Hire**

479  
480 (a) The Charterers shall pay hire due to the Owners punctually in accordance with the terms of this Charter Party.

481  
482 (b) The Charterers shall pay to the Owners for the hire of the Vessel ~~a lump sum in the amount~~ *the rate* stated in  
483 Box 17(i) which shall be payable not later than ~~monthly every thirty (30) running days~~ in advance, the first lump  
484 sum being payable on the *Delivery Date* and ~~hour of the Vessel's delivery to the Charterers~~ *subsequent sums*  
485 *falling due at consecutive monthly periods on the corresponding calendar day thereafter (each such day the*

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**PART II**  
**BARECON 2017 STANDARD BAREBOAT CHARTER PARTY**

486 "Hire Payment Date"). Hire shall be paid continuously throughout the Charter Period, *subject to the terms of*  
487 *this Charter Party*. Each payment of Fixed Hire shall be deemed to have been applied on receipt by the  
488 Owners towards reducing the Outstanding Principal.  
489

- 490 (c) Payment of hire shall be made to the Owners' bank account stated in Box 20.  
491

492 All payments of ~~Charter~~ hire and any other payments due under this Charter shall be made without any set-  
493 off whatsoever and free and clear of any withholding or deduction for, or on account of, any present or future  
494 income, freight, stamp or other taxes, levies, imposts, duties, fees, charges, restrictions or conditions of any  
495 nature unless required by law. If the Charterers are required by any authority in any country to make any  
496 withholding or deduction from any such payment, the sum due from the Charterers in respect of such payment  
497 will be increased to the extent necessary to ensure that, after the making of such withholding or deduction the  
498 Owners receive a net sum equal to the amount which it would have received had no such deduction or  
499 withholding been required to be made. *If tax regulations change during the Charter Period, the Owners shall*  
500 *notify the Charterers as soon as they become aware and will provide reasonable co-operation in order to*  
501 *avoid any additional expenses to Charterers. However, where there is a failure to make punctual payment of*  
502 *hire due to oversight, negligence, errors or omissions on the part of the Charterers or their bankers, the*  
503 *Owners shall give the Charterers five (5) Banking Days to rectify the failure, and when so rectified within five*  
504 *(5) Banking Days following the Owners' notice, the payment shall stand as regular and punctual. Failure by*  
505 *the Charterers to pay hire within five (5) Banking Days of their receiving the Owners' notice as provided herein,*  
506 *shall entitle the Owners to withdraw the Vessel from the service of the Charterers and terminate the Charter*  
507 *without further notice.*  
508

- 509 (d) If the Charterers fail to make punctual payment of hire due, the Owners shall give the Charterers ~~three~~  
510 (35) Banking Days written notice to rectify the failure, and when so rectified within those ~~three~~ (35) Banking  
511 Days following the Owners' notice, the payment shall stand as punctual.  
512

513 Failure by the Charterers to pay hire due in full within ~~three~~ (35) Banking Days of their receiving a *written*  
514 notice from Owners shall entitle the Owners, without prejudice to any other rights or claims the Owners may  
515 have against the Charterers, to terminate this Charter Party at any time thereafter, as long as hire remains  
516 outstanding.  
517

- 518 (e) If the Owners choose not to exercise any of the rights afforded to them by this Clause in respect of any  
519 particular late payment of hire, or a series of late payments of hire, under the Charter Party, this shall not be  
520 construed as a waiver of their right to terminate the Charter Party.  
521

- 522 (f) Any delay in payment of hire shall entitle the Owners to interest at the rate per annum as agreed in Box 19. ~~If~~  
523 ~~Box 19 has not been filled in, the one month Interbank offered rate in London (LIBOR or its successor) for the~~  
524 ~~currency state in Box 17, as quoted on the date when the hire fell due, increased by three (3) per cent, shall~~  
525 ~~apply.~~  
526

- 527 (g) Payment of interest due under Subclause 15(g) shall be made within seven (7) running days of the date of  
528 the Owners' invoice specifying the amount payable or, in the absence of an invoice, at the time of the next  
529 Hire Payment Date.  
530

- 531 (h) Final payment of hire, if for a period of less than ~~thirty (30) running days~~ *one calendar month*, shall be  
532 calculated proportionally according to the number of days and hours remaining before redelivery *to the*  
533 *Owners or delivery by the Owners to the Charters should Charterers exercise the Purchase Option or Owners*  
534 *exercise the Put Option* and advance payment to be effected accordingly.  
535

- 536 (i) *The Charterer may prepay the BBC Hire with at least one (1) month prior written notice to the Owners. Such*  
537 *prepayment (the "Prepayment Amount") shall be in multiples of USD 1,000,000 (United States Dollars one*  
538 *million). Any such prepayments shall be applied against the Outstanding Charter Hire Principal under this*  
539 *Charter Party and the fixed portion of BBC Hire (as referred as "Fixed Rate" in Box 17 of Part I hereof) shall*

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540 be recalculated (and reduced pro rata over the remaining BBC Period) with effect from the next month. The  
541 amounts of the Purchase Option Prices, Owners Put Option prices and Minimum Insured Value shall be  
542 correspondingly recalculated (and reduced) according to the Outstanding Charter Hire Principal after  
543 application of such Prepayment Amount. Each such prepayment of the Charter Hire shall be permitted only if  
544 the Owner/Mortgagee and the Charterer shall mutually agree to the amount of the remaining Charter Hire,  
545 Purchase Option Price, Owners Put Option Price and Minimum Insured Value so recalculated.

- 546  
547 (j) Any moneys required under this Agreement to be paid by the Charterers to the Owners or any of them shall  
548 be validly paid, if paid to the Owners' bank account stated in Box 20, and by such payment to the Owners'  
549 bank account stated in Box 20 any payor shall be validly released from its obligation to make such payment.

550  
551 **16. Mortgage**

552 (only to apply if Box 22 has been appropriately filled in)

- 553  
554  
555 (a)\* ~~The Owners warrant that they have not effected any mortgage(s) of the Vessel and that they shall not effect~~  
556 ~~any mortgage (s) without the prior consent of the charterers, which shall not be unreasonably withheld.~~  
557  
558 (b)\* ~~Subject to the provisions of any quiet enjoyment letter (including, for the avoidance of doubt, the QEL), the~~  
559 ~~Vessel chartered under this Charter Party is financed by a mortgage according to the Financial Instrument.~~  
560 ~~The Charterers undertake upon the written request of the Owners to comply, and provide such customary~~  
561 ~~information and documents relating to the Vessel and/or the Charterers as may be reasonably required to~~  
562 ~~enable the Owners to comply with all such instructions or directions in regard to the employment, insurances,~~  
563 ~~operation, repairs and maintenance of the Vessel as laid down in the Financial Instrument (which Owners~~  
564 ~~warrant are always in conformity with, and shall not impose any additional obligations on Charterers, with~~  
565 ~~regards to employment, insurance, operation, repairs and maintenance provisions of this Charter Party) or~~  
566 ~~as may be directed from time to time during the currency of the Charter Party by the mortgagee(s) in~~  
567 ~~conformity with the Financial Instrument, including the display or posting of such notices as the Mortgagees~~  
568 ~~may require. The Charterers confirm that, for this purpose, they have acquainted themselves with all relevant~~  
569 ~~terms, conditions and provisions of the Financial Instrument and agree to acknowledge this in writing in any~~  
570 ~~form that may be required by the mortgagee(s). The Financial instrument shall secure an amount of up to the~~  
571 ~~Outstanding Principal and shall be enforceable by the Mortgagee only if there has occurred and is continuing~~  
572 ~~a Charterers' Event of Default under this Charter Party. The Owners warrant that they have not effected any~~  
573 ~~mortgage(s) other than stated in Box 22 and that they shall not agree to any amendment of the mortgage(s)~~  
574 ~~referred to in Box 22 or effect any other mortgage(s) without the prior consent of the Charterers, which shall~~  
575 ~~not be unreasonably withheld.~~

576  
577 \*(Optional, Subclauses 16(a) and 16(b) are alternatives; indicate alternative agreed in Box 22)

578  
579 **17. Insurance See also Clause 47**

- 580  
581  
582 (a) General  
583 (i) ~~The value of the Vessel for hull and machinery (including increased value) and war risks insurance is the~~  
584 ~~sum stated in Box 23, or such other sum as the parties may from time to time agree in writing. The party~~  
585 ~~insuring the Vessel shall do so on such terms and conditions and with such insurers as the other party shall~~  
586 ~~approve in writing, which approve shall not be unreasonably withheld, and shall name the other party as co~~  
587 ~~assured.~~  
588  
589 (ii) [Notwithstanding that the pParties are co assured], these insurance provisions shall neither exclude nor  
590 discharge liability between the Owners and the Charterers under this Charter Party, but are intended to secure  
591 payment of the loss insurance proceeds as a first resort to make good the Owners' loss. If such payment is  
592 made to the Owners it shall be treated as satisfaction (but not exclusion or discharge) of the Charterers'  
593 liability towards the Owners. For the avoidance of doubt, such payment is no bar to a claim by the Owners

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PART II  
BARECON 2017 STANDARD BAREBOAT CHARTER PARTY

594 and/or their insurers against the Charterers to seek indemnity by way of subrogation.

595 (iii) Nothing herein shall prejudice any right of recovery of the Owners or the Charterers (or their insurers)  
596 against third parties.

597  
598  
599 (b)\* Charterers to Insure

600  
601 (i) During the Charter Period the Vessel shall be kept insured by the Charterers at their expense against hull  
602 and machinery, war, and protection and indemnity risks (and any risks against which it is compulsory to insure  
603 for the operation of the Vessel, including maintaining financial security in accordance with subclause 13(c)  
604 (Financial Security)).

605  
606 (ii) Such insurances shall be arranged by the Charterers to protect the interests of the Owners and the  
607 Charterers and the mortgagee(s) (if any), and the Charterers shall be at liberty to protect under such  
608 insurances the interests of any ~~managers~~ manager they may appoint.

609  
610 (iii) The Charterers shall upon the *written* request of the Owners, provide information and ~~promptly~~ execute  
611 such *customary* documents as may be *reasonably* required to enable the Owners to comply with the insurance  
612 provisions of the Financial instrument, *provided that such documents are not prejudicial to the Charterers'*  
613 *interests.*

614  
615 ~~(e)\* Owners to Insure~~

616  
617 ~~(i) During the Charter Period the Vessel shall be kept insured by the Owners at their expense against hull and~~  
618 ~~machinery and war risks. The Charterers shall progress claims for recovery against any third parties for the~~  
619 ~~benefit of the Owners' and the Charterers' respective interests.~~

620  
621 ~~(ii) During the Charter Period the Vessel shall be kept insured by the Charterers at their expense against~~  
622 ~~Protection and Indemnity risk (and any risks against which it is compulsory to insure for the operation of the~~  
623 ~~Vessel, including maintaining financial security in accordance with subclause 13(c) (Financial Security)).~~

624  
625 ~~(iii) In the event that any act or negligence of the Charterers prejudices any of the insurances herein provided,~~  
626 ~~the Charterers shall pay to the Owners all losses and indemnity the Owners against all claims and demands~~  
627 ~~which would otherwise have been covered by such insurances.~~

628  
629 ~~\*Subclauses 17(b) and 17(c) are alternatives, state alternative agreed in Box 24. If Box 24 is not filled in, then~~  
630 ~~subclause 17(b) (Charterers to insure) shall apply.~~

631  
632 ~~18. Repairs~~

633  
634 ~~(a) Subject to the provisions of any Financial Instrument, and the approval of the Owners, the Charterers shall~~  
635 ~~effect all insured repairs, and undertake settlement of all miscellaneous expenses in connection with such~~  
636 ~~repairs as well as all insured charges, expenses and liabilities.~~

637  
638 ~~To the extent of coverage under the insurances provided for under the provisions of subclause 17(c) (Owners~~  
639 ~~to Insure), the Charterers shall be reimbursed under the Owners' insurances for such expenditures upon~~  
640 ~~presentation of accounts.~~

641  
642 ~~(b) The Charterers shall remain responsible for and effect repairs and settlement of costs and expenses incurred~~  
643 ~~thereby in respect of repairs not covered by the insurances and/or not exceeding any deductibles provided for~~  
644 ~~in the insurances.~~

645  
646 ~~(c) All time used for repairs under the provisions of subclauses 18(a) and 18(b) and for repairs of Latent Defects~~  
647 ~~according to Clauses 3 (Delivery) above, including any deviation, shall be for the Charterer's account and shall~~

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648 ~~form part of the Charter Period.~~

649  
650 **19. Total loss**

- 651  
652 (a) The Charterers shall be liable to the Owners by way of damages if the Vessel becomes a Total Loss. ~~Subject~~  
653 ~~to the provisions of any Financial Instrument~~, if the Vessel becomes a Total Loss, all insurance payments for  
654 such loss shall be paid *in accordance with Clause 47* to the Owners *(or the Mortgagees as assignees thereof)*  
655 who shall distribute the monies between the Owners *(or the Mortgagees as assignees thereof)* and the  
656 Charterers *in accordance with Clause 47* ~~according to their respective interests, which (distribution) shall~~  
657 ~~satisfy and discharge the Charterers' liability to the Owners under the terms hereof.~~ The Charterers undertake  
658 to notify the Owners and the mortgagee(s), if any, of any occurrences in consequence of which the Vessel is  
659 likely to become a Total Loss.  
660  
661 (b) Notwithstanding any other clause herein, it is recognised that the Charterers have a continuing obligation to  
662 protect and preserve the Vessel as an asset of the Owners. The Charterers shall have a continuing duty after  
663 the termination of the Charter Party to preserve and present claims on behalf of Owners and Charterers and/or  
664 any subrogated insurers against any third party held responsible for the Total Loss during the Charter Period  
665 and account for any recovery achieved.  
666  
667 (c) The Owners or the Charterers, as the case may be, shall upon the request of the other ~~p~~Party *(acting*  
668 *reasonably)*, promptly execute such documents as may be required to enable the other ~~p~~Party to abandon  
669 the Vessel to the insurers and claim a constructive total loss.  
670

671 **20. Lien**

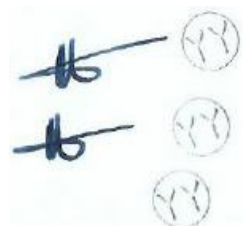
672  
673 The Owners shall have a lien upon all cargoes, hires and freights (including deadfreight and demurrage)  
674 belonging or due to the Charterers or any sub-charterers, *or to the extent permitted by law or equity*, for any  
675 amounts due under this Charter Party and the Charterers shall have a lien on the Vessel for all monies paid  
676 in advance and not earned. *The Owners and the Charterers shall provide the amount of any such lien upon*  
677 *the other pParty's reasonable request, provided that such request shall not be made by either pParty more*  
678 *than twice in any calendar year during the Charter Period*  
679

680 **21. Non-Lien**

681  
682 The Charterers will not suffer, nor permit to be continued, any lien or encumbrance incurred by them or their  
683 agents, which might have priority over the title and interest of Owners in the Vessel *(other than any Permitted*  
684 *Liens)*.  
685

686 **22. Indemnity**

- 687  
688 (a) The Charterers shall indemnify the Owners against any *direct and proven* loss, damage or expense arising  
689 out of or in relation to the operation of the Vessel by the Charterers, and against any lien of whatsoever nature  
690 arising out of an event occurring during the Charter Period *(other than a Permitted Lien)*. This shall include  
691 indemnity for any direct and proven loss, damage or expense arising out of or in relation to any international  
692 convention which may impose liability upon the Owners *or sanctions implemented by the United Nations,*  
693 *European Union, United States of America or United Kingdom or Japan.*  
694  
695 (b) Without prejudice to the generality of the foregoing, the Charterers agree to indemnify the Owners against all  
696 direct *and proven* consequences or liabilities arising from the Master, officers or agents signing bills of lading  
697 or other documents.  
698  
699 (c) If the Vessel is arrested or otherwise detained for any reason whatsoever other than those covered in  
700 subclause (d), the Charterers shall at their own expense take all reasonable steps to secure that within a  
701 reasonable time the Vessel is released, including the provision of bail.

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702  
703 (d) If the Vessel is arrested or otherwise detained by reason of a claim or claims against the Owners *and/or any*  
704 *other company or other entity which belongs to the same group of companies of which the Owners are part,*  
705 *or which is otherwise associated or related to, or affiliated with, the Owners,* the Owners shall at their own  
706 expense take all reasonable steps to secure that within a reasonable time the Vessel is released, including  
707 the provision of bail. *If within a 45 days period after such arrest or detainment, the Vessel is not so released,*  
708 *the Charterers may, at their option but without obligation to do so, take all necessary steps to obtain such*  
709 *release, and all expenses of the Charterers in connection therewith shall be reimbursed by the Owners on*  
710 *demand, and the Owners shall take reasonable steps to minimise any costs to the Charterer arising out of*  
711 *any such arrest.*

712  
713 In such circumstances the Owners shall indemnify the Charterers against any loss, damage or expense  
714 incurred by the Charterers (including hire paid under this Charter Party) as a direct consequence of such  
715 arrest or detention.

716  
717 (e) *The indemnities of the Charterers under this Clause 22 shall not extend to events occurring after the end of*  
718 *Charter Period, but as to any event occurring before the end of the Charter Period shall continue in full force*  
719 *and effect notwithstanding the termination of the chartering of the Vessel under this Charter Party for any*  
720 *reason until four (4) years from the early termination of this Charter or the end of the Charter Period or the*  
721 *sale of the Vessel by the Owners to any person, provided that if, prior to the expiry of the aforesaid period of*  
722 *four (4) years, any event or dispute arises in respect of which the Owners are to be indemnified under this*  
723 *Clause 22, the indemnities of the Charterers under this Clause 22 shall continue in full force and effect until*  
724 *the Owners have been fully indemnified in accordance with this Clause 22.*

725  
726 (f) *The Owners will notify the Charterers as soon as they become aware of any claim against the Owners which*  
727 *may give rise to indemnification under this Clause 22. The Owners will not settle any claims or discharge any*  
728 *court judgments in respect of any claim unless it has first negotiated with the Charterers in good faith for a*  
729 *reasonable period of time, provided that the Owners may settle any claim or discharge any court judgment if*  
730 *failure so to do would give rise to substantial losses or damages for, or reputational damage to, the Owners.*

731  
732 (g) *The Owners will not, and the Charterers will, be responsible for the conduct of any claim or potential claim that*  
733 *may give rise to an indemnity liability of the Charterers under this Clause 22 and the Charterers may be entitled*  
734 *(at their own cost and expense) to take such actions as they may reasonably deem fit to defend or avoid*  
735 *liability under any such claim or take action against any third party in respect of liability under any such claim.*

736  
737 (h) *The Charterer to undertake to the Owner and the Owner's Financiers to protect, cover, compensate for any*  
738 *claim, damage and loss caused by oil pollution and any cargo claim (clean or dirty).*

### 739 23. Salvage

740  
741 All salvage and towage performed by the Vessel shall be for the Charterers' benefit and the cost of repairing  
742 damage occasioned thereby shall be borne by the Charterers.

### 743 24. Wreck Removal

744  
745 If the Vessel becomes a wreck, or any part of the Vessel is lost or abandoned, and is an obstruction to  
746 navigation or poses a hazard and has to be raised, removed, destroyed, marked or lit by order of any lawful  
747 authority having jurisdiction over the area or as a result of any applicable law, the Charterers shall be liable  
748 for any and all *direct and documented* expenses in connection with raising, removal, destruction, lighting or  
749 making of the Vessel and shall indemnify the Owners against any *direct and proven* sums whatsoever, which  
750 the Owners become liable to pay as a consequence.

### 751 25. General Average

752  
753  
754  
755



756 The Owners shall not contribute to General Average.  
757

758 **26. Assignment, Novation, Sub-Charter and Sale *See also Clauses 43 and 44***  
759

- 760 (a) The Charterers shall not assign or novate this Charter Party nor sub-charter the Vessel on a bareboat basis  
761 except with the prior consent in writing of the Owners, which shall not be unreasonably withheld *or delayed*,  
762 and subject to such terms and conditions as the Owners shall approve.  
763  
764 (b) ~~*See also Clauses 43 and 44*~~ The Owners shall not sell the Vessel during the currency of this Charter Party  
765 except with the prior written consent of the Charterers which shall not be unreasonably withheld, and subject  
766 to the buyer accepting a novation of this Charter Party.  
767  
768 (c) ~~The Owners shall be entitled to assign their rights under this Charter Party.~~  
769

770 **27. Performance Guarantee *See Clause 43***

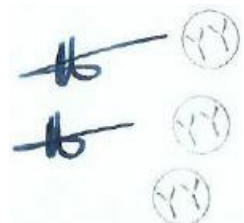
771 (Optional, to apply only if Box 25 filled in)  
772

773 The Charterers undertake to furnish before delivery of the Vessel, a guarantee or bond in the amount of and  
774 from the entity stated in Box 25 in a form acceptable to the Owners as guarantee for full performance of their  
775 obligations under this Charter Party;  
776  
777

778 **28. Anti-Corruption**

- 779 (a) The ~~p~~Parties agree that in connection with the performance of this Charter ~~p~~Party they shall each:  
780  
781 (i) comply at all times with all applicable anti-corruption legislation and have procedures in place that are, to  
782 the best of its knowledge and belief, designed to prevent the commission of any offence under such legislation  
783 by any member of its organisation and/or by any person providing services for it or on its behalf; and  
784  
785 (ii) make and keep books, records, and accounts which in reasonable detail accurately and fairly reflect the  
786 transactions in connection with this Charter Party.  
787  
788 (b) If either ~~p~~Party fails to comply with any applicable anti-corruption legislation, it shall defend and indemnify the  
789 other ~~p~~Party against any fine, penalty, liability, loss or damage and for any related costs (including, without  
790 limitation, court costs and legal fees) arising from such breach.  
791  
792 (c) Without prejudice to any of its other rights under this Charter ~~p~~Party, either ~~p~~Party may terminate this Charter  
793 ~~p~~Party without incurring any liability to the other ~~p~~Party if:  
794  
795 (i) at any time the other ~~p~~Party or any member of its organisation has committed a breach of any applicable  
796 anti-corruption legislation in connection with this Charter ~~p~~Party; and  
797  
798 (ii) such breach causes the non breaching ~~p~~Party to be in breach of any applicable anti-corruption legislation.  
799  
800 Any such right to terminate must be exercised without undue delay.  
801  
802 (d) Each ~~p~~Party represents and warrants that in connection with the negotiation of this Charter Party neither it  
803 nor any member of its organisation has committed any breach of applicable anti-corruption legislation. Breach  
804 of this subclause (d) shall entitle the other ~~p~~Party to terminate the Charter Party without incurring any liability  
805 to the other.  
806  
807

808 **29. Sanctions and Designated Entities**  
809



**PART II**  
**BARECON 2017 STANDARD BAREBOAT CHARTER PARTY**

- 810 (a) The provisions of this clause shall apply in relation to any *applicable* sanction, prohibition or restriction  
811 imposed on any specified persons, entities or bodies including the designation of specified vessels or fleets  
812 *and Owners or Charterers* under United Nations Resolutions or trade or economic *applicable* sanctions, laws  
813 or regulations of the European Union or the United States of America or the United Kingdom or Japan.  
814
- 815 (b) The Owners and Charterers respectively warrant for themselves (*and in respect of any sub-charterer or*  
816 *manager which belongs to the same group of companies of which the Charterers are part, the Charterers*  
817 *hereby undertake to take necessary steps to ensure*) (~~and in the case of any sub-charter, the Charterers~~  
818 ~~further warrant in respect of any sub-charterers, shippers receivers, or cargo interests~~) that at the date of this  
819 fixture and throughout the duration of this Charter Party they are not subject to any of the sanctions,  
820 prohibitions, restrictions or designation referred to in subclause (a) which prohibit or render unlawful any  
821 performance under this Charter Party. ~~The Owners further warrant that the Vessels not a designated vessel.~~  
822
- 823 (c) If at any time during the performance of this Charter Party either Party becomes aware that the other Party  
824 is in breach of warranty in this Clause, the Party not in breach shall comply with the laws and regulations of  
825 any Government to which that Party or the Vessel is subject, and follow any orders or directions which may  
826 be given by any body acting with powers to compel compliance, including where applicable the Owners' Flag  
827 State. In the absence of any such orders, directions, law or regulations, the Party not in breach may, in its  
828 option, terminate the Charter Party forthwith in accordance with Clause 31 (Termination). *However, in the*  
829 *event that a sub-charterer managing or other parties who have any contractual relationships with the*  
830 *Charterers in respect of the Vessel are subject to sanctions, prohibitions, restrictions or designation referred*  
831 *to in subclause (a), Owners may not terminate the Charter Party before giving Charterers a reasonable period*  
832 *to take necessary measures to remedy such breach and to ensure such a breach does not continue.*  
833
- 834 (d) If, in compliance with the provisions of this Clause, anything is done or is not done, such shall not be deemed  
835 a deviation but shall be considered sue fulfilment of this Charter Party.  
836
- 837 (e) Notwithstanding anything in this Clause to the contrary, the Owners or the Charterers shall not be required to  
838 do anything which constitutes a violation of the laws and regulations of any state to which either of them is  
839 subject.  
840
- 841 (f) The Owners or the Charterers shall be liable to indemnify the other Party against any and all direct and  
842 proven claims, losses, damage, costs and fines whatsoever suffered by the other Party resulting from any  
843 breach of warranty in this Clause. *If such calling constitutes a breach of sanctions, then Charterers to*  
844 *undertake to indemnify Owners against all direct and proven loss and costs sustained as a result of such*  
845 *violation. Charterers shall indemnify the Owners and hold the Owners harmless in respect of any direct and*  
846 *proven liability, loss, damage or expenses of whatsoever nature which the Owners may sustain resulting from*  
847 *the operation of the Vessel (including but not limited to hereunder those arising from Vessel entering/operating*  
848 *in war area or warlike area).*  
849

850 **30. Requisition /Acquisition**

- 851
- 852 (a) In the event of the requisition for hire of the Vessel by any governmental or other competent authority at any  
853 time during the Charter Period, this Charter Party shall not be deemed to be frustrated or otherwise terminated.  
854 The Charterers shall continue to pay hire according to the Charter Party until the time when the Charter Party  
855 would have expired or terminated pursuant to any of the provisions hereof. However, if any requisition hire or  
856 compensation is received by the Owners for the remainder of the Charter Period or the period of the requisition,  
857 whichever is shorter, it shall be payable by the Owners to the Charterers.  
858
- 859 (b) In the event of the Owners being deprived of their ownership in the Vessel by any compulsory acquisition of  
860 the Vessel or requisition for title by any governmental or other competent authority (hereinafter referred to as  
861 "Compulsory Acquisition"), then, irrespective of the date during the Charter Period when Compulsory  
862 Acquisition may occur, this Charter Party shall be deemed terminated as of the date of such Compulsory  
863 Acquisition. In such event hire to be considered as earned and to be paid up to the date and time of such



864 Compulsory Acquisition. The Owners shall be entitled to any compensation received for such Compulsory  
865 Acquisition, *which shall be applied towards reducing the Outstanding Principal.*

866  
867 **31. Termination**

868  
869 (a) Charterers' Default

870  
871 The Owners shall be entitled to terminate this Charter Party by written notice to the Charterers and to claim  
872 damages including, but not limited to, for the loss of the ~~remainder~~ remainder of the Charter Party under the  
873 following circumstances, each of which shall be a "Charterers' Event of Default" for the purposes of this  
874 Charter Party ~~and to claim damages including, but not limited to, for the loss of the remainder~~ remainder of the  
875 Charter Party.

876 (i) Non-payment of hire (see Clause 15 (Hire)), *subject to all applicable grace periods.*

877  
878 (ii) Charterers' failure to comply with the requirements of:

879 (1) Clause 11 (Trading Restrictions); or

880  
881 (2) Subclause 17(b) (Charterers to insure)

882  
883 *and, if capable of remedy, such requirement is not remedied within 30 days of the earlier of the date on which*  
884 *(A) the Charterers became aware of the failure to comply and (B) the Charterers' received the Owners' written*  
885 *notification do to so.*

886 (iii) The Charterers do not rectify any failure to comply with the requirements of subclause 13(a) (Maintenance)  
887 as soon as practically possible after the Owners have notified them to do so, ~~unless and in any event so that~~  
888 the Vessel's insurance cover is not prejudiced *by such failure.*

889  
890 (iv) *If the Charterers are in breach of any material provisions of this Charter Party other than those referred*  
891 *to in Clause 31 (a)(i), (ii) and (iii) above, and if capable of remedy, such breach is not rectified by the Charterers*  
892 *within 30 days of the earlier of the date on which (A) the Charterers became aware of the failure to comply*  
893 *and (B) the Charterers' received the Owners' written notification do to so.*

894  
895  
896  
897  
898 (b) Owners' Default

899 The Charterers shall be entitled to terminate this Charter Party with immediate effect by written notice to the  
900 Owners and to claim damages including, but not limited to, for the loss of the remainder of the Charter Party:

901 (i) If the Owners shall by any act or omission be in breach of their obligations under this Charter Party to the  
902 extent that the Charterers are deprived of the use, *operation, possession or enjoyment* of the Vessel and such  
903 breach continues for a period of ~~fourteen~~ thirty (430) running days after written notice thereof has been given  
904 by the Charterers to the Owners; or

905 (ii) ~~if the Owners fail to arrange or maintain the insurances in accordance with subclause 17(e) (owners to~~  
906 ~~insure);~~

907  
908 (c) Loss of Vessel

909 This Charter Party shall be deemed to be terminated, without prejudice to any accrued rights or obligations,  
910 if the Vessel becomes lost either when it has become an actual total loss or agreement has been reached  
911 with the Vessel's underwriters in respect of its constructive total loss or ~~if such agreement with the Vessel's~~  
912 ~~underwriters is not reached~~ it is adjudged by a competent tribunal that a constructive loss of the Vessel has  
913 occurred, or has been declared missing. The date upon which the Vessel is to be treated as declared missing



918 shall be ten (10) days after the Vessel was last reported or when the Vessel is recorded as missing by the  
919 Vessel's underwriters, whichever occurs first.

920  
921 (d) Bankruptcy

922  
923 Either ~~p~~Parties shall be entitled to terminate this Charter Party with immediate effect by written notice to the  
924 other ~~p~~Parties if that other ~~p~~Parties has a petition presented for its winding up or administration or any other  
925 action is taken with a view to its winding up (otherwise than for the purpose of solvent reconstruction or  
926 amalgamation), or becomes bankrupt or commits an act of bankruptcy, or makes any arrangement or  
927 composition for the benefit of creditors, or has a receiver or manager or administrative receiver or  
928 administrator or liquidator appointed in respect of any of its assets, or suspends payments, or anything  
929 analogous to any of the foregoing under the law of any jurisdiction happens to it, or ceases or threatens to  
930 cease to carry on business.

931  
932 (e) The termination of this Charter Party shall be without prejudice to all rights accrued due between the Parties  
933 prior to the date of termination and to any claim that ~~p~~Party might have.

934  
935 **32. Repossession**

936  
937 in the event of the early termination of this Charter Party in accordance with the applicable provisions of this  
938 Charter Party, the Owners shall have the right to repossess the Vessel from the Charterers at its current or  
939 next port of call, or at a port or place convenient to them without hindrance or interference by the Charterers,  
940 courts or local authorities. Pending physical repossession of the Vessel, the Charterers shall hold the Vessel  
941 as gratuitous bailee only to the Owners. The Owners shall arrange for an authorised representative to board  
942 the deemed to be repossessed by the Owners from the Charterers upon the boarding of the Vessel by the  
943 Owners representative. All arrangements and expenses relating to the settling of wages, disembarkation and  
944 repatriation of the Crew shall be the sole responsibility of the Charterers.

945  
946 **33. BIMCO Dispute Resolution Clause 2017**

947  
948 (a)\* This Charter Party shall be governed by and construed in accordance with English law and any dispute arising  
949 out of or in connection with this Charter Party shall be referred to arbitration in London in accordance with  
950 the Arbitration Act 1996 or any statutory modification or re-enactment thereof save to the extent necessary to  
951 give effect to the provisions of this Clause.

952  
953 The arbitration shall be conducted in accordance with the London Maritime Arbitrators Association (LMAA)  
954 Terms current at the time when the arbitration proceedings are commenced.

955  
956 The reference shall be to three arbitrators. A ~~p~~Party wishing to refer a dispute to arbitration shall appoint its  
957 arbitrator and send notice of such appointment in writing to the other ~~p~~Party requiring the other ~~p~~Party to  
958 appoint its own arbitrator within fourteen (14) calendar days of that notice and stating that it will appoint its  
959 arbitrator as sole arbitrator unless the other ~~p~~Party appoints its own arbitrator and gives notice that it has done  
960 so within the fourteen (14) days specified. If the other ~~p~~Party does not appoint its own arbitrator and give  
961 notice that it has done so within the fourteen (14) days specified, the ~~p~~Party referring a dispute to arbitration  
962 may, without the requirement of any further prior notice to the other ~~p~~Party, appoint its arbitrator as sole  
963 arbitrator and shall advise the other ~~p~~Party accordingly. The award of the sole arbitrator shall be binding on  
964 both ~~p~~Parties as if he had been appointed by agreement.

965  
966 Nothing herein shall prevent the ~~p~~Parties agreeing in writing to vary these provisions to provide for the  
967 appointment of a sole arbitrator.

968  
969 In cases where neither the claim nor any counterclaim exceeds the sum of USD 100,000 (or such other sum  
970 as the ~~p~~Parties may agree) the arbitration shall be conducted in accordance with the LMAA Small Claims  
971 Procedure current at the time when the arbitration proceedings are commenced.

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972 In cases where the claim or any counterclaim exceeds the sum agreed for the LMAA Small Claims Procedure  
973 and neither the claim nor any counterclaim exceeds the sum of USD 400,000 (or such other sum as the  
974 parties may agree) the arbitration shall be conducted in accordance with the LMAA Intermediate Claims  
975 Procedure current at the time when the arbitration proceedings are commenced.  
976  
977

978 ~~(b)\* This Charter Party shall be governed by U.S. maritime law or if this Charter Party is not maritime contract  
979 under U.S. law, by the laws of the state of New York. Any dispute arising out of or in connection with this  
980 Charter Party shall be referred to three (3) persons at New York, one to be appointed by each of the parties  
981 hereto, and the third by the two so chosen. The decision of the arbitrators or any two of them shall be final,  
982 and for the purposes of enforcing any award judgment may be entered on an award by any court of  
983 competent jurisdiction. The proceedings shall be conducted in accordance with the SMA Rules current as of  
984 the date of this Charter Party.~~

985  
986 In cases where neither the claim nor any counterclaim exceeds the sum of USD 100,000 (or such other sum  
987 as the parties may agree) the arbitration shall be conducted in accordance with the SMA Rules for Shortened  
988 Arbitration Procedure current as of the date of this Charter Party.

989  
990 ~~(c)\* This Charter Party shall be governed by and construed in accordance with Singapore\*\*/English\*\* law.~~

991  
992 Any dispute arising out of or in connection with this Charter Party, including any question regarding its  
993 existence, validity or termination shall be referred to and finally resolved by arbitration in Singapore in  
994 accordance with the Singapore International Arbitration Act (Chapter 143A) and any statutory modification or  
995 re-enactment thereof save to the extent necessary to give effect to the provisions of this Clause.

996  
997 The arbitration shall be conducted in accordance with the Singapore International Arbitration Act (Chapter 143A) and any statutory modification or  
998 Maritime Arbitration (SCMA) current at the time when the arbitration proceedings are commenced.  
999

1000 The reference to arbitration of disputes under this Clause shall be to three arbitrators. A party wishing to refer  
1001 a dispute to arbitration shall appoint its arbitrator and send notice of such appointment in writing to the other  
1002 party requiring the other party to appoint its own arbitrator and give notice that it has done so within fourteen  
1003 (14) calendar days of that notice and stating that it will appoint its own arbitrator as sole arbitrator unless the  
1004 other party appoints its own arbitrator and gives notice that it has done so within the fourteen (14) days  
1005 specified. If the other party does not give notice that it has done so within the fourteen (14) days specified,  
1006 the party referring a dispute to arbitration may, without the requirement of any further prior notice to the other  
1007 party, appoint its arbitrator as sole arbitrator and shall advise the other party accordingly. The award of a sole  
1008 arbitrator shall be binding on both parties as if he had been appointed by agreement.  
1009

1010 Nothing herein shall prevent the parties agreeing in writing to vary these provisions to provide for the  
1011 appointment of a sole arbitrator.  
1012

1013 In cases where neither the claim nor any counterclaim exceeds the sum of USD 150,000 (or such other sum  
1014 as the parties may agree) the arbitration shall be conducted before a single arbitrator in accordance with the  
1015 SCMA Small Claims Procedure current at the time when the arbitration proceedings are commenced.  
1016

1017 ~~\*\*Delete whichever does not apply. If neither or both are deleted, then English law shall apply by default.~~

1018  
1019 ~~(d)\* This Charter Party shall by and construed in accordance with the laws of the place mutually  
1020 agreed by the Parties and any dispute arising out of or in connection with this Charter Party shall be referred  
1021 to arbitration at a mutually agreed place, subject to the procedures applicable these.~~

1022  
1023 (e) The Parties may agree at any time to refer to mediation any difference and/or dispute arising out of or in  
1024 connection with this Charter Party. In the case of any dispute in respect of which arbitration has been  
1025 commenced under subclause ~~(a), (c) or (d)~~, the following shall apply.



- 1026  
1027 (i) Either ~~p~~Party may at any time and from time to time elect to refer the dispute or part of the dispute to  
1028 mediation by service on the other ~~p~~Party of a written notice (the "Mediation Notice") calling on the other  
1029 ~~p~~Party to agree to mediation.  
1030  
1031 (ii) The other ~~p~~Party shall thereupon within fourteen (14) calendar days of receipt of the Mediation Notice  
1032 confirm that they agree to mediation, in which case the ~~p~~Parties shall thereafter agree a mediator within a  
1033 further fourteen (14) calendar days, falling which on the application of either party a mediator will be  
1034 appointed promptly by the Arbitration Tribunal ("the Tribunal") or such person as the Tribunal may designate  
1035 for that purpose. The mediation shall be conducted in such place and in accordance with such procedure and  
1036 on such terms as the ~~p~~Parties may agree or, in the event of disagreement, as may be set by the mediator.  
1037  
1038 (iii) If the other ~~p~~Party does not agree to mediate, that fact may be brought to the attention of the Tribunal and  
1039 may be taken into account by the Tribunal when allocating the costs of the arbitration as between the ~~p~~Parties.  
1040  
1041 (iv) The mediation shall not affect the right of either party to seek such relief or take such steps as it considers  
1042 necessary to protect its interest.  
1043  
1044 (v) Either party may advise the Tribunal that they have agreed to mediation. The arbitration procedure shall  
1045 continue during the conduct of the mediation but the Tribunal may take the mediation timetable into account  
1046 when setting the timetable for steps in the arbitration.  
1047  
1048 (vi) Unless otherwise agreed or specified in the mediation terms, each ~~p~~Party shall bear its own costs incurred  
1049 in the mediation and the parties shall share equally the mediator's costs and expenses.  
1050  
1051 (vii) The mediation process shall be without prejudice and confidential and no information or documents  
1052 disclosed during it shall be revealed to the Tribunal except to the extent that they are disclosable under the  
1053 law and procedure governing the arbitration.  
1054

1055 (Note: The ~~p~~Parties should be aware that the mediation process may not necessarily Interrupt time limits.)

1056 \*Subclauses (a), (b), (c) and (d) are alternatives; indicate alternative agreed in Box 26.

1057  
1058 ~~If Box 26 in Part I is not appropriately filled in, subclause (a) of this Clause shall apply. Subclause (c) shall~~  
1059 ~~apply in all cases except for alternative (b)~~  
1060

1061  
1062 **34. Notice**

1063  
1064 All notices, requests and other communications required or permitted by any clause of this Charter Party  
1065 shall be given in writing and shall be sufficiently given or transmitted if delivered by hand, email, express  
1066 courier service or registered mail and addressed if to the Owners as stated in Box 30 or such other address  
1067 or email address as the Owners may hereafter designate in writing, and if to the Charterers as stated in Box  
1068 31 or such other address or email address as the Charterers may hereafter designate in writing. Any such  
1069 communication shall be deemed to have been given on the date of actual receipt by the ~~p~~Party to which it is  
1070 addressed.

1071 *Any notice or other communication sent to the Charterers by Kenzan Kaiun Co., Limited or Azalea Line, S.A.*  
1072 *shall be deemed as having been sent by both Kenzan Kaiun Co., Limited and Azalea Line, S.A. Any notice or*  
1073 *other communication sent by the Charterers to Kenzan Kaiun Co., Limited or Azalea Line, S.A. shall be*  
1074 *deemed as having been sent to both Kenzan Kaiun Co., Limited and Azalea Line, S.A.*  
1075

1076  
1077 **35. Partial Validity**

1078  
1079 If by reason of any enactment or judgment any provision of this Charter Party shall be deemed or held to be



**PART II**  
**BARECON 2017 STANDARD BAREBOAT CHARTER PARTY**

1080 illegal, void or unenforceable in whole or in part, all other provisions of this Charter Party shall be unaffected  
1081 thereby and shall remain in full force and effect.

1082  
1083 **36. Entire Agreement**

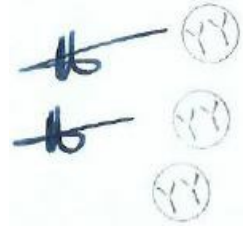
1084  
1085 This Charter Party is the entire agreement of the parties, which supersedes all provisions written or oral  
1086 understandings and which may not be modified except by a written amendment signed by both parties.

1087  
1088 **37. Headings**

1089  
1090 The headings of this Charter Party are for identification only and shall not be deemed to be part hereof or be  
1091 taken into consideration in the interpretation or construction of this Charter Party.

1092  
1093 **38. Singular/Plural**

1094  
1095 The singular includes the plural and vice versa as the context admits or requires.

Handwritten signatures and circular stamps. There are two signatures, each followed by a circular stamp containing the letters 'YY'.



**PART III**  
**BARECON 2017 STANDARD BAREBOAT CHARTER PARTY**  
**PROVISIONS TO APPLY FOR NEWBUILDING VESSELS ONLY**  
**(OPTINAL, only applicable if 27 has been completed)**

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1. ~~Specifications and Building Contract~~

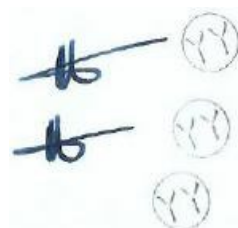
- ~~(a) The Vessel shall be constructed in accordance with the building contract between the Builders and the Owners including the specifications and plans incorporated therein ("Building Contract"). The Owners shall provide the Charterers with a copy of the Building Contract to the extent relevant to this Charter Party.~~
- ~~(b) No variations shall be made to the Building Contract without the Charterer prior written consent. The Charterers shall be entitled to request change orders in accordance with the Building Contract. Any additional costs or consequences due to Charterers change orders shall be borne by the Charterers.~~
- ~~(c) The Owners and the Charterers will liaise and cooperate in all matters regarding the construction of the Vessel and the Building Contract. The Charterers shall have the right to send their representative to the Builders' yard to inspect the Vessel during its construction.~~
- ~~(d) The Owners shall assign their guarantee rights under the Building Contract to the Charterers, if permitted. If not permitted, the Owners shall exercise their guarantee rights against the Builders for the benefit of the Charterers. The Charterers shall be obliged to accept such sums as the Owners are reasonably able to recover under the guarantee provisions of the Building Contract.~~

~~2. Delivery and Cancellation~~

- ~~(a) (i) Subject to the provisions of Clause 3 (Liquidated Damages) hereunder, the Charterers shall be obliged to accept the Vessel from the Owners, constructed and delivered in accordance with the Building Contract and including buyers' supplies, on the date of delivery by the Builders. The Charterers undertake that having accepted the Vessel they will not thereafter raise any claims against the Owners in respect of the Vessel's performance or specification or defects, if any.~~
- ~~(ii) The date of delivery for purpose of this Charter shall be the date (the "Delivery Date") when the Vessel is in fact delivered by the Builders to the owners in accordance with the Building Contract whether that is before or after the scheduled delivery date under the Building Contract. The Owners shall be under no responsibility for any delay whatsoever in delivery of the Vessel to the Charterers under this Charter Party, except to the extent caused solely by the Owners' acts or omissions resulting in a default by the owners under the Building Contract. The Owners shall be responsible to the Charterers for any direct losses incurred by the Charterers, if the Vessel is not delivered to the Owners due solely to the Owners' acts or omissions resulting in a default by the Owners under the Building Contract.~~
- ~~(iii) The Owners and the Charterers shall on the Delivery Date sign a Protocol of Delivery and Acceptance evidencing delivery of the Vessel hereunder.—~~
- ~~(b) (i) The Owners' obligation to charter the Vessel to the Charterers hereunder is conditional upon delivery of the Vessel to the Owners by the Builders in accordance with the Building Contract.~~
- ~~(ii) If for any reason other than a default by the Owners under the Building Contract, the Builders become entitled under that Contract not to deliver the Vessel and exercise that right, the Owners shall be entitled to cancel this Charter Party by written notice to the Charterers.~~
- ~~(iii) If for any reason the Owners become entitled to cancel the Building Contract and exercise that right, the Owners shall be entitled to cancel this Charter Party by written notice to the Charterers. If, however, the Owners do not exercise their right to cancel the Building Contract, the Charterers shall be entitled to cancel this Charter Party by written notice to the Owners.~~

~~3. Liquidated Damages~~

- ~~(a) Any liquidated damages for physical defects or deficiencies and any costs incurred in pursuing a claim therefor~~



**PART III**  
**BARECON 2017 STANDARD BAREBOAT CHARTER PARTY**  
**PROVISIONS TO APPLY FOR NEWBUILDING VESSELS ONLY**  
**(OPTINAL, only applicable if 27 has been completed)**

1150 shall be credited to the party stated in Box 27(iv) or if not filled in shall be shared equally between the parties.  
1151  
1152 (b) Any liquidated damages for delay in delivery under the Building Contract and any costs incurred in pursuing  
1153 a claim therefor shall be credited to the party stated in Box 27(v) or if not filled in shall be shared equally  
1154 between the parties.



Handwritten signature and three circular stamps.

PART IV  
 BARECON 2017 STANDARD BAREBOAT CHARTER PARTY  
 PURCHASE OPTION  
 (OPTINAL, only applicable if Box 28 has been completed)

1155 See Clause 45

1156 1. The Charterers shall have an option to purchase the Vessel (the "Purchase Option") exercisable on each of  
 1157 the dates stated below as follows:—

1158

Date (state number of months after delivery of the Vessel)	Purchase Price (the "Purchase Option Price")
(months)	(amount and currency)

1159

1160 2. To exercise their Purchase Option, the Charterers shall notify the Owners in writing not later than six (6)  
 1161 months prior to the relevant date stated in the table above. Such notification shall not be withdrawn or  
 1162 cancelled.—

1163

1164 3. If the Charterers exercise their Purchase Option, the ownership of the Vessel shall be transferred to them on  
 1165 the relevant date. If such date is not Banking Day, the ownership of the Vessel shall be transferred on the  
 1166 next Banking Day, on a strictly "as is/where is" basis, at the Charterers' sole cost and expense.—

1167

1168 4. The Owners shall obtain and provide the Charterers with such documents and take such actions as the  
 1169 Charterers may reasonably request to facilitate the sale and the registration of the Vessel under the flag  
 1170 designated by the charterers.—

1171

1172 5. The Owners warrant that the Vessel at the time of transfer of ownership shall be free of any of Owners'  
 1173 encumbrance or mortgage and that they have not committed any act or omission which would impair title to  
 1174 the Vessel.

1175

1176 6. The Owners make no representation or warranty as to the seaworthiness, value, condition, design,  
 1177 merchantability or operation of the Vessel, or as to the quality of the material, equipment or workmanship in  
 1178 the Vessels, or as to the fitness of the Vessel for any particular trade.

1179

1180 7. In exchange for the transfer of ownership of the Vessel, the Charterers shall pay the Purchase Option Price  
 1181 to the bank account nominated by the Owners together with any unpaid charter hire and other amounts due  
 1182 and payable under this Charter Party.


1183

1184 8. Upon payment and transfer of ownership in accordance with Clause 7 above, this Charter Party and all rights  
 1185 and obligations of the parties shall terminate without prejudice to all rights accrued due between the parties  
 1186 prior to the date of termination and any claim that either party might have.

The image shows three handwritten signatures in blue ink, each followed by a circular stamp containing the initials 'YY'.

PART V  
BARECON 2017 STANDARD BAREBOAT CHARTER PARTY  
PROVISIONS TO APPLY FOR VESSELS REGISTERED IN A BAREBOAT CHARTER REGISTRY  
(OPTIONAL, only to apply if expressly agreed and stated in Box 29)

- 1187 ~~1. Definitions~~
- 1188
- 1189 ~~“Bareboat Charter Registry” shall mean the registry stated in Box 29(ii) whose flag the Vessel will fly and in~~
- 1190 ~~which the Charterers are registered as the bareboat charterers during the period of this Charter Party.~~
- 1191
- 1192 ~~“Underlying Registry” shall mean the registry stated in Box 29(i) in which the Owners of the Vessel are~~
- 1193 ~~registered as Owners and to which jurisdiction and control of the Vessel will revert upon termination of the~~
- 1194 ~~Bareboat Charter registration.~~
- 1195
- 1196 ~~2. The Owners have agreed to and the Charterers shall arrange for the Vessel to be registered under the~~
- 1197 ~~Bareboat Charter Registry. The Charterers shall be responsible for all costs thereof.~~
- 1198
- 1199 ~~3. Upon termination of this Charter Party for any reason whatsoever the Charterers shall immediately arrange~~
- 1200 ~~for the deletion of the Vessel from the Bareboat Registry.~~
- 1201
- 1202 ~~4. In the event of the Vessel being deleted from the Bareboat Charter Registry due to any default by the Owners,~~
- 1203 ~~the Charterers shall have the right to terminate this Charter forthwith and without prejudice to any other claim~~
- 1204 ~~they may have against the Owners under this Charter Party.~~

Handwritten signature in blue ink, followed by three circular stamps, each containing the letters 'YY'.

Rider Clauses 39 to 55

to be deemed incorporated to the

Bareboat Charter Party

Dated 16 July 2024

(the "Charter")

Between

Nakaza Shipping Company Inc. as Charterers

Kenzan Kaiun Co., Limited and Azalea Line, S.A. as Owners

in respect of the vessel

MT "HULL H1515" tbn "P. MASSPORT"

39. Delivery

(a) This Charter Party constitutes the lease financing of the Vessel which is currently under construction under the Building Contract for the account of the Charterers, and to be sold to the Owners as finance lessor under the MOA.

The Owners' obligations to charter the Vessel to the Charterers here under are conditional upon (i) delivery of the Vessel to the Charterers by the Construction Seller under the Building Contract and (ii) delivery of the Vessel by the Charterers to the Owners under the MOA.

If the Building Contract is cancelled, rescinded or otherwise terminated for any reason whatsoever or the Vessel is not delivered by the Construction Seller to the Charterers under the Building Contract or is rejected by the Charterers under the Building Contract for any reason whatsoever, then the Charterers shall give written notice thereof to the Owners and upon Owners' receipt of such notice, the MOA and this Charter Party shall, save as hereafter provided, cease to have effect without any liability on the parties hereto and the parties shall be released from all obligations, liabilities and responsibilities hereunder, save that initial registration of title to the Vessel and legal documentation cost for documenting the lease and security to be Charterer's account such cost not to exceed USD15,000.

The Charterers shall take delivery of the Vessel under this Charter Party immediately after delivery by the Charterers as sellers to the Owners as buyers under the MOA, and the Owners shall deliver the Vessel to the Charterers under this Charter Party immediately after the Owners take delivery of the Vessel under the MOA.

In the event that the Vessel is not delivered under the MOA or the MOA is cancelled, terminated or rescinded for any reason, this Charter shall automatically terminate without any liability between the parties hereunder and initial registration of title to the Vessel and legal documentation cost for documenting the lease and security to be Charterer's account such cost not to exceed USD15,000.

(b) It is acknowledged that the Charterers shall, by way of purchase from the Owners or otherwise, at the time of delivery of the Vessel under this Clause 39, own any bunkers, unused lubricating and hydraulic oils and greases in storage tanks an unopened drums and unused stores and provisions (hereinafter referred to as the "Bunkers") remaining on board the Vessel on the Delivery Date and as a result the Owners and the Charterers will not settle the Bunkers at the time of delivery of the Vessel under this Charter Party.

(c) (USD44,250,000\*(1 month CME TERM SOFR at the time of remittance + 2.0%/360) (the "Remittance Interest Cost") from the day of remittance of the fund till the closing date to be covered by Charterers provided that no Remittance Interest Cost shall be payable if the delay is due to Owners' default, negligence or wilful misconduct.

Handwritten signatures in blue ink and three circular stamps, each containing the letters 'YY', arranged vertically on the right side of the page.

The extra interest cost, if any, shall be paid together with the second hire payment due under the terms of this Charter Party.

(d) The Charterers undertake to assign all their rights, benefits and remedies under article IX (Warranty of Quality) of the Building Contract and any guarantee granted to the Charterers by any supplier or vendor of any equipment (together, a "Builder's Warranty") and (ii) on the Delivery Date, provided that the Assignments of Guarantees can be agreed upon, notify the Construction Seller and, as soon as practicably possible thereafter, any such supplier or vendor of such assignments (the "Assignments of Guarantees").

In respect of any repairs, replacements or defects which appear within the first 12 months from delivery by the Construction Seller or within such other period as may be stipulated in a guarantee of any supplier, the Owners shall, as assignees of the rights of the Charterers pursuant to the Assignments of Guarantees, issue a power of attorney in favour of the Charterers to authorize the Charterers, up to but not after the occurrence of a Charterers' Event of Default, to compel the Construction Seller or any supplier or vendor to repair, replace or remedy any defects or to recover from the Construction Seller or any supplier any expenditure incurred in carrying out such repairs, replacements or remedies.

Notwithstanding the Assignment of Guarantees, the Owners shall have no obligation to enforce or follow up on any guarantee or warranty thereby assigned, and it shall be the Charterers' sole responsibility to enforce such guarantees, liaise and make arrangements with the Construction Seller and relevant supplier and/or vendor as they see fit, all at their own expense.

Any liquidated damages for physical defects or deficiencies shall be deemed to be earnings for the purposes of this Charter and shall be used for the repair of any defects or deficiencies or for the compensation of the Charterers in respect of all documented expenses and costs incurred by the Charterers in respect thereof.

The costs of pursuing a claim or claims against the Construction Seller or any supplier under this Clause (including any liability to the Construction Seller) shall be borne by the Charterers and the Charterers shall fully indemnify the Owners for any liability for which the Owners may be liable pursuant to such claim or claims.

Any sum recovered pursuant to a Builder's Warranty of over \$500,000 shall be paid to the Owners but so that:

- (i) the sum received by the Owners shall be paid over to the Charterers upon the Charterers providing evidence satisfactory to the Owners that the repairs in respect of which such payment have been completed and that all repair accounts and other liabilities connected therewith have been paid by the Charterers; and
- (ii) with the prior written consent of the Owners, be paid on account of the repairs which are being carried out; and any other such sum recovered pursuant to a Builder's Warranty shall be paid to the Charterers which shall apply it in completing all repairs in respect of which such money was received.

**40. Conditions for delivery**

- a) Prior to delivery of the Vessel under this Charter Party, each of the Parties shall exchange the following documents:
  - (i) a copy of this Charter Party executed by each Party;
  - (ii) a copy of the memorandum and articles of association (or equivalent documents) (and all amendments thereto) of the Owners and the Charterers;

The image shows three handwritten signatures in blue ink, each followed by a circular stamp. The signatures are written in a cursive style. The stamps are circular and appear to contain some illegible text or a logo. The entire set of signatures and stamps is located on the right side of the page, below the list of conditions for delivery.

- (iii) a copy of certificate of good standing or equivalent, stating all directors of the Owners and the Charterers dated not earlier than thirty (30) Banking Days prior to the date of delivery of the Vessel to the Owners, with the original to follow as soon as possible after delivery of the Vessel, to the Owners;
- (iv) A PDF copy of one (1) Resolutions of the Board of Directors of the Charterers, authorising, approving and ratifying the BBCP and the MOA and any further addenda thereto, authorising nominated individuals as signatories of and empowering these and/or other individuals to execute the Power of Attorney referred to below, the Bill of Sale and all other documents required for the sale and delivery of the Vessel to the Owners, duly executed on behalf of the Charterers;
- (v) A PDF copy of one (1) Resolutions of the Board of Directors of the Charterers' Guarantor, authorising, approving and ratifying (i) the MOA any further addenda thereto, (ii) the BBCP and any further addenda thereto, (iii) the Performance Guarantee, authorising nominated individuals as signatories of and empowering these and/or other individuals to execute the Power of Attorney duly executed on behalf of the Charterers' Guarantor;
- (vi) A PDF copy of one (1) Resolutions of the Board of Directors of the Owners, authorising, approving and ratifying the BBCP and the MOA and any further addenda thereto, authorising nominated individuals as signatories of and empowering these and/or other individuals to execute the Power of Attorney referred to below, the Bill of Sale and all other documents required for the sale and delivery of the Vessel to the Owners, duly executed on behalf of the Owners;
- (vii) A PDF copy of one (1) Resolutions of the Board of Directors of the Owners' Guarantor, authorising, approving and ratifying (i) the MOA and any further addenda thereto, (ii) the BBCP and any further addenda thereto, (iii) the Performance Guarantee, authorising nominated individuals as signatories of and empowering these and/or other individuals to execute the Power of Attorney duly executed on behalf of the Owners' Guarantor;
- (viii) A PDF copy of one (1) Power of Attorney in favor of the persons who are to act on behalf of Charterers and Charterers' Guarantors in connection with above (vi) and (vii), with the original to follow as soon as possible after delivery of the Vessel to the Owners;
- (ix) A PDF copy of one (1) Power of Attorney in favor of the persons who are to act on behalf of Owners and Owners' Guarantors in connection with above (iv) and (v), with the original to follow as soon as possible after delivery of the Vessel to the Owners;
- (x) the Guarantees and QEL referred to in Clause 43, duly executed; and
- (xi) a copy of the protocol of delivery and acceptance in relation to the Vessel executed by the Owners and the Charterers;
- (xii) such other documents as each of the Owner and Charterer may reasonably require,

**41. Vessel's condition on delivery**

The Vessel shall be delivered under this Charter Party in the same condition and with the same equipment, inventory and spare parts as she is delivered to the Owners under the MOA. The Charterers know the Vessel's condition at the time of delivery, and expressly agree that the Vessel's condition as delivered under the MOA is acceptable and in accordance with the provisions of this Charter Party. The Vessel shall be delivered to the Charterers under this Charter Party strictly "as is/where is". The Owners neither make nor shall be deemed to have made or given any representation or warranty whether statutory or otherwise and whether express or implied as to the seaworthiness, value, condition, quality, merchantability, design, description, operation, suitability or fitness for use for any purpose of the Vessel (with everything belonging to her), or as to the absence of any latent or other defects, whether or not discoverable, or as to the absence of any obligations based on strict liability in tort, which are hereby excluded (hereinafter collectively, referred to as the "Vessel's Conditions").

The image shows two handwritten signatures in blue ink, one above the other. To the right of each signature is a circular stamp containing the letters 'YY'.

The Charterers hereby acknowledge and agree that they have not relied upon any representation, condition or warranty, whether statutory or otherwise and whether express or implied as to any Vessel's Conditions, in entering into this Charter Party, and accordingly the Charterers shall have no claim against the Owners under this Charter Party or otherwise whatsoever in relation to the Vessel's Conditions.

**42. Survey and Inspection on re-delivery of the Vessel**

(a) Condition of Vessel

The Vessel with everything belonging to her shall be at the Charterers' risk and expense until she is re-delivered to the Owners, but subject to the terms and conditions of this Charter Party she shall be re-delivered and taken over as she was at the time of the survey(s) in accordance with this Clause 42, fair wear and tear excepted.

(b) Survey:

Not earlier than 45 days or later than 30 days (or if not possible then as soon as the Vessel becomes available) before re-delivery of the Vessel, the Owners and the Charterers shall jointly agree upon the appointment of a surveyor for the purpose of determining the condition of the Vessel at the time of re-delivery hereunder.

The surveyor, whose decision shall be final and binding on both Parties, shall report in writing, specifying all items, if any, which have not been properly maintained in accordance with the terms and conditions of the Charter and the work required to repair such deficiencies.

The costs of such a surveyor shall be equally shared between the Parties. In the event that the parties are not able to agree upon a single surveyor, each shall appoint their own and the two surveyors so appointed shall conduct a joint survey of the Vessel. In such an event, each Party shall pay their own appointed surveyor's costs.


The survey shall be carried out at the point of re-delivery and in Charterers time and shall not interfere with the operation of the Vessel. Any works required as a result of such survey shall be carried out by Charterers prior to their re-delivery of the Vessel. In the event that two surveyors so appointed disagree, the matter shall be referred to arbitration in accordance with Clause 33.

This clause shall not apply if Charterers exercise their purchase option as set out in Clause 45 or if Owners exercise their Put Option as set out in Clause 46.

(c) Underwater Inspection:

In connection with the redelivery of the Vessel under the Charter, the Vessel shall not be dry-docked unless required by the Classification Society. In lieu of dry-docking, Owners shall have the right to appoint a diver acceptable to the Classification Society to undertake an underwater inspection at a convenient port with due consultation between Owners and Charterers. Such divers' inspection shall be carried out at Owners' expense (unless damage affecting the class is found, in which case the Charterers shall bear the cost) and without interference to the Vessel's normal operation.

Should such underwater inspection reveal damages that affect the class of the Vessel whereby such damage repairs cannot be made to the Vessel without dry-docking and the Classification Society will not grant an extension, then Vessel is to be dry-docked as soon as possible by Charterers to repair such damages to the Classification Society's satisfaction at Charterers' time and expense.



Handwritten signatures and circular stamps, likely representing the signatures of the Charterers and Owners, and possibly the Classification Society, in blue ink.





If in the opinion of the Classification Society the damages do not necessitate immediate dry-docking, then the Classification Society shall issue a certificate showing the extent and place of damage and Charterers shall repair same to the satisfaction of the Classification Society at next dry-docking, provided that such dry-docking is within the Charter Period. If the next Classification Society dry-docking is after the re-delivery of the Vessel under this Charter Party, the Charterers shall in their option (i) repair such damages before redelivery of the Vessel hereunder or (ii) provide the Owners with an agreed lump sum, (the Charterers and the Owners shall each select a reputable shipyard in the redelivery range and obtain from such shipyard a quotation for the cost of repairs of the damage. The estimated cost of repairs shall be refined as the average of the two quotations obtained from the two shipyards), a first class bank guarantee or sum a cash deposit to be provided, in the Charterers' option, covering the expected costs of such repairs.

This Clause 42 shall not apply if the Charterers exercise their Purchase Option as set out in Clause 45 or the Owners exercise their Put Option as set out in Clause 46.

**43. Owners' Assignment, Performance Guarantee and Quiet Enjoyment Letter**

The Owners may not assign, transfer or novate their rights and in the case of a novation, obligations under this Charter without the prior written consent of the Charterers. Subject to the Mortgagee providing a quiet enjoyment letter, the Owners may assign their rights under this Charter Party to the Mortgagee, including but not limited to assignments of earnings and assignment of this Charter.

The Charterers are entitled to require a quiet enjoyment letter (the "QEL") from the Mortgagee or such other financiers of the Owners, substantially in the form attached hereto as Appendix D, which confirms that the Charterers shall have free use of the Vessel under this Charter Party (including the right to exercise the Purchase Option) while there has occurred no Charterers' Event of Default which is continuing under this Charter Party. The Owners shall procure that the Mortgagee or (as the case may be) such other financiers will provide the quiet enjoyment letter to the Charterers as a condition precedent to the Owners' entry into the Financial Instrument on or before the Delivery Date.

The performance of the Charterers hereunder shall be guaranteed by Performance Shipping Inc. whereas the performance of the Owners shall be guaranteed by Yano Kaiun Co., Ltd. (each, a "Guarantee") The guarantees shall be in the format attached hereto as appendix B.

Upon delivery of the Vessel under this Charter Party, the Owners and the Charterers shall execute an assignment of insurances with the Owners' financier in a form and substance acceptable to each party thereto (but each acting reasonably). under which (inter alia) the Owners and the Charterers assign and agree to assign any and all their respective interests on insurance proceeds in respect of the Vessel to the extent as required by this Charter Party.

**44. Transfer of the Vessel**

- (a) Any change of ownership of the Vessel or of the legal and/or beneficial ownership of the Owners during the Charter Period shall require the Charterers' prior written approval which Charterers shall be at full discretion whether to grant or decline.
- (b) Each of the Owners and Charterers shall during the Charter Period be entitled to assign their position under the Charter Party to another third party entity. Such right shall be subject to (i) the prior written consent of the other Party, such consent not be unreasonable withheld, and (ii) that the guarantees granted by Performance Shipping Inc. and Yano Kaiun Co., Ltd. shall continue to remain in full force and effect irrespective of the said assignment(s) under the Charter. Each Party shall bear their own costs related to such assignment.



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- (c) If, as a result of a change in law relating specifically to the circumstances of the Charterers and/or the Owners after the date of this Charter Party there would be material adverse economic consequences to the Charterers of them continuing to perform their obligations under this Charter Party the Charterers shall have the option, to novate this Charter Party to an affiliate provided always that, notwithstanding such novation, this Charter Party would continue on identical terms (save for logical, consequential or mutually agreed amendments) and Performance Shipping Inc. shall remain jointly and severally liable with such affiliate to the Owners for performance of all obligations by such affiliate pursuant to this Charter Party after such novation.

The Charterers agree and undertake to enter into (and procure that such affiliate and Performance Shipping Inc. enter into) or deliver to the Owners any such documents as the Owners (at their sole discretion) shall reasonably require in connection with such novation, including but not limited to such additional security documents and legal opinions as the Owners may reasonably require. Any reasonable and properly documented costs or expenses (including but not limited to legal costs) in relation to such novation and any conditions imposed by the Owners in giving their consent shall be borne by the Charterers.

- (d) In the event of the early termination of this Charter Party by the Owners due to a Charterers' Event of Default which is continuing or due to any of the circumstances described in Clause 31(d) occurring to the Charterers, unless the Charterers have paid to the Owners the full amount of the then Outstanding Principal plus any other sums due from the Charterers to the Owners under this Charter Party, the Owners shall be entitled to sell the Vessel, whereupon they shall retain from the relevant proceeds an amount equal to the then Outstanding Principal plus any other sums then due from the Charterers to the Owners under this Charter Party and, thereafter, pay the excess to the Charterers.

#### 45. Charterers' Purchase Option

The Charterers or its nominee shall have an option to purchase the Vessel from the Owners commencing from the date falling twenty-four months after the Delivery Date (the "Purchase Option Commencement Date") for the duration of the Charter Period (the "Purchase Option") at the following prices (the "Purchase Option Price") or pro rata for the current year:

The Purchase Option Price to be paid to the Owners upon delivery of the Vessel:

The Purchase Option Price =  $A - [(A-B) / 365 \times C]$

Where:

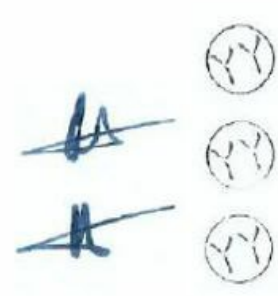
A: the amount indicted below of the end of the year immediately prior to the applicable delivery date;

B: the amount indicted below of the end of the year of such delivery date; and

C: the actual number of days from the beginning of the year to which the delivery date belongs:

- (i) at a price of the Outstanding Principal x 102.00% at the end of year 2 of the Charter Period;
- (ii) at a price of the Outstanding Principal x 101.65% at the end of year 3 of the Charter Period;
- (iii) at a price of the Outstanding Principal x 101.20% at the end of year 4 of the Charter Period;
- (iv) at a price of the Outstanding Principal x 100.75% at the end of year 5 of the Charter Period;
- (v) at a price of the Outstanding Principal plus USD40,000 at the end of year 6 of the Charter Period;
- (vi) at a price of the Outstanding Principal plus USD40,000 at the end of year 7 of the Charter Period;
- (vii) at a price of the Outstanding Principal plus USD40,000 at the end of year 8 of the Charter Period.

If a breach by the Owners in the performance of any of their obligations under this Charter Party occurs and is continuing, then the Charterers may exercise their Purchase Option earlier than the Purchase Option Commencement Date, provided that in the event the Charterers exercise their Purchase Option and the relevant breach is subsequently remedied, such remedy shall not affect the exercise of the Purchase Option. The Purchase Option Price shall in such event be set as follows or pro-rata for the current year:



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at a price of USD 44,250,000.00 at the end of year 0 of the Charter Period;  
at a price of USD 41,647,059.00 at the end of year 1 of the Charter Period;

Registration cost, and bank related costs including lifting charge and escrow agent fees, if any, shall be for the Charterer's account; however such cost not to exceed USD 10,000.

The Charterers must give a minimum of 75 (seventy-five) calendar days' notice to the Owners of their intention to buy the Vessel. The Purchase Option Price to be paid to the Owners upon delivery of the Vessel is in accordance with clause 3 of the memorandum of agreement attached to this Charter Party as Appendix A. The Vessel shall be delivered as soon as possible after expiry of the 75 (seventy-five) days' notice and Owners undertake to render all necessary assistance in order to achieve this. Once the Purchase Option has been exercised by Charterers, they may not withdraw same.

The Charterers or its nominee shall accept the Vessel on an "AS IS, WHERE IS" basis and the Owners shall take such steps to obtain and furnish such documents as may reasonably be required by the Charterers (or their nominee) in order to transfer the legal and beneficial title and interest in the Vessel to the Charterers (or their nominee) (including without limitation a bill of sale in respect of the Vessel executed and (if required) notarized) and take such other actions as the Charterers may reasonably request in order to facilitate the sale and re-registration of the Vessel under such flag as the Charterers may designate.

With respect to such sale, the Owners warrant that the Vessel at such sale shall be free of any encumbrances, mortgages, charters, maritime liens and any other debts whatsoever (in each case, created by the Owners) created or incurred by the Owners and that the Owners have not committed any act or omission which would impair title to the Vessel and Owners hereby agree to indemnify and hold harmless Charterers in respect of any and all damages, costs and expenses whatsoever resulting from any breach of such warranty.

Upon completion of such purchase of the Vessel as set out in this Clause 45 or in the subsequent Clause 46, this Charter Party and all further rights and obligations of the Parties hereunder (except for indemnities and other obligations that by their nature should survive the termination of this Charter Party) shall terminate.

**46. Owners' Put Option**

The Owners have the option to sell the Vessel back to the Charterers or its nominee at the end of the eight (8) year of this Charter Party. In case Charterers have not exercised their Purchase Option 75 (seventy-five) calendar days before the end of the Charter Period at the latest, the Owners may exercise their Put Option, in which case the Charterer shall purchase the Vessel for the Outstanding Principal plus USD 40,000 ("Put Option Fee"). The Owners must give a minimum of 60 (sixty) days' notice of their intention to sell the Vessel. The Put Option Price shall be paid to the Owners upon delivery of the Vessel, which shall take place on the last day of the Charter Period.

The Charterers or its nominee shall accept the Vessel on an "AS IS, WHERE IS" basis and the Owners shall, take such steps to obtain and furnish such documents as may reasonably be required by the Charterers (or their nominee) in order to transfer the legal and beneficial title and interest in the Vessel to the Charterers (or their nominee) (including without limitation a bill of sale in respect of the Vessel executed and (if required) notarized) and take such other actions as the Charterers may reasonably request in order to facilitate the sale and re-registration of the Vessel under such flag as the Charterers may designate.



Handwritten signatures and circular stamps, likely representing the Owners' Put Option exercise.



With respect to such sale, the Owners warrant that the Vessel at such sale shall be free of any encumbrances, mortgages, charters, maritime liens and any other debts whatsoever (in each case, created by the Owners) created or incurred by the Owners and that the Owners have not committed any act or omission which would impair title to the Vessel and Owners hereby agree to indemnify and hold harmless Charterers in respect of any and all damages, costs and expenses whatsoever resulting from any breach of such warranty.

Registration cost, and bank related costs including lifting charge and escrow agent fees, if any, shall be for the Charterer's account; however such cost not to exceed USD 10,000.

**47. Insurance**

(a) The Charterers undertake with the Owners that throughout the Charter Period:

- (i) without prejudice to their obligations under Clause 17 hereof, they will keep the Vessel insured on such terms as widely accepted in the commercial shipping market and shall be reasonably acceptable to the Owners and the Mortgagee with such insurers (including P&I and war risks associations) as shall be reasonably acceptable to the Owners with deductibles reasonably acceptable to the Owners and that any P&I association which is a member of the International Group of P&I Clubs and H&M underwriters with security rating A. The Charterers shall advise the Owners of their current H&M underwriters for the Owners' approval, such approval not to be unreasonably withheld or delayed (it being agreed and understood by the Charterers that there shall be no element of self-insurance or insurance through captive insurance companies without the prior written consent of the Owners);
- (ii) the policies in respect of the insurances against fire and usual marine risks and the policies or entries in respect of the insurances against war risks shall, in each case, be endorsed to the effect that payment of a claim for a Total Loss will be made to the Owners (or the Mortgagees as assignees thereof) (who shall upon the receipt thereof apply the same in the manner described in Clause 47(e) hereof);
- (iii) the Charterers shall procure that duplicates of all cover notes, policies and certificates of entry shall be furnished to the Owners for their custody, upon request;
- (iv) the Charterers shall procure that the insurers and the war risk and protection and indemnity associations with which the Vessel is entered shall:
  - (A) provide the Owners and (if applicable) the Mortgagee with a letter or letter of undertaking in standard market form, and
  - (B) supply to the Owners such information in relation to the insurances effected, or to be effected, with them as the Owners may from time to time reasonably require; and
- (v) the Charterers shall procure that the policies, entries or other instruments evidencing the insurances are endorsed to the effect that the insurers shall give to the Owners not less than fourteen (14) days prior written notification of any amendment, suspension, cancellation or termination of the insurances, unless subject to any automatic termination/cancellation of cover provisions in the relevant insurances, in which event, if such insurances are automatically terminated/cancelled, Owners shall be advised promptly and Charterers shall immediately procure re-instatement or replacement insurances of those terminated/cancelled insurances.



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- (b) Notwithstanding anything to the contrary contained in Clauses 17 and 47 (b) hereof, the Vessel shall be kept insured during the Charter Period in respect of marine and war risks on hull and machinery basis for not less than the total insured value (H&M value, Hull Interest and freight interest) specified in column (b) in the table set out below in respect of the one-yearly period during the Charter Period specified in column (a) (on the assumption that the first such period commenced on the Delivery Date) against such amount (hereinafter referred to as the "Minimum Insured Value"):

(a)	(b)
Year	Minimum Insured Value
1	48,675,000
2	45,811,765
3	42,948,529
4	40,085,294
5	37,222,059
6	34,358,824
7	31,495,588
8	28,632,353

- (c) If the Vessel becomes a Total Loss or becomes subject to Compulsory Acquisition, the chartering of the Vessel to the Charterers hereunder shall cease and the Charterers shall:-
- (i) immediately pay to the Owners all hire, and any other amounts, which have fallen due for payment under this Charter Party and have not been paid as at up to the date on which the Total Loss or Compulsory Acquisition occurred as described below (the "Date of Loss") together with interest thereon as set out in Clause 15 (g) and shall cease to be under any liability to pay any hire, but not any other amounts, thereafter becoming due and payable under this Charter Party. All hire and any other amounts prepaid by the Charterers relating to the period after the Date of Loss, and any insurance proceeds received by the Owners and/or their mortgagee after payment by the Charterers as aforesaid, shall be forthwith refunded by the Owners and any hire paid in advance to be adjusted/reimbursed.
- (ii) For the purpose of ascertaining the Date of Loss:-
- (A) an actual total loss of the Vessel shall be deemed to have occurred at noon (London time) on the actual date the Vessel was lost but in the event of the date of the loss being unknown the actual total loss shall be deemed to have occurred at noon (London time) on the date on which it is acknowledged by the insurers to have occurred;
- (B) a constructive, compromised, agreed, or arranged total loss of the Vessel shall be deemed to have occurred at noon (London time) on the date that notice claiming such a total loss of the Vessel is given to the insurers, or, if the insurers do not admit such a claim, at the date and time at which a total loss is subsequently admitted by the insurers or the date and time adjudged by a competent court of law or arbitration tribunal to have occurred. Either the Owners or, with the prior written consent of the Owners (such consent not to be unreasonably withheld), the Charterers shall be entitled to give notice claiming a constructive total loss but prior to the giving of such notice there shall be consultation between the Charterers and the Owners and the Party proposing to give such notice shall be supplied with all such information as such Party may request; and
- (C) Compulsory Acquisition shall be deemed to have occurred at the time of occurrence of the relevant circumstances described in Clause 30(b) hereof.
- (d) (i) All moneys up to the Minimum Insured Value payable under the insurances effected by the Charterers pursuant to Clauses 17 and 47, or other compensation, in respect of a Total Loss or pursuant to Compulsory Acquisition of the Vessel shall be received in full by the Owners (or the mortgagees as assignees thereof) and applied by the Owners (or, as the case may be, the mortgagees) as follows:

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FIRSTLY, in payment of all the Owners' or the Charterers' reasonable and properly incurred costs incidental to the collection thereof,

SECONDLY, in or towards payment to the Owners (to the extent that the Owners have not already received the same in full) of a sum equal to the Purchase Option Price as per the table in Clause 45 immediately above, for the year in which the Date of Loss occurs and which shall be calculated pro rata per diem,

THIRDLY, towards any other applicable sums due from the Charterers to the Owners under this Charter Party, and

FORTHLY, in payment of any surplus to the Charterers by way of a rebate of hire and compensation for early termination.

If, in accordance with the terms of the relevant Loss Payable Clause, any part of the insurance proceeds or compensation payable under this sub-clause (d)(i) is received and applied by the mortgagees as assignees toward payment of the indebtedness due to such mortgagees by the Owners pursuant to the Financial Instrument, then the remainder of such insurance proceeds shall be distributed between the Owners and the Charterers in accordance with the order set out in this sub-clause (d)(i) above and, for the purposes of such distribution, the afore-mentioned part of the insurance proceeds received by the mortgagees shall reduce the afore-mentioned sums payable to the Owners accordingly. Under no circumstances will the sum of the insurance proceeds or compensation received under this sub-clause (d)(i) and applied by the mortgagees as assignees toward payment of the indebtedness due to such mortgagees by the Owners pursuant to the Financial Instrument, exceed the aggregate sum payable to the Owners in accordance with this sub-clause (d)(i) above.

(ii) Any moneys in excess of the Minimum Insured Value payable under the insurances effected by the Charterers pursuant to Clauses 17 and 47, or other compensation, in respect of a Total Loss or pursuant to Compulsory Acquisition of the Vessel shall be received in full by the Charterers.

- (e) In respect of partial losses, any payment by underwriters not exceeding USD 500,000 shall be paid directly to the Charterers who shall apply the same for the repair, salvage or other charges involved or as a reimbursement if the Charterers fully repaired the damage to the satisfaction of the Owners and paid all of the salvage or other charges in respect of which payment is made. Any moneys in excess of USD 500,000 payable under such insurance (other than in respect of a Total Loss) shall be paid to the Charterers subject to the prior written consent of the Owners or the Owners' mortgagee but such consent shall not be unreasonably withheld or delayed. In the absence of such prior written consent the money shall be paid to the Owners or the Owners' mortgagee.
- (f) The provisions of Clauses 17 and 47 hereof shall not apply in any way to the proceeds of any additional insurance cover effected by the Owners and / or the Charterers for their own account and benefit.
- (g) The Charterers shall promptly notify the Owners of:
  - (i) any accident to the Vessel involving repairs the cost of which exceeds USD500,000 or the equivalent in any other currencies; or
  - (ii) any occurrence in consequence whereof the Vessel has become a Total Loss or Compulsory Acquisition.



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**48. Inconsistency**

In case of any inconsistency between (i) the standard terms of this Charter Party and (ii) the amendments and Rider 39 to 53 (inclusive), the latter shall prevail.

**49. Loan Outstanding for Interest Portion**

In the charter hire structure set out in Box 17, the Variable Hire shall be calculated as follows:

$$(X) \times (Y) \times (Z) + (A)$$

Where:

- X = Amount of the loan outstanding (as set out in the table below)
- Y = (Margin) + (1-month CME TERM SOFR)
- Z = Number of days during the hire period in question
- A = 360 days.

The 1-month CME TERM SOFR to be used is the one published by CME GROUP five (5) Banking Days prior to the hire payment due date. Should the 3-month CME TERM SOFR published by CME GROUP turn negative, then zero (0) to be applied in calculation of hire payment.

In case that CME TERM SOFR ceases to be available, the Owners shall reasonably designate the alternative interest rate after consultation with the Charterers but such rate shall not exceed the cost to the Mortgagee of funding the outstanding loan balance on the Vessel from any reasonable source and such rate so applied shall only apply for so long as CME TERM SOFR remains unavailable.

Loan Outstanding (USD)			Loan Outstanding (USD)		
1st Year	1st Month	44 250 000	2nd Year	13th Month	41 647 059
1st Year	2nd Month	44 033 088	2nd Year	14th Month	41 430 147
1st Year	3rd Month	43 816 176	2nd Year	15th Month	41 213 235
1st Year	4th Month	43 599 265	2nd Year	16th Month	40 996 324
1st Year	5th Month	43 382 353	2nd Year	17th Month	40 779 412
1st Year	6th Month	43 165 441	2nd Year	18th Month	40 562 500
1st Year	7th Month	42 948 529	2nd Year	19th Month	40 345 588
1st Year	8th Month	42 731 618	2nd Year	20th Month	40 128 676
1st Year	9th Month	42 514 706	2nd Year	21st Month	39 911 765
1st Year	10th Month	42 297 794	2nd Year	22nd Month	39 694 853
1st Year	11th Month	42 080 882	2nd Year	23rd Month	39 477 941
1st Year	12th Month	41 863 971	2nd Year	24th Month	39 261 029
3rd Year	25th Month	39 044 118	4th Year	37th Month	36 441 176
3rd Year	26th Month	38 827 206	4th Year	38th Month	36 224 265
3rd Year	27th Month	38 610 294	4th Year	39th Month	36 007 353
3rd Year	28th Month	38 393 382	4th Year	40th Month	35 790 441
3rd Year	29th Month	38 176 471	4th Year	41st Month	35 573 529
3rd Year	30th Month	37 959 559	4th Year	42nd Month	35 356 618
3rd Year	31st Month	37 742 647	4th Year	43rd Month	35 139 706
3rd Year	32nd Month	37 525 735	4th Year	44th Month	34 922 794
3rd Year	33th Month	37 308 824	4th Year	45th Month	34 705 882
3rd Year	34th Month	37 091 912	4th Year	46th Month	34 488 971
3rd Year	35th Month	36 875 000	4th Year	47th Month	34 272 059
3rd Year	36th Month	36 658 088	4th Year	48th Month	34 055 147
5th Year	49th Month	33 838 235	6th Year	61st Month	31 235 294
5th Year	50th Month	33 621 324	6th Year	62nd Month	31 018 382
5th Year	51st Month	33 404 412	6th Year	63rd Month	30 801 471
5th Year	52nd Month	33 187 500	6th Year	64th Month	30 584 559
5th Year	53rd Month	32 970 588	6th Year	65th Month	30 367 647
5th Year	54th Month	32 753 676	6th Year	66th Month	30 150 735
5th Year	55th Month	32 536 765	6th Year	67th Month	29 933 824
5th Year	56th Month	32 319 853	6th Year	68th Month	29 716 912
5th Year	57th Month	32 102 941	6th Year	69th Month	29 500 000
5th Year	58th Month	31 886 029	6th Year	70th Month	29 283 088
5th Year	59th Month	31 669 118	6th Year	71st Month	29 066 176
5th Year	60th Month	31 452 206	6th Year	72nd Month	28 849 265
7th Year	73rd Month	28 632 353	8th Year	85th Month	26 029 412
7th Year	74th Month	28 415 441	8th Year	86th Month	25 812 500
7th Year	75th Month	28 198 529	8th Year	87th Month	25 595 588
7th Year	76th Month	27 981 618	8th Year	88th Month	25 378 676
7th Year	77th Month	27 764 706	8th Year	89th Month	25 161 765
7th Year	78th Month	27 547 794	8th Year	90th Month	24 944 853
7th Year	79th Month	27 330 882	8th Year	91st Month	24 727 941
7th Year	80th Month	27 113 971	8th Year	92nd Month	24 511 029
7th Year	81st Month	26 897 059	8th Year	93rd Month	24 294 118
7th Year	82nd Month	26 680 147	8th Year	94th Month	24 077 206
7th Year	83rd Month	26 463 235	8th Year	95th Month	23 860 294
7th Year	84th Month	26 246 324	8th Year	96th Month	23 643 382

**50. Disclosure**

The Charterers shall supply the Owners as soon as reasonably practicable, but in any event (i) within one hundred and eighty (180) days after the end of each of its financial years, the audited financial statements of Performance Shipping Inc. for that financial year.

**51. Money laundering, sanctions, anti-corruption:**

Notwithstanding any other clause in this Charter, each Party warrants, represents and undertakes to the other Party on a continuing basis:

**(Money laundering):**

that it, and parties acting on its behalf in relation to this Charter, shall observe and abide with, including but not limited any law, official requirement or other regulatory measure or procedure implemented to combat money laundering as defined in any laws or regulations applicable to such Party, and

**(Sanctions):**

that it, nor any of their directors and, executive managers and ultimate owners. are or will become sanctioned by USA, the UK, Japan, the European union or the United Nations or any other nation or governmental body or organization relevant to the trading of the Vessel under this Charter to the extent that non-compliance by it would result in an actual breach of any applicable sanctions, and

that it, its directors and executive managers, has not been a party, directly, to any contract or conduct in contravention of any applicable sanctions legislation or directives of either the USA, the UK, Japan, the European union or the United Nations or any other nation or governmental body or organization relevant to the trading of the Vessel under this Charter to the extent that non-compliance by it would result in an actual breach of any applicable sanctions. Moreover, the Party is acting for itself only and is not acting on behalf of any other individual or corporation, and

**(Anti-corruption):**

that it, its directors, performance guarantors, executive managers and ultimate owners of the Charterers; shall comply with all applicable anti-corruption laws, regulations and contractual provisions, including without limitation the US Foreign Corrupt Practices Act and the UK Bribery Act, and

that it, its directors, performance guarantors, executive managers and ultimate owners of the Charterers; shall not, directly or through third parties, in relation to the Charter, give, promise or attempt to give, or approve or authorize the giving of, anything of value to any person, any public official or any entity for the purpose of:

- securing any improper advantage for either Party;
- inducing or influencing anyone improperly to take action or refrain from taking action in order for either Party to obtain or retain business, or to secure the direction of business to either Party;
- inducing or influencing anyone to use his/her influence with any Government or public international organization for such purpose; and.



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that:

- to the best of its knowledge, none of its directors, executive managers or owners nor the directors, executive managers and owners of affiliated companies; have carried out any of the actions described above;
- all remuneration received under this Charter is solely intended as compensation for the services expressly provided under this Charter, including the Parties' related documented costs and expenses, and that it is not receiving remuneration for any other purpose; and,
- neither the Party, nor any of its affiliated companies, directors, executive managers or owners shall use any part of said remuneration for any purpose prohibited under this Clause 51.

**(Indemnification):**

if such calling constitute a breach of sanctions, then Charterers to undertake to indemnify Owners against all direct and proven loss and costs sustained as a result of such violation. Charterers shall indemnify the Owners and hold the Owners harmless in respect of any direct and proven liability, loss, damage or expenses of whatsoever nature which the Owners may sustain resulting from the operation of the Vessel (including but not limited to hereunder those arising from Vessel entering/operating in war area or warlike area).

**(Others):**

that neither it, its directors, executive managers and owners, nor the directors, executive managers and owners of affiliated companies; have been suspended from doing business in any form subject to investigation or charged with or sentenced for relevant criminal behaviour, fraud, false statements, corruption or other related activities;

**52. Confidentiality**

The discussions between the Parties shall be kept strictly confidential by both Parties and may only be disclosed to each Party's advisors and financiers on a need to know basis, and as may be required to be disclosed under applicable law, regulatory rules and regulations, government authorities or relevant stock exchange rules.

**53. Obligations of the Owners**

Kenzan Kaiun Co., Limited and Azalea Line, S.A. are jointly and severally liable for the due performance of all of the obligations of the Owners under this Agreement and each is jointly and severally liable for the obligations of the other.

**54. Counterparts**

This Charter Party may be executed in any number of counterparts and any single counterpart or set of counterparts signed, in either case, by all the parties hereto shall be deemed to constitute a full and original agreement for all purposes.

**55. EUETS**

"Emission Allowances" means an allowance, credit, quota, permit or equivalent, representing a right of a vessel to emit a specified quantity of greenhouse gas emissions recognized by the Emission Scheme, or generally in connection with emissions, carbon reduction or other environmental or sustainability measures relating to the operation of the Vessel.

"Emission Scheme" means a greenhouse gas emissions trading scheme and any emissions, carbon reduction or other environmental or sustainability measures relating to the Vessel, which for the purposes of this Clause shall include (without limitation) the European Union Emissions Trading System and any other similar systems imposed by any similar or equivalent international, regional, national or local scheme implemented by the IMO or any other authority that regulate the issuance, allocation, trading or surrendering of Emission Allowances.

The image shows two handwritten signatures in blue ink, one above the other. To the right of each signature is a circular stamp containing the letters 'YY' in a stylized font.

- (i) The Charterer shall be the sole responsible party for compliance of all Emission Scheme obligations in relation to the Vessel, and whether or not such obligations are, pursuant to any domestic or international law or regulation, directed to the Owner as registered or beneficial owner of the Vessel.
- (ii) Notwithstanding sub-paragraph (i) above, the Charterer shall be permitted to sub-delegate such Emission Scheme responsibility on to any entity, including without limitation to the relevant holder of Document of Compliance under the ISM Code in respect of the Vessel. Such sub-delegation shall be documented and copy of such documentation shall be made available to the Owner.
- (iii) The Charterers shall co-operate with the Owner and assist the Owner to deliver all such forms as are required to be filed to any relevant authorities in relation to the delegation and assumption of any Emission Scheme responsibilities.
- (iv) Without limiting the foregoing, throughout the Charter Period the Charterer, or any mandated by the Charterer entity, shall provide and pay for the Emission Allowances corresponding to the Vessel's emissions under the scope of the applicable Emission Scheme without any delay whatsoever.
- (v) Emission Allowances, taxes, charges, levies, fees, fines, costs or expenses incurred or imposed in connection with any Emissions Scheme, shall be for the Charterers' account and are to be settled directly by them or their mandated entity.
- (vi) The Charterer shall ensure that the Charterer, or any mandated by the Charterer entity, shall comply, acknowledge in writing in any form that may be reasonably required, and provide all such information and documents to the Owner as necessary to enable the Owners and any Emission Scheme obliger to document and evidence to any authority their delegation/mandating of all Emission Scheme obligations in relation to the Vessel (and the assumption of same by the relevant mandated entity), as may be required from time to time during the Charter Period by the Owner, any manager or other mandated entity, and any relevant Emission Scheme authority, in conformity with the provisions of this Clause. In relation to the Emission Scheme being the European Union Emissions Trading System, the Owner and the Charterer, or any mandated by the Charterer entity, shall complete and sign a mandate form in form and substance as required (from time to time) by the EU Commission Implementing Regulation (EU) 2023/2599, the Directive 2003/87/EC, currently and indicatively in form as appended hereto (Appendix C) (the "Mandate Form").
- (vii) The Owner undertake to relay to the Charterer, without delay, any information that might be received by the Owner for any reason whatsoever, including by error of any authority, and which might relate to compliance with any Emission Scheme.



Handwritten signature and three circular stamps.

IN WITNESS HEREOF the Owners and the Charterers have signed and executed TWO COPIES of this Agreement the day and year first written.

<b>Kenzan Kaiun Co., Limited</b> Signature (Owners)  /s/ Yutaka Yano Name: Yutaka Yano Title: Director	<b>Nakaza Shipping Company Inc.</b> Signature (Charters) /s/ Andreas Nikolaos Michalopoulos Name: Andreas Nikolaos Michalopoulos Title: Director
<b>Azalea Line, S.A.</b> Signature (Owners)  /s/ Yutaka Yano Name: Yutaka Yano Title: Director/President	
<b>Yano Kaiun Co., Ltd.</b> Signature (Guarantor)  /s/ Yutaka Yano Name: Yutaka Yano Title: Director/Representative Director	<b>Performance Shipping Inc.</b> Signature (Guarantor)  /s/ Andreas Nikolaos Michalopoulos Name: Andreas Nikolaos Michalopoulos Title: Director/Chief Executive Officer

**List of Appendices:**

- Appendix A:** Memorandum of Agreement for purchase option
  - Appendix B:** Form of performance guarantees
  - Appendix C:** Mandate Form of EU-ETS Obligation
  - Appendix D:** Form of Quiet Enjoyment Letter
-

## MEMORANDUM OF AGREEMENT

## SALESFORM 2012

Norwegian Shipbrokers' Association's  
Memorandum of Agreement for sale and purchase of ships

1 Dated: 16 July 2024

2  
3 **Nakaza Shipping Company Inc.** of the Republic of the Marshall Islands **guaranteed by Performance**  
4 **Shipping Inc.**, of the Republic of the Marshall Islands, hereinafter called the "Sellers", have agreed to sell, and

5  
6 **Kenzan Kaiun Co., Limited (99%)** of Japan **and Azalea Line, S.A. (1%)** of the Republic of Panama,  
7 **guaranteed by Yano Kaiun Co., Ltd.** of Japan, hereinafter called the "Buyers", have agreed to buy:

8  
9 Name of vessel: **MT "P. MASSPORT" (New building LR2 Tanker "Hull H1515")**

10  
11 IMO Number: **9997476**

12  
13 Classification Society:

14  
15 Class Notation:

16  
17 Year of Build: **2025**

18  
19 Builder/Yard: **Shanghai Waigaoqiao Shipbuilding Company Limited, PRC.**

20  
21 Flag: Marshall Islands or Liberia or Malta to be mutually agreed, or Portugal if acceptable to the Buyers and its  
22 financiers, or any other jurisdiction proposed by the Sellers and approved by the Buyers, such approval not to  
23 be unreasonably denied or delayed.

24  
25 Place of Registration:

26  
27 GT/NT:

28  
29 hereinafter called the "Vessel", on the following terms and conditions:

30  
31 This Agreement is subject to, and forms part of, a transaction involving the sale, purchase and the lease financing  
32 of the Vessel, pursuant to the BBCP.

33  
34 The Vessel is currently under construction under the Building Contract. The Sellers' obligation to sell and deliver  
35 the Vessel to the Buyers under this Agreement is conditional upon the delivery of the Vessel to the Sellers by the  
36 Construction Seller pursuant to the terms of the Building Contract.

37  
38 **Definitions**

39  
40 "Banking Days" are days on which banks are open both in the country of the currency stipulated for the Purchase  
41 Price in Clause 1 (Purchase Price) and in the place of closing stipulated in Clause 8 (Documentation) and New  
42 York, London, Tokyo, Athens, and Shanghai.

43  
44 "*BBCP*" means *Bareboat Charter Party dated 16 July 2024 made between the Sellers as the Charterers and the*  
45 *Buyers as the Owners together with any addenda thereto.*

46  
47 "*Builder*" means *Shanghai Waigaoqiao Shipbuilding Company Limited, a corporation organized and existing under*  
48 *the laws of the People's Republic of China, having its registered office at 3001 Zhouhai Road, Pudong New District,*  
49 *Shanghai 200137, the People's Republic of China.*

50  
51 "*Construction Seller's Bank*" means **an account** (state details of bank account) at the Builder's Bank.

52  
53 *Bank Name:*

54  
55 *Branch Name:*

*Bank Address:*

*Account name:*

Handwritten signatures and circular stamps in blue ink, likely representing the signatures of the parties involved in the agreement.

56 Account Number:  
57 Swift Code:  
58 Intermediary Bank.  
59 Swift Code:  
60  
61 "Building Contract" means the ship building contract dated 7 March 2023 (as amended by Addendum no.1 dated  
62 7 March 2023) made between the Construction Seller and the Sellers as buyer.  
63  
64 "Buyer's Bank" means Nishi-Nippon City Bank Ltd.  
65  
66 "Buyers' Nominated Flag State" means **Marshall or Liberia flag**  
67  
68 "Class" means the class notation referred to above.  
69  
70 "Classification Society" means the Society referred to above.  
71  
72 "Charterers" means Charterers as defined in the BBCP.  
73  
74 "Construction Seller" means together (i) the Builder and (ii) China Shipbuilding Trading Company Limited, a  
75 company incorporated and existing under the laws of the People's Republic of China, having its registered office  
76 at 56(Yi), Zhongguancun Nan Da Jie, Beijing 100044, the People's Republic of China.  
77  
78 "Delivery Date" means that date on which the Vessel is delivered by the Sellers to the Buyers under this  
79 Agreement.  
80  
81 ~~"Deposit" shall have the meaning given in Clause (Deposit).~~  
82  
83 ~~"Deposit Holder" means (state name and location of Deposit Holder) or, if left blank, the Sellers' Bank, which~~  
84 ~~shall hold and release the Deposit in accordance with this Agreement.~~  
85  
86 "In writing" or "written" means a letter handed over from the Sellers to the Buyers or vice versa, a registered  
87 letter, email or telefax.  
88  
89 "Net Finance Amount" means USD 44,250,000.00 (United States Dollars Forty-Four Million Two Hundred Fifty  
90 Thousand).  
91  
92 "Owners" means Owners as defined in the BBCP.  
93  
94  
95 "Parties" means the Sellers and the Buyers.  
96  
97  
98 "Purchase Price" means the price for the Vessel as stated in Clause 1 (Purchase Price).  
99  
100  
101 "Sellers' Account" means **an account** (state details of bank account) at the Sellers' Bank.  
102  
103  
104 Bank Name: XXX  
105 Branch Name: XXX  
106 Bank Address: XXX  
107 Account name: XXX  
108 Account Number: XXX  
109 USD IBAN: XXX  
110 Swift Code: XXX  
111 Intermediary Bank: XXX  
112 Swift Code: XXX  
113  
114 "Sellers' Bank" means  
115  
**1. Purchase Price**

The image shows two handwritten signatures in blue ink. To the right of each signature is a circular stamp containing the letters 'YY'.

105 The Purchase Price is USD 44,250,000.00 (state currency and amount both in words and figures) (United  
106 States Dollars Forty-Four Million Two Hundred Fifty Thousand).

107  
108  
109 **2. Deposit (clause not applicable)**

110  
111 ~~As security for the correct fulfilment of this Agreement the Buyers shall lodge a deposit of % (percent) or  
112 if left blank, 10% (ten per cent), of the Purchase Price (the "Deposit") in an interest bearing account for the  
113 Parties with the Deposit Holder within three (3) Banking Days after the date that:~~

114  
115 ~~(i) this Agreement has been signed by the Parties and exchanged in original or by e-mail or telefax; and~~

116  
117 ~~(ii) the Deposit Holder has confirmed in writing to the Parties that the account has been opened;~~

118  
119 ~~The Deposit shall be released in accordance with joint written instructions of the Parties. Interest, if any,  
120 shall be credited to the Buyers. Any fee charged for holding and releasing the Deposit shall be borne  
121 equally by the Parties. The Parties shall provide to the Deposit Holder all necessary documentation to open  
122 and maintain the account without delay;~~

123  
124 **3. Payment**

125  
126 *Please see Additional Clause 22 (Payment).*

127  
128 ~~On delivery of the Vessel, but not later than three (3) Banking Days after the date that Notice of Readiness  
129 has been given in accordance with Clause 5 (Time and place of delivery and notices)~~

130  
131 ~~(i) the Deposit shall be released to the Sellers; and~~

132  
133 ~~(ii) the balance of The Purchase Price (less Charterers' Down Payment as per BBCP clause 49) and all other  
134 sums payable on delivery by the Buyers to the Sellers under this Agreement shall be paid in full free of bank  
135 charges to the Sellers' Account Purchase Price shall be paid into a suspense account with the Sellers' Bank  
136 with conditional payment method set out in a MT 199 SWIFT message not later than two (2) Banking Days  
137 prior to Delivery with Irrevocable and unconditional instruction to be released to Sellers upon presentation of  
138 a fixed copy of the Protocol of Delivery and Acceptance signed by both the Sellers and the Buyers.  
139 and all other sums payable on delivery by the Buyers to the Sellers under this Agreement shall be paid in full  
140 free of bank charges to the Sellers Account;~~

141  
142 **4. Inspection**

143  
144 The Buyers confirm that prior to the date of this Agreement they have received (i) a copy of the Building  
145 Contract, (ii) full specifications and drawings (including makers list), (iii) up-to-date photographs of the Vessel  
146 and (iv) any other information which they requested to enable the Buyers and their advisors to assess the  
147 condition of the Vessel, and the Buyers confirm that they hereby accept the technical condition of the Vessel.  
148 Therefore,

149  
150 ~~(a)\* The Buyers have inspected and accepted the Vessel's classification records. The Buyers have also  
151 inspected the Vessel at/in \_\_\_\_\_ (state place) on \_\_\_\_\_ (state date) and have accepted the Vessel  
152 following this inspection and the sale is outright and definite, subject only to the terms and conditions of this  
153 Agreement.~~

154  
155 ~~(b)\* (i) The Buyers shall have the right to inspect the Vessel's classification records and declare whether same  
156 are accepted or not within \_\_\_\_\_ (state date/period).~~

157  
158 ~~(ii) The Sellers shall make the Vessel available for inspection at/in \_\_\_\_\_ (state place/range) within  
159 (state date/period);~~

160  


161 The Buyers shall undertake the inspection without undue delay to the Vessel. Should the Buyers cause  
162 undue delay they shall compensate the Sellers for the losses thereby incurred

163  
164 The Buyers shall inspect the Vessel without opening up and without cost to the Sellers.

165  
166 During the inspection the Vessel's deck and engine log books shall be made available for examination by  
167 the Buyers.

168  
169 The sale shall become outright and definite subject only to the terms and conditions of this Agreement;  
170 provided that the Sellers receive written notice of acceptance of the Vessel from the Buyers within seventy  
171 two (72) hours after completion of such inspection or after the date/last day of the period stated in Clause  
172 4(b)(ii), whichever is earlier.

173  
174 Should the Buyers fail to undertake the inspection as scheduled and/or notice of acceptance of the Vessel's  
175 classification records and/or of the Vessel not be received by the Sellers as aforesaid, the Deposit together  
176 with Interest earned if any shall be released immediately to the Buyers, whereafter this Agreement shall be  
177 null and void.

178  
179 \*4(a) and 4(b) are alternatives; delete whichever is not applicable in the absence of deletions alternative  
180 4(a) shall apply.

181  
182 **5. Time and place of delivery and notices**

- 183  
184 (a) The Vessel shall be delivered and taken over as is where is safely afloat *alongside a quay or pier at a safe*  
185 *and accessible berth or anchorage* at the shipyard of the Builder *in the Sellers' option*.

186  
187 *Expected time of delivery: the expected date of delivery of the Vessel under the Building Contract* ~~Notice of~~  
188 ~~Readiness shall not be tendered before: XX XXX 2025~~

189  
190 Cancelling Date (see Clauses 5(d) ~~6(a)(i), and 14~~): **30 April 2026**

- 191  
192 (b) The Sellers shall keep the Buyers well informed *with regards to the actual delivery date of the Vessel of the*  
193 *Vessel's itinerary* and shall provide the Buyers with twenty (20), fifteen (15), seven (7) and three (3) ~~and~~  
194 ~~three (3) days' approximate notice and three (3) two (2) Banking Days'~~ definite notice of the date of delivery.  
195 ~~Timing of delivery to be mutually agreed by Sellers and Buyers.~~

196 When the Vessel is ~~at the place of delivery~~ and physically ready for delivery in accordance with this  
197 Agreement, the Sellers shall give the Buyers a written Notice of Readiness for delivery.

198  
199 *The Buyers hereby confirm that, in accordance with the terms and conditions provided herein, the delivery*  
200 *of the Vessel by the Sellers under this Agreement will take place simultaneously with the delivery of the*  
201 *Vessel to the Sellers under the Building Contract.*

202  
203 **6. Divers Inspection / Drydocking (clause not applicable)**

- 204  
205 (a)\* (i) ~~The Buyers shall have the option at their cost and expense to arrange for an underwater inspection by a~~  
206 ~~diver approved by the Classification Society prior to the delivery of the Vessel. Such option shall be~~  
207 ~~declared latest nine (9) days prior to the Vessel's intended date of readiness for delivery as notified by the~~  
208 ~~Sellers pursuant to Clause 5(b) of this Agreement. The Sellers shall at their cost and expense make the~~  
209 ~~Vessel available for such inspection. This inspection shall be carried out without undue delay and in the~~  
210 ~~presence of a Classification Society surveyor arranged for by the Sellers and paid for by the Buyers. The~~  
211 ~~Buyers' representative(s) shall have the right to be present at the diver's inspection as observer(s) only~~  
212 ~~without interfering with the work or decisions of the Classification Society surveyor. The extent of the~~  
213 ~~inspection and the conditions under which it is performed shall be to the satisfaction of the Classification~~  
214 ~~Society. If the conditions at the place of delivery are unsuitable for such inspection, the Sellers shall at their~~  
215 ~~cost and expense make the Vessel available at a suitable alternative place near to the delivery port, in~~  
216 ~~which event the Cancelling Date shall be extended by the additional time required for such positioning and~~  
217 ~~the subsequent re-positioning. The Sellers may not tender Notice of Readiness prior to completion of the~~

Handwritten signatures and circular stamps. There are two signatures on the left and three circular stamps on the right, each containing the number '117'.

218 underwater inspection;

219  
220 (ii) If the rudder, propeller, bottom or other underwater parts below the deepest load line are found broken  
221 damaged or defective so as to affect the Vessels class; then (1) unless repairs can be carried out afloat to  
222 the satisfaction of the Classification Society; the Sellers shall arrange for the Vessel to be drydocked at their  
223 expense for inspection by the Classification Society of the Vessel's underwater parts below the deepest load  
224 line, the extent of the inspection being in accordance with the Classification Society's rules (2) such defects  
225 shall be made good by the Sellers at their cost and expense to the satisfaction of the Classification Society  
226 without condition/recommendation\*\* and (3) the Sellers shall pay for the underwater inspection and the  
227 Classification Society's attendance.

228  
229 Notwithstanding anything to the contrary in this Agreement, if the Classification Society do not require the  
230 aforementioned defects to be rectified before the next class drydocking survey, the Sellers shall be entitled  
231 to deliver the Vessel with these defects against a deduction from the Purchase Price of the estimated direct  
232 cost (of labour and materials) of carrying out the repairs to the satisfaction of the Classification Society,  
233 whereafter the Buyers shall have no further rights whatsoever in respect of the defects and/or repairs. The  
234 estimated direct cost of the repairs shall be the average of quotes for the repair work obtained from two  
235 reputable independent shipyards at or in the vicinity of the port of delivery, one to be obtained by each of the  
236 Parties within two (2) Banking Days from the date of the imposition of the condition/recommendation, unless  
237 the Parties agree otherwise. Should either of the Parties fail to obtain such a quote within the stipulated time  
238 then the quote duly obtained by the other Party shall be the sole basis for the estimate of the direct repair  
239 costs. The Sellers may not tender Notice of Readiness prior to such estimate having been established.

240  
241 (iii) If the Vessel is to be drydocked pursuant to Clause 6(a)(ii) and no suitable dry-docking facilities are  
242 available at the port of delivery, the Sellers shall take the Vessel to a port where suitable drydocking facilities  
243 are available whether within or outside the delivery range as per clause 5(a). Once drydocking has taken  
244 place the Sellers shall deliver the Vessel at a port within the delivery range as per Clause 5(a) which shall,  
245 for the purpose of this Clause, become the new port of delivery. In such event the Cancelling Date shall be  
246 extended by the additional time required for the drydocking and extra steaming but limited to a maximum of  
247 fourteen (14) days.

248  
249 (b)\* The Sellers shall place the Vessel in drydock at the port of delivery for inspection by the Classification  
250 Society of the Vessel's underwater parts below the deepest load line, the extent of the inspection being in  
251 accordance with the Classification Society's rules. If the rudder, propeller, bottom or other underwater parts  
252 below the deepest load line are found broken, damaged or defective so as to affect the Vessel's class, such  
253 defects shall be made good at the Sellers' cost and expense to the satisfaction of the Classification Society  
254 without condition/recommendation\*\*. In such event the Sellers are also to pay for the costs and expenses in  
255 connection with putting the Vessel in and taking her out of drydock including the drydock dues and the  
256 Classification Society's fees. The Sellers shall also pay for these costs and expenses if parts of the tailshaft  
257 system are condemned or found defective or broken so as to affect the Vessel's class. In all other cases,  
258 the Buyers shall pay the aforesaid costs and expenses due and fees.

259  
260 (c) If the Vessel is drydocked pursuant to Clause 5(a)(ii) or 6(b) above:

261  
262 (i) The Classification Society may require survey of the tailshaft system, the extent of the survey being to the  
263 satisfaction of the Classification surveyor. If such survey is not required by the Classification Society, the  
264 Buyers shall have the option to require the tailshaft to be drawn and surveyed by the Classification Society,  
265 the extent of the survey being in accordance with the Classification Society's rules for tailshaft survey and  
266 consistent with the current stage of the Vessel's survey cycle. The Buyers shall declare whether they require  
267 the tailshaft to be drawn and surveyed not later than by the completion of the inspection by the  
268 Classification Society. The drawing and refitting of the tailshaft shall be arranged by the Sellers. Should any  
269 parts of the tailshaft system be condemned or found defective so as to affect the Vessel's class, those parts  
270 shall be renewed or made good at the Sellers cost and expense to the satisfaction of Classification Society  
271 without condition/recommendation\*\*

272  
273 (ii) The costs and expenses relating to the survey of the tailshaft system shall be borne by the Buyers  
274 unless the Classification Society requires such survey to be carried out or if parts of the system are

Handwritten signatures and circular stamps. There are two signatures on the left and three circular stamps on the right, each containing the letters 'SS'.



275 condemned or found defective or broken so as to affect the Vessel's class; in which case the Sellers shall  
276 pay these costs and expenses.

277  
278 (iii) the Buyer's representative(s) shall have the right to be present in the drydock, as observer(s) only  
279 without interfering with the work or decisions of the Classification Society surveyor.

280  
281 (iv) The Buyers shall have the right to have the underwater parts of the Vessel cleaned and painted at their  
282 risk, cost and expense without interfering with the Sellers' or the Classification Society surveyor's work, if  
283 any, and without affecting the Vessel's timely delivery. If however, the Buyers' work in drydock is still in  
284 progress when the Sellers have completed the work which the Sellers are required to do, the additional  
285 docking time needed to complete the Buyers' work shall be for the Buyers' risk, cost and expense. In the  
286 event that the Buyers' work requires such additional time, the Sellers may upon completion of the Sellers'  
287 work tender Notice of Readiness for delivery whilst the Vessel is still drydock and, notwithstanding  
288 Clause 5(a), the Buyers shall be obliged to take delivery in accordance with Clause 3 (Payment), whether the  
289 Vessel is in dry dock or not.

290  
291 ~~\*6(a) and 6(ab) are alternatives; delete whichever is not applicable in the absence of deletions; alternative~~  
292 ~~6(a) shall apply.~~

293  
294 ~~\*\*Notes or memoranda, if any in the surveyor's report which are accepted by the Classification Society~~  
295 ~~without condition/recommendation are not to be taken into account.~~

## 296 7. Spares, bunkers and other items

297  
298 The Sellers shall deliver the Vessel to the Buyers with everything belonging to her on board and on shore.  
299 All spare parts and spare equipment including spare tail-end shaft(s) and/or spare propeller(s)/propeller  
300 blade(s), if any, belonging to the Vessel at the time of Inspection delivery used or unused, whether on board  
301 or not shall become remain the Buyers' Seller's property, but spares on order are excluded. Forwarding  
302 charges, if any, shall be for the Buyers' account. The Sellers are not required to replace spare parts  
303 including spare tail-end shaft(s) and spare propeller(s)/propeller blade(s) which are taken out of spare and  
304 used as replacement prior to delivery, but the replaced items shall be the property of the Buyers. Unused  
305 stores and provisions shall be included in the sale and be taken over by the Buyers without extra payment.

306  
307 Library and forms exclusively for use in the Sellers' vessel(s) and captain's, officers' and crew's personal  
308 belongings including the slop chest are excluded from the sale without compensation as well as the  
309 following additional items: — (include list)

310  
311 Items on board which are on hire or owned by third parties, listed as follows, are excluded from the sale  
312 without compensation: — (include list)

313  
314 Items on board at the time of inspection delivery which are on hire or owned by third parties, not listed  
315 above, shall be replaced or procured by remain with the Sellers prior to delivery at their cost and expense.  
316 Any remaining bunkers and unused lubricating and hydraulic oils and greases in storage tanks and  
317 unopened drums shall remain the property of the Sellers and shall not form part of the sale.

318  
319 The Buyers shall take over remaining bunkers and unused lubricating and hydraulic oils and greases in  
320 storage tanks and unopened drums and pay either

321  
322 (a)\* the actual net price (excluding barging expenses) as evidenced by invoices or vouchers; or

323  
324 (b)\* the current net market price (excluding barging expenses) at the port and date of delivery of Vessel or, if  
325 unavailable, at the nearest bunkering port;

326  
327 for the quantities taken over.

328  
329 Payment under this Clause shall be made at the same time and place and in the same currency as the  
330 Purchase Price:  
331

Handwritten signatures and circular stamps. There are two signatures on the left and three circular stamps on the right, each containing the letters 'YY'.

332 “inspection” in this Clause 7, shall mean the Buyers’ inspection according to Clause 4(a) or 4(b)  
333 (inspection), if applicable. If the Vessel is taken over without inspection, the date of this Agreement shall be  
334 the relevant date.  
335

336 \*~~(a) and (b) are alternatives; delete whichever is not applicable. In the absence of deletions alternative (a)~~  
337 ~~shall apply.~~  
338

339 **8. Documentation**  
340

341 The place of closing: **Virtual closing or physically at the Builder, to be confirmed.**  
342

343 *In exchange for payment of the Purchase Price, Sellers shall furnish the Buyers with delivery documents*  
344 *reasonably required by the Buyers. These documents shall be listed in an addendum hereto, namely*  
345 *“Addendum no 1: List of delivery documents”, and regarding such documents that are not available prior to*  
346 *the closing, Sellers shall furnish the Buyers with the final draft of such documents no later than three (3)*  
347 *Banking Days prior to the date of closing for the purpose of carrying out the closing smoothly.*  
348

349  
350 ~~(a) In exchange for payment of the Purchase Price the Sellers shall provide the Buyers with the following~~  
351 ~~delivery documents:~~  
352

353 ~~(i) Legal Bill(s) of Sale in a form recordable in the Buyers’ Nominated Flag State, transferring title of the~~  
354 ~~Vessel and stating that the Vessel is free from all mortgages, encumbrances and maritime liens or any other~~  
355 ~~debts whatsoever; duly notarially attested and legalized or apostilled, as required by the Buyers’ Nominated~~  
356 ~~Flag State;~~  
357

358 ~~(ii) Evidence that all necessary corporate, shareholder and other action has been taken by the Sellers to~~  
359 ~~authorise the execution, delivery and performance of this Agreement;~~  
360

361 ~~(iii) Power of Attorney of the Sellers appointing one or more representatives to act on behalf of the Sellers in~~  
362 ~~the performance of this Agreement; duly notarially attested and legalized or apostilled (as appropriate);~~  
363

364 ~~(iv) Certificate or Transcript of Registry issued by the competent authorities of the flag state on the date of~~  
365 ~~delivery evidencing the Sellers’ ownership of the Vessel and that the Vessel is free from registered~~  
366 ~~encumbrances and mortgages, to be faxed or e-mailed by such authority to the closing meeting with the~~  
367 ~~original to be sent to the Buyers as soon as possible after delivery of the Vessel;~~  
368

369 ~~(v) Declaration of Class it (depending on the Classification Society) a Class Maintenance Certificate issued~~  
370 ~~within three (3) Banking Days prior to delivery confirming that the Vessel is in Class free of~~  
371 ~~condition/recommendation;~~  
372

373 ~~(vi) Certificate of Deletion of the Vessel from the Vessel’s registry or other official evidence of deletion~~  
374 ~~appropriate to the Vessel’s registry at the time of delivery, or, in the event that the registry does not as a~~  
375 ~~matter of practice issue such documentation immediately, a written undertaking by the Sellers to effect~~  
376 ~~deletion from the Vessels registry forthwith and provide a certificate or other official evidence of deletion to~~  
377 ~~the Buyers promptly and latest within four(4) weeks after the Purchase Price has been paid and the Vessel~~  
378 ~~has been delivered;~~  
379

380 ~~(vii) A copy of the Vessel’s Continuous Synopsis Record certifying the date on which the Vessel ceased to~~  
381 ~~be registered with the Vessel’s registry, or, in the event that the registry does not as a matter of practice~~  
382 ~~issue such certificate immediately, a written undertaking from the Sellers to provide the copy of this~~  
383 ~~certificate promptly upon it being issued together with evidence of submission by the Sellers of a duly~~  
384 ~~executed Form 2 stating the date on which the Vessel shall cease to be registered with the Vessel’s registry;~~  
385

386 ~~(viii) Commercial Invoice for the Vessel;~~  
387

388 ~~(ix) Commercial Invoice(s) for bunkers lubricating and hydraulic oils and greases;~~



389 (x) A copy of the Sellers' letter to their satellite communication provider cancelling the Vessel's  
390 communications contract which is to be sent immediately after delivery of the Vessel;

392 (xi) Any additional documents as may reasonably be required by the competent authorities of the Buyers'  
393 Nominated Flag State for the purpose of registering the Vessel, provided the Buyers notify the Sellers of any  
394 such documents as soon as possible after the date of this Agreement; and

396 (xii) The Sellers' letter of confirmation that to the best of their knowledge, the Vessel is not black listed by  
397 any nation or international organisation.

399 (b) At the time of delivery the Buyers shall provide the Sellers with:

401 (i) Evidence that all necessary corporate, shareholder and other action has been taken by the Buyers to  
402 authorise the execution delivery and performance of this Agreement; and

404 (ii) Power of Attorney of the Buyers appointing one or more representatives to act on behalf of the Buyers in  
405 authorise the execution delivery and performance of this Agreement; and

407 (c) If any of the documents listed in Sub-clauses (a) and (b) above are not in the English language they shall be  
408 accompanied by an English translation by an authorised translator or certified by a lawyer qualified to  
409 practice in the country of the translated language.

411 (d) The Parties shall to the extent possible exchange copies, drafts or samples of the documents listed in Sub  
412 clause (a) and Sub-clause (b) above for review and comment by the other party not later than (state number  
413 of days), or if left blank, nine (9) days prior to the Vessel's intended date of readiness for delivery as notified  
414 by the Sellers pursuant to Clause 5(b) of this Agreement.

416 (e) Concurrent with the exchange of documents in Sub-clause (a) and Sub-clause (b) above, the Sellers shall  
417 also hand to the Buyers the classification certificate (s) as well as all plans, drawings and manuals;  
418 (excluding ISM/SPS manuals), which are on board the Vessel. Other certificates which are on board the  
419 Vessel shall also be handed over to the Buyers unless the Sellers are required to retain same, in which case  
420 the Buyers have the right to take copies.

422 (f) Other technical documentation which may be in the Sellers' possession shall promptly after delivery be  
423 forwarded to the Buyers at their expense, if they so request. The Sellers may keep the Vessel's log books  
424 but the Buyers have the right to take copies of same.

426 (g) The Parties shall sign and deliver to each other a Protocol of Delivery and Acceptance confirming the date  
427 and time of delivery of the Vessel from the Sellers to the Buyers.

## 429 9. Encumbrances

431 The Sellers warrant that the Vessel, at the time of delivery, is free from all charters, encumbrances,  
432 mortgages and maritime liens or any other debts whatsoever, and is not subject to Port State or other  
433 administrative detentions. The Sellers hereby undertake to indemnify the Buyers against all consequences  
434 of claims made against the Vessel which have been incurred prior to the time of delivery.

## 436 10. Taxes, fees and expenses

437 *Any cost and fee for initial registration of title to the Vessel and legal documentation cost for documenting*  
438 *the lease and security to be Charterer's account; however such cost not to exceed USD15,000.*

439 *Any tonnages taxes for Owners' flag and Charterers' flag to be Charterers account.*

441 *Any taxes, fee and expenses in connection with the purchase and registration in the Buyers' Nominated*  
442 *Flag State shall be for the Buyers' account, whereas similar charges in connection with the closing of the*  
443 *Sellers' register shall be for the Sellers' account.*

Handwritten signatures and circular stamps. There are two signatures on the left and three circular stamps on the right, each containing the letters 'ST'.

446 11. Condition of delivery

447  
448 The Vessel with everything belonging to her shall be at the Sellers' risk and expense until she is delivered to  
449 the Buyers, but subject to the terms and conditions of this Agreement she shall be delivered and taken over  
450 "as is where is" she was at the time of inspection delivery, fair wear and tear excepted. The Vessel shall be  
451 delivered to the Buyers only once she is in all respects ready in accordance with the Building Contract.

452  
453 However, the Vessel shall be delivered free of cargo and free of stowaways with her Class maintained  
454 without condition/recommendation\*, free of average damage affecting the Vessel's class, and with her  
455 classification certificates and national certificated as well as all other certificates the Vessel had at the time  
456 of inspection, valid and unextended without condition/recommendation\* by the Classification Society or the  
457 relevant authorities at the time of delivery.

458  
459 "Inspection" in this Clause 11, shall mean the Buyers' inspection according to Clauses 4(a) or 4(b)  
460 (Inspections) if applicable. If the Vessel is taken over without inspection, the date of this Agreement shall be  
461 the relevant date.

462  
463 \*Notes and memoranda, if any, in the surveyor's report which are accepted by the Classification Society  
464 without condition/recommendation are not to be taken into account.

465  
466 12. Name/markings (clause not applicable)

467 Upon delivery the Buyers Undertake to change the name of the Vessel and alter funnel markings.

468  
469  
470 13. Buyers' default

471  
472 Should the Deposit not be lodged in accordance with Clause 2 (Deposit), the Sellers have the right to  
473 cancel this Agreement, and they shall be entitled to claim compensation for their losses and for all expenses  
474 incurred together with interest.

475  
476 Should the Purchase Price not be paid in accordance with Additional Clause 322 (Payment), the Sellers  
477 have the right to cancel this Agreement, and the Buyers shall make due compensation to the Sellers for  
478 their direct and documented losses and expenses. in which case the Deposit together with interest earned, if  
479 and, shall be released to the Sellers. If the Deposit does not cover their loss, the Sellers shall be entitled to  
480 claim further compensation for their losses and for all expenses incurred together with interest.

481  
482 14. Sellers' default

483  
484 Should the Sellers fail to give Notice of Readiness in accordance with Clause 5(b) or fail to be ready to  
485 validly complete a legal transfer by the Cancelling Date the Buyers shall have the option of cancelling this  
486 Agreement. To this purpose, the Sellers shall advise Buyers the relevant extension of the Cancelling Date  
487 and request them to declare within three (3) Banking Days whether they accept such extension or cancel  
488 this Agreement. Failure of the Buyers to reply to the said notice of the Sellers shall be deemed an  
489 acceptance by the Buyers of the extension of the Cancelling Date as proposed by Sellers. If after Notice of  
490 Readiness has been given but before the Buyers have taken delivery, the Vessel ceases to be physically  
491 ready or delivery and is not made physically ready again by the Cancelling Date and new Notice of  
492 Readiness given, the Buyers shall retain their option to cancel. In the event that the Buyers elect to cancel  
493 this Agreement the Deposit together with interest earned if any, shall be released to them immediately.

494  
495 Should the Sellers fail to give Notice of Readiness by the Cancelling Date as may be extended or fail to be  
496 ready to validly complete a legal transfer as aforesaid they shall make due compensation to the Buyers in  
497 the amount of USD 30,000 plus any documented reasonable legal costs (if any) of the Buyers for the initial  
498 registration of title to the Vessel and legal documentation cost for documenting the lease and security such  
499 costs not to exceed USD15,000 for their loss and for all expenses together with interest if their failure is due  
500 to proven negligence and whether or not the Buyers cancel this Agreement.

501  
502 If the Building Contract is cancelled, rescinded or otherwise terminated for any reason whatsoever or the

Handwritten signatures and circular stamps. There are two signatures on the left and three circular stamps on the right, each containing the letters 'NY'.

Vessel is not delivered by the Construction Seller to the Sellers under the Building Contract or is rejected by the Sellers for any reason whatsoever, then the Sellers shall give written notice thereof to the Buyers and upon Buyers' receipt of such notice, this Agreement shall cease to have effect without any liability on the parties hereto and the parties shall be released from all obligations, liabilities and responsibilities hereunder, save for the obligation of the Sellers to pay to the Buyers a termination fee in the sum of USD30,000 plus any documented reasonable legal costs (if any) of the Buyers for the initial registration of title to the Vessel and legal documentation cost for documenting the lease and security such costs not to exceed USD15,000.

The Sellers shall be entitled to terminate this Agreement at any time before the date of delivery of the Vessel under the Building Contract by a 180 calendar days' written notice to the Buyers, whereupon this Agreement shall cease to have effect without any liability on the parties hereto and the parties shall be released from all obligations, liabilities and responsibilities hereunder, save for the obligation of the Sellers to pay to the Buyers a termination fee in the sum of USD30,000 plus any documented reasonable legal costs (if any) of the Buyers for the initial registration of title to the Vessel and legal documentation cost for documenting the lease and security such costs not to exceed USD 15,000

**15. Buyers' representatives (clause not applicable)**

~~After this Agreement has been signed by the Parties and the Deposit has been lodged, the Buyers have the right to place two (2) representatives on board the Vessel at their sole risk and expense.~~

~~These representatives are on board for the purpose of familiarization and in the capacity of observers only, and they shall not interfere in any respect with the operation of the Vessel. The Buyers and the Buyers' representatives shall sign the Sellers' P&I Club's standard letter of indemnity prior to their embarkation.~~

**16. Law and Arbitration**

(a)\*This Agreement and all non contractual obligations arising out of or in connection with it shall be governed by and construed in accordance with English law and any dispute arising out of or in connection with this Agreement shall be referred to arbitration in London in accordance with the Arbitration Act 1996 or any statutory modification or re-enactment thereof save to the extent necessary to give effect to the provisions of this Clause.

The arbitration shall be conducted in accordance with the London Maritime Arbitrators Association (LMAA) Terms current at the time when the arbitration proceedings are commenced.

The reference shall be to three arbitrators. A party wishing to refer a dispute to arbitration shall appoint its arbitrator and send notice of such appointment in writing to the other party requiring the other party to appoint its own arbitrator within fourteen (14) calendar days of that notice and stating that it will appoint its arbitrator as sole arbitrator unless the other party appoints its own arbitrator and gives notice that it has done so within the fourteen (14) days specified. If the other party does not appoint its own arbitrator and give notice that it has done so within the fourteen (14) days specified, the party referring a dispute to arbitration may, without the requirement of any further prior notice to the other party, appoint its arbitrator as sole arbitrator and shall advise the other party accordingly. The award of a sole arbitrator shall be binding on both Parties as if the sole arbitrator had been appointed by agreement.

In case where neither the claim nor any counterclaim exceeds the sum of US\$100,000 the arbitration shall be conducted in accordance with the LMAA Small Claims Procedure current at the time when the arbitration proceedings are commenced.

(b)\*This Agreement shall be governed by and construed in accordance with Title 9 of the United States Code and the substantive law (not including the choice of law rules) of the state of New York and any dispute arising out of or in connection with this Agreement shall be referred to three (3) persons at New York, one to be appointed by each of the parties hereto, and the third by the two so chosen; their decision or that of any two of them shall be final, and for the purposes of enforcing any award, judgment may be entered on an award by any court of competent jurisdiction. The proceedings shall be conducted in accordance with the rules of the Society of Maritime Arbitrators, inc

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560 in cases where neither the claim nor any counterclaim exceeds the sum of US\$100,000 the arbitration shall  
561 be conducted in accordance with the Shortened Arbitration Procedure of the Society of Maritime Arbitrators,  
562 me

563  
564  
565 (C) This Agreement shall be governed by and construed in accordance with the laws of (state place)  
566 and any dispute arising out of or in connection with this Agreement shall be referred to arbitration at (state  
567 place), subject to the procedures applicable there.

568 \*16(a), 16(b) and 16(c) are alternatives; delete whichever is not applicable. In the absence of deletions,  
569 alternative 16(a) shall apply.

## 570 17. Notices

571  
572 All notices to be provided under this Agreement shall be in writing.

573  
574 Contact details for recipients of notices are as follows:

575  
576 For the Buyers:

577 **Kenzan Kaiun Co., Limited**  
578 **1276-1, Ko, Go, Namikata-cho, Imabari City, Ehime pref, Japan**  
579 **Email:**  
580 **Attention: Yutaka Yano**

581  
582 **Azalea Line., S.A.**

583 **Paseo del Mar and Pacific Avenues, costa del Este, MMG Tower, 23rd floor,**  
584 **Panama City, Republic of Panama**  
585 **Email:**  
586 **Attention: Yutaka Yano**

587  
588 For the Sellers:

589 **Nakaza Shipping Company Inc.**  
590 **c/o Unitized Ocean Transport Limited**  
591 **373 Syngrou Ave. & 2-4 Ymittou str.,**  
592 **17564, Palaio Faliro, Athens,**  
593 **Greece**  
594 **Email:**  
595 **Attention: Mr. Andreas Nikolaos Michalopoulos**

596  
597 Any notice, request or other communication sent to the Sellers by Kenzan Kaiun Co., Limited or Azalea Line  
598 S.A. shall be deemed as having been sent by both Kenzan Kaiun Co., Limited and Azalea Line, S.A. Any  
599 notice, request or other communication sent by the Sellers to Kenzan Kaiun Co., Limited or Azalea Line, S.A.  
600 shall be deemed as having been sent to both Kenzan Kaiun Co., Limited and Azalea Line, S.A.

## 601 18. Entire Agreement

602  
603 *The terms of this Agreement and the terms of the BBCP comprise the entire agreement between the Buyers  
604 and the Sellers in relation to the sale and purchase of the Vessel and supersede all previous agreements  
605 whether oral or written between the Buyers and the Sellers in relation hereto.*

606 *The written terms of this Agreement comprise the entire agreement between the Buyers and the Sellers in  
607 relation to the sale and purchase of the Vessel and supersede all previous agreements whether oral or  
608 written between the Parties in relation thereto.*

609  
610 Each of the Parties acknowledges that in entering into this Agreement it has not relied on and shall have no  
611 right or remedy in respect of any statement, representation, assurance or warranty (whether or not made  
612 negligently) other than as is expressly set out in this Agreement.  
613  
614  
615  
616

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617 Any terms implied into this Agreement by any applicable statute or law are hereby excluded to the extent  
618 that such exclusion can legally be made. Nothing in this Clause shall limit or exclude any liability for fraud.  
619

620  
621 **19. Delivery under BBCP**

622  
623 *The Buyers (as Owners) and the Sellers (as Charterers) have entered into the BBCP whereby the Vessel is*  
624 *to be chartered on delivery for such period and on such terms and conditions more particularly described in*  
625 *the BBCP. The Parties acknowledge that the Sellers' obligation to sell and the Buyers' obligation to*  
626 *purchase the Vessel under this Agreement is conditional upon the delivery of the Vessel under and pursuant*  
627 *to the MOA and the simultaneous delivery of the Vessel by the Buyers (as Owners) to the Sellers (as*  
628 *Charterers) under the BBCP. If any event occurs before delivery of the Vessel under this Agreement that*  
629 *renders the MOA or the BBCP null and void or to be terminated for any reason whatsoever, this Agreement*  
630 *shall be null and void and each Party shall be discharged and released from any and all of its respective*  
631 *obligations under this Agreement.*

632  
633 **20. Assignment**

634  
635 *Neither party shall be entitled to assign or transfer its rights under this Agreement without the prior written*  
636 *consent of the other.*

637  
638 **21. Sanctions**

639  
640 *(a) In this Agreement, the following provisions shall apply where any applicable sanction, prohibition or*  
641 *restriction is imposed on any specified persons, entities or bodies including the designation of any specified*  
642 *vessels or fleets under United Nations Resolutions or trade or economic applicable sanctions, laws or*  
643 *regulations of the European Union or United States of America or the United Kingdom or Japan.*

644  
645 *(b) The Sellers hereby warrant that at the date of entering into this Agreement and continuing until the Vessel*  
646 *has been delivered from the Sellers to the Buyers in accordance with this Agreement:*

647  
648 *(i) none of the Sellers, their directors, officers, and employees is subject to any of the sanctions,*  
649 *prohibitions, restrictions or designation referred to in sub-clause (a);*

650  
651 *(ii) the Sellers are selling as principals and not as agent, trustee or nominee of any person with whom*  
652 *transactions are prohibited or restricted under sub-clause (a);*

653  
654 *(iii) the Vessel is not a designated vessel under any of the sanctions, prohibitions, restrictions or designation*  
655 *referred to in sub-clause (a);*

656  
657 *(c) The Buyers hereby warrant that at the date of entering into this Agreement and continuing until the Vessel*  
658 *has been delivered from the Sellers to the Buyers in accordance with this Agreement:*

659  
660 *(i) none of the Buyers, their directors, officers, employees and agents is subject to any of the sanctions,*  
661 *prohibitions, restrictions or designation referred to in sub-clause (a);*

662  
663 *(ii) the Buyers are purchasing as principals and not as agent, trustee or nominee of any person with whom*  
664 *transactions are prohibited or restricted under sub-clause (a).*

665  
666 *(iii) The Buyers warrant that the proceeds of the Purchase Price have not been derived from any activities*  
667 *which are in breach of sanctions or from a person or entity subject to or targeted by sanctions.*

668  
669 **22. Payment**

670  
671 *(a) At least two (2) Banking days (Japan time) prior to the scheduled Delivery Date, the balance of the Net*  
672 *Finance Amount ("USD 44,250,090") shall be remitted to the account of the Sellers, or the Construction*  
673 *Seller as the case may be, as notified in writing by the Sellers to the Buyers. The method of payment the*

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674 Net Finance Amount shall be agreed between the Buyers, Sellers, Sellers' Bank and Buyer's Bank, or as  
675 the case may be the Builder's bank, by using corresponding MT199 SWIFT with quadripartite agreement or  
676 a similar mutually agreed method (e.g. an Escrow Agreement with an international law firm acting as  
677 Escrow Agent on behalf of Buyers and Sellers, in which case the Escrow Agent's costs not to exceed USD  
678 10,000 and to be split 50/50 between the Seller and the Buyer).

679  
680 (b) The Sellers shall provide remittance request to the Buyers prior to five (5) banking days before the  
681 scheduled delivery date. The Buyers to request their financier to remit the fund only after the remittance  
682 notice has been received.

683  
684 (c) In case of using a suspense account or Escrow Account, the Buyers shall remit the Net Finance Amount two  
685 (2) Banking days prior to the scheduled Delivery Date and such fund to be released only by instruction from  
686 the Buyers after confirming Protocol of Delivery and Acceptance has been signed by the Sellers and  
687 Buyers.

688  
689 (d) USD 44,250,000\* (1 month CME TERM SOFR at the time of remittance + 2.0%/360) per day (the  
690 "Remittance Interest Cost") from the day of remittance of the fund till the actual Delivery Date to be covered  
691 by Sellers/Charterers.

692 Any charge from the Buyers' Bank including intermediate bank(s), if any, incurred for remitting shall be for  
693 Buyers account.

694 Any fees including "holding/lifting" charges requested by the Sellers' Bank including intermediate bank(s),  
695 shall be for Sellers' account.

696 Any fees including holding/lifting charges requested by the Builders' Bank including intermediate bank(s),  
697 shall be for Sellers' account.

701  
702  
703 **23. Warranty of Quality**

704 On the delivery of the Vessel under this Agreement, the Sellers undertake to assign to the Buyers all their  
705 rights, interest and title under the relevant article of the Building Contract dealing with the Vessel's so called  
706 warranty of quality, such assignment being subject to the consent of the Construction Seller.

707  
708 **24. Obligations of the Buyers**

709 Kenzan Kaiun Co., Limited and Azalea Line, S.A. are jointly and severally liable for the due performance of  
710 all of the obligations of the Buyers under this Agreement and each is jointly and severally liable for the  
711 obligations of the other.

712  
713  
714 **25. Counterparts**

715 This Agreement may be executed in any number of counterparts and any single counterpart or set of  
716 counterparts signed, in either case, by all the parties hereto shall be deemed to constitute a full and original  
717 agreement for all purposes.  
718

**Kenzan Kaiun Co., Limited** Signature (Buyers)

/s/ Yutaka Yano  
Name: Yutaka Yano  
Title: Director

**Nakaza Shipping Company Inc.**  
Signature (Sellers)

/s/ Andreas Nikolaos Michalopoulos  
Name: Andreas Nikolaos Michalopoulos  
Title: Director/Chief Executive Officer



<p><b>Azalea Line, S.A.</b> Signature (Buyers)</p> <p>/s/ Yutaka Yano Name: Yutaka Yano Title: Director/President</p>	
<p><b>Yano Kaiun Co., Ltd.</b> Signature (Guarantor)</p> <p>/s/ Yutaka Yano Name: Yutaka Yano Title: Director/Representative Director</p>	<p><b>Performance Shipping Inc.</b> Signature (Guarantor)</p> <p>/s/ Andreas Nikolaos Michalopoulos Name: Andreas Nikolaos Michalopoulos Title: Director</p>

**CHARTERER PERFORMANCE GUARANTEE**  
**IN RESPECT OF THE BAREBOAT CHARTER PARTY (BARECON 2017)**  
**DATED 16 July 2024**  
**MV HULL H1515 tbn "P. MASSPORT"**

16 July 2024

To: **Kenzan Kaiun Co., Limited and Azalea Line, S.A.**  
From: Performance Shipping Inc. ("Guarantor")

Reference is made to Barecon 2017 Bareboat Charter Party and the rider clauses and annexures thereto, dated 16 July 2024 (as amended from time to time, hereinafter referred to as the "Bareboat Charter Party"), between Nakaza Shipping Company Inc. (hereinafter referred to as "Charterers") and Kenzan Kaiun Co., Limited and Azalea Line, S.A. (hereinafter referred to as "Owners").

1. In consideration of the Owners entering into the Bareboat Charter Party with the Charterers, we, Performance Shipping Inc., a company organized and existing under the laws of the Marshall Islands having our registered office at Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, The Marshall Islands MH 96960, and being the parent company of the Charterers, irrevocably and unconditionally guarantee to the Owners and their successors, transferees and assigns the due and punctual performance of all present and future obligations of the Charterers under the Bareboat Charter Party.
2. If at any time, the Charterers default in the performance of any terms, provisions, conditions and obligations under the Bareboat Charter Party, we, Performance Shipping Inc. will as primary obligor and not merely as a surety perform or cause to be performed each and every one of the terms, provisions, conditions and obligations of the Charterer under the Bareboat Charter Party and will pay on demand any sum in connection with non-performance by the Charterers of any of the terms, provisions, conditions and obligations under the Bareboat Charter Party that is not paid when it is due and payable.
3. Any demand made by the Owners under this Performance Guarantee shall be made in writing signed by an authorized signatory of the Owners and shall specify the default of the Charterers and shall be accompanied by a copy of the notice of such default served on the Charterers by the Owners together with a statement (if any) that the Charterers have failed to remedy such default within any applicable grace period.
4. The Owners may make more than one demand under this Performance Guarantee
5. Our obligations under this Performance Guarantee shall not be affected by any act, omission, matter or thing, which, but for this paragraph would reduce, release or prejudice any of our obligations under this Performance Guarantee (without limitation and whether or not known to it or to ourselves), including:
  - (a) any waiver, release or consent granted to, or composition with the Charterers or any other person;
  - (b) any incapacity or lack of power, authority or legal personality of or dissolution or change in the legal or beneficial ownership, the members or status of the Charterers or any other person;
  - (c) any amendment or variation, however fundamental, to the terms and conditions of the Bareboat Charter Party;

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- (d) any unenforceability, illegality or invalidity of any obligation under the Bareboat Charter Party; or
- (e) any insolvency, bankruptcy, reorganization, reconstruction, rehabilitation, liquidation or amalgamation of the Charterers, or appointment of any receiver, administrative receiver or administrator of any of the Charterers' assets, or any other similar proceedings.

We hereby waive (a) any right we may have of first requiring the Owners to take any action, obtain any judgment or enforce any other rights against the Charterers before claiming from us under this Performance Guarantee, save that a demand must first be made against the Charterers and (b) to the extent permitted by law, all defences of a surety to which we may be entitled by statute or otherwise, including, protest, presentment, demand for performance, notice of default or non-performance and notice of dishonour.

- 6. All payments under this Performance Guarantee shall be made in full without set off or deduction. If any tax or other sum must be deducted from any amount payable by ourselves under this Performance Guarantee, we shall pay such additional amounts as are necessary to ensure that the Owners receive a net amount equal to the full amount they would have received before such deductions.
- 7. The provisions of Clause 34 (*Notices*) of the Bareboat Charter Party shall apply (*mutatis mutandis*) to this Performance Guarantee as if it were set out in full with references to this Performance Guarantee substituted for references to the Bareboat Charter Party and with references to us as Guarantor substituted for references to the Charterers.
- 8. This Performance Guarantee shall be binding upon the undersigned, its successors and assignees and shall inure to the benefit of and be enforceable by the Owners, their successors and assignees. We shall have no right to delegate nor assign any of the obligations or liabilities undertaken in this Performance Guarantee without the prior written consent of the Owners.
- 9. If, at any time, any provision of this Performance Guarantee is or becomes illegal, invalid or unenforceable in any respect under any law of any jurisdiction, neither the legality, validity or enforceability of the remaining provisions of this Performance Guarantee under the law of that jurisdiction nor the legality, validity or enforceability of such provision under the law of any other jurisdiction will in any way be affected or impaired.
- 10. This Performance Guarantee is intended to create legal relations between us.
- 11. We make the following representations and warranties:
  - (a) we are a corporation, duly incorporated or formed and validly existing under the laws of our jurisdiction of incorporation or formation;
  - (b) the obligations expressed to be assumed by us in this Performance Guarantee are, subject to any general principles of law or equity limiting our obligations which are applicable to creditors generally, legal, valid, binding and enforceable obligations;
  - (c) the entry into and performance by us of this Performance Guarantee do not and will not:
    - (i) conflict with any law or regulation applicable to us, our constitutional documents or any agreement or instrument binding upon us or any of our assets, subject to any general principles of law limiting our obligations which are applicable to creditors generally; or

The image shows a handwritten signature in blue ink on the right side of the page. To the right of the signature are two circular stamps, one above the other, each containing the letters 'YY' in a stylized font.

- (ii) constitute a default or termination event (however described) under any agreement or instrument binding on us or any of our assets which would have a material adverse effect on our ability to perform our payment obligations under this Performance Guarantee; and
  - (d) subject to any general principles of law limiting our obligations which are applicable to creditors generally, all authorisations necessary for us to enter into and perform this Performance Guarantee have been obtained and are in full force and effect.
12. Subject to the provisions of this Performance Guarantee, in no circumstances whatsoever shall our liability hereunder exceed the liability of the Charterers under the Bareboat Charter Party.
  13. This Performance Guarantee and any non-contractual obligations arising from or in connection with it shall be governed by and construed in accordance with English law.
  14. Clause 33 (*Bimco Dispute Resolution Clause 2017*) of the Bareboat Charter Party shall apply to this Performance Guarantee as if it was expressly incorporated in this Performance Guarantee with any necessary modifications.



Yours faithfully,

Performance Shipping Inc.

By: /s/ Andreas Nikolaos Michalopoulos

Name: Andreas Nikolaos Michalopoulos

Title: Director / Chief Executive Officer

---

By our execution of this Performance Guarantee we agree to the terms of this Performance Guarantee and to be bound by it.

Dated: 16 July 2024

**Acknowledged and agreed by:**

**Kenzan Kaiun Co., Limited**

By: /s/ Yutaka Yano

Name: Yutaka Yano

Title: Director

Dated: 16 July 2024

**Azalea Line, S.A.**

By: /s/ Yutaka Yano

Name: Yutaka Yano

Title: Director/President

Dated: 16 July 2024

**OWNER PERFORMANCE GUARANTEE**  
**IN RESPECT OF THE BAREBOAT CHARTER PARTY (BARECON 2017)**  
**DATED 16 July 2024**  
**MV HULL H1515**

16 July 2024

To: Nakaza Shipping Company Inc.  
From: Yano Kaiun Co., Ltd. (“Guarantor”)

Reference is made to Barecon 2017 Bareboat Charter Party and the rider clauses and annexures thereto, Dated 16 July 2024 (as amended from time to time, hereinafter referred to as the “Bareboat Charter Party”), between Nakaza Shipping Company Inc. (hereinafter referred to as “Charterers”) and Kenzan Kaiun Co., Limited and Azalea Line, S.A. (hereinafter referred to as “Owners”).

1. In consideration of the Charterers entering into the Bareboat Charter Party with the Owners, we, Yano Kaiun Co., Ltd., a company organized and existing under the laws of Japan having our registered office at 1276-1, Ko, Go, Namikata-cho, Imabari City, Ehime pref 799-2110, Japan and being the parent company of the Owners, hereby irrevocably and unconditionally guarantee to the Charterers and their successors, transferees and assigns the due and punctual performance of all present and future obligations of the Owners under the Bareboat Charter Party.
2. If at any time, the Owners or any of them default in the performance of any terms, provisions, conditions and obligations under the Bareboat Charter Party, we Yano Kaiun Co., Ltd. will as primary obligor and not merely a surety perform or cause to be performed each and every one of the terms, provisions, conditions and obligations of the Owners or any of them under the Bareboat Charter Party and will pay on demand any sum in connection with non- performance by the Owners or any of them of any of the terms, provisions, conditions and obligations under the Bareboat Charter Party that is not paid when it is due and payable.
3. Any demand made by the Charterers under this Performance Guarantee shall be made in writing signed by an authorized signatory of the Charterers and shall specify the default of the Owners and shall be accompanied by a copy of the notice of such default served on the Owners by the Charterers together with a statement (if any) that the Owners have failed to remedy such default within any applicable grace period.
4. The Charterers may make more than one demand under this Performance Guarantee.
5. Our obligations under this Performance Guarantee shall not be affected by any act, omission, matter or thing, which, but for this paragraph would reduce, release or prejudice any of our obligations under this Performance Guarantee (without limitation and whether or not known to it or to ourselves), including:
  - (a) any waiver, release or consent granted to, or composition with the Owners or any of them or any other person;
  - (b) any incapacity or lack of power, authority or legal personality of or dissolution or change in the legal or beneficial ownership, the members or status of the Owners or any of them or any other person;
  - (c) any amendment or variation, however fundamental, to the terms and conditions of the Bareboat Charter Party;

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(d) any unenforceability, illegality or invalidity of any obligation under the Bareboat Charter Party; or

(e) any insolvency, bankruptcy, reorganization, reconstruction, rehabilitation, liquidation or amalgamation of the Owners or any of them, or appointment of any receiver, administrative receiver or administrator of any of the Owners' assets, or any other similar proceedings.

We hereby waive (a) any right we may have of first requiring the Charterers to take any action, obtain any judgment or enforce any other rights against the Owners before claiming from us under this Performance Guarantee, save that a demand must first be made against the Owners and (b) to the extent permitted by law, all defences of a surety to which we may be entitled by statute or otherwise, including, protest, presentment, demand for performance, notice of default or non- performance and notice of dishonour.

6. All payments under this Performance Guarantee shall be made in full without set off or deduction. If any tax or other sum must be deducted from any amount payable by ourselves under this Performance Guarantee, we shall pay such additional amounts as are necessary to ensure that the Charterers receive a net amount equal to the full amount they would have received before such deductions.
7. The provisions of Clause 34 (*Notices*) of the Bareboat Charter Party shall apply (*mutatis mutandis*) to this Performance Guarantee as if it were set out in full with references to this Performance Guarantee substituted for references to the Bareboat Charter Party and with references to us as Guarantor substituted for references to the Owners.
8. This Performance Guarantee shall be binding upon the undersigned, its successors and assignees and shall inure to the benefit of and be enforceable by the Charterers, their successors and assignees. We shall have no right to delegate nor assign any of the obligations or liabilities undertaken in this Performance Guarantee without the prior written consent of the Charterers.
9. If, at any time, any provision of this Performance Guarantee is or becomes illegal, invalid or unenforceable in any respect under any law of any jurisdiction, neither the legality, validity or enforceability of the remaining provisions of this Performance Guarantee under the law of that jurisdiction nor the legality, validity or enforceability of such provision under the law of any other jurisdiction will in any way be affected or impaired.
10. This Performance Guarantee is intended to create legal relations between us.
11. We make the following representations and warranties:
  - (a) we are a corporation, duly incorporated or formed and validly existing under the laws of our jurisdiction of incorporation or formation;
  - (b) the obligations expressed to be assumed by us in this Performance Guarantee are, subject to any general principles of law or equity limiting our obligations which are applicable to creditors generally, legal, valid, binding and enforceable obligations;
  - (c) the entry into and performance by us of this Performance Guarantee do not and will not:
    - (i) conflict with any law or regulation applicable to us, our constitutional documents or any agreement or instrument binding upon us or any of our assets, subject to any general principles of law limiting our obligations which are applicable to creditors generally; or



- (ii) constitute a default or termination event (however described) under any agreement or instrument binding on us or any of our assets which would have a material adverse effect on our ability to perform our payment obligations under this Performance Guarantee; and
  - (d) subject to any general principles of law limiting our obligations which are applicable to creditors generally, all authorisations necessary for us to enter into and perform this Performance Guarantee have been obtained and are in full force and effect.
12. Subject to the provisions of this Performance Guarantee, in no circumstances whatsoever shall our liability hereunder exceed the liability of the Owners under the Bareboat Charter Party.
  13. This Performance Guarantee and any non-contractual obligations arising from or in connection with it shall be governed by, and construed in accordance with, English law.
  14. Clause 33 (*Bimco Dispute Resolution Clause 2017*) of the Bareboat Charter Party shall apply to this Performance Guarantee as if it was expressly incorporated in this Performance Guarantee with any necessary modifications.

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Yours faithfully,

**Yano Kaiun Co., Ltd.**

By: /s/ Yutaka Yano

Name: Yutaka Yano

Title: Director/Representative Director

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By our execution of this Performance Guarantee we agree to the terms of this Performance Guarantee and to be bound by it.

Dated: 16 July 2024

**Acknowledged and agreed by:**

**Nakaza Shipping Company Inc.**

By: /s/ Andreas Nikolaos Michalopoulos

Name: Andreas Nikolaos Michalopoulos

Title: Director

Dated: 16 July 2024

# BARECON 2001



## STANDARD BAREBOAT CHARTER

## PART 1

1. Shipbroker  N/A	2. Place and date  24 October 2024
3. Owners/Place of business (Cl. 1)  Huican (Tianjin) Shipping Leasing Co., Ltd., a corporation incorporated under the laws of the People's Republic of China whose registered office is at Room 202, No.6262, Ao Zhou Road, (Dongjiang Comprehensive Free Trade Zone), Tianjin Pilot Free Trade Zone (No. 10214, Dongjiang Business Secretary Service Co., Ltd. Free Trade Zone)	4. Bareboat Charterers/Place of business (Cl. 1)  Sri Lanka Shipping Company Inc., a corporation incorporated and existing under the laws of the Republic of Marshall Islands whose registered address is at Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands MH96960
5. Vessel's name, call sign and flag (Cl. 1 and 3)  Hull No. H1596, TBA, The Republic of the Marshall Islands	
6. Type of Vessel  Product/Crude Oil Tanker	7. GT/NT  As per Shipbuilding Contract
8. When/Where built  2026/China	9. Total DWT (abt.) in metric tons on summer freeboard  As per Shipbuilding Contract
10. Classification Society (Cl. 3)  Lloyd's Register (LR)	11. Date of last special survey by the Vessel's classification society  Not applicable
12. Further particulars of Vessel (also indicate minimum number of months' validity of class certificates agreed acc. to Cl. 3)  N/A	

13. Port or Place of delivery (Cl. 3) <b>Back to back with MOA delivery</b>	14. Time for delivery (Cl. 4) <b>SEE CLAUSE 34</b>	15. Cancelling date (Cl. 5) <b>SEE CLAUSE 33</b>
16. Port or Place of redelivery (Cl. 15) <b>SEE CLAUSE 40</b>	17. No. of months' validity of trading and class certificates upon redelivery (Cl. 15)  SIX (6) MONTHS	
18. Running days' notice if other than stated in Cl. 4  N/A	19. Frequency of dry-docking (Cl. 10(g))  <b>In accordance with Classification Society or requirements of Flag State</b>	
20. Trading limits (Cl. 6)  <b>Worldwide within International Navigating Limits or otherwise covered by the Insurances reasonably , please also see Clause 46.1(s)</b>		
21. Charter period (Cl. 2)  <b>SEE CLAUSE 32</b>	22. Charter hire (Cl. 11)  <b>SEE CLAUSE 36</b>	
23. New class and other safety requirements (state percentage of Vessel's insurance value acc. to Box 29)(Cl. 10(a)(ii))  N/A		
24. Rate of interest payable acc. to Cl. 11 (f) and, if applicable, acc. to PART IV  <b>SEE CLAUSE 36</b>	25. Currency and method of payment (Cl. 11)  <b>USD/BANK TRANSFER</b>	
26. Place of payment; also state beneficiary and bank account (Cl. 11)  <b>To be paid into the Operating Account</b>	27. Bank guarantee/bond (sum and place) (Cl. 24) (optional)  <b>SEE CLAUSE 24</b>	
28. Mortgage(s), if any (state whether 12(a) or (b) applies; if 12(b) applies state date of Financial Instrument and name of Mortgagee(s)/Place of business) (Cl. 12)  <b>SEE CLAUSE 57.2</b>	29 Insurance (hull and machinery and war risks) (state value acc. to Cl. 13(f) or, if applicable, acc. to Cl. 14(k)) (also state if Cl. 14 applies)  <b>SEE CLAUSE 38 - CLAUSE 14 DOES NOT APPLY</b>	
30. Additional insurance cover, if any, for Owners' account limited to (Cl. 13(b) or, if applicable, Cl. 14(g))  <b>SEE CLAUSE 38</b>	31. Additional insurance cover, if any, for Charterers' account limited to (Cl. 13(b) or, if applicable, Cl. 14(g))  N/A	
32. Latent defects (only to be filled in if period other than stated in Cl. 3)  N/A	33. Brokerage commission and to whom payable (Cl. 27)  N/A	

34. Grace period (state number of clear banking days) (Cl. 28)  N/A	35. Dispute Resolution (state 30(a), 30(b) or 30(c); if 30(c) agreed Place of Arbitration must be stated (Cl. 30)  choose an item <b>SEE CLAUSE 30(a)</b>
36. War cancellation (indicate countries agreed) (Cl. 26(f))  N/A	
37. Newbuilding Vessel (indicate with "yes" or "no" whether PART III applies) (optional)  <b>No, Part III does not apply</b>	38. Name and place of Builders (only to be filled in if PART III applies)  N/A
39. Vessel's Yard Building No. (only to be filled in if PART III applies)	40. Date of Building Contract (only to be filled in if PART III applies)
41. Liquidated damages and costs shall accrue to (state party acc. to Cl. 1)  (a) N/A  (b)  (c)	
42. Hire/Purchase agreement (indicate with "yes" or "no" whether PART IV applies) (optional)  <b>NO, PART IV DOES NOT APPLY</b>	43. Bareboat Charter Registry (indicate with "yes" or "no" whether PART V applies) (optional)  <b>NO, PART V DOES NOT APPLY</b>
44. Flag and Country of the Bareboat Charter Registry (only to be filled in if PART V applies)  N/A	45. Country of the Underlying Registry (only to be filled in if PART V applies)  N/A
46. Number of additional clauses covering special provisions, if agreed  <b>CLAUSE 32 TO CLAUSE 59</b>	

**(1) PREAMBLE** - It is mutually agreed that this Contract shall be performed subject to the conditions contained in this Charter which shall include PART I and PART II. In the event of a conflict of conditions, the provisions of PART I shall prevail over those of PART II to the extent of such conflict but no further. It is further mutually agreed that PART III and/or PART IV and/or PART V shall only apply and only form part of this Charter if expressly agreed and stated in Boxes 37, 42 and 43. If PART III and/or PART IV and/or PART V apply, it is further agreed that in the event of a conflict of conditions, the provisions of PART I and PART II shall prevail over those of PART III and/or PART IV and/or PART V to the extent of such conflict but no further.

**(2) BACKGROUND**

**(A) Pursuant to the Shipbuilding Contract, the Charterers have agreed to purchase and the SBC Sellers have agreed to sell the Vessel subject to and in accordance with the terms and conditions therein.**

**(B) Pursuant to the Initial MOA, the Charterers have agreed to sell and the Sellers have agreed to buy the Vessel from the Charterers subject to and in accordance with the terms and conditions of the Initial MOA.**

**(C) Pursuant to the MOA, the Sellers have agreed to sell and the Owners have agreed to buy the Vessel from the Sellers subject to and in accordance with the terms and conditions of the MOA.**

**(D) Subject to and in accordance with the terms of this Charter, the Owners have agreed to bareboat charter the vessel to the Charters.**

Signature (Owners)

/s/ Zhang Xinhang  
For and on behalf of  
Huican (Tianjin) Shipping Leasing Co., Ltd.  
Name : Zhang Xinhang  
Title: Attorney-in-fact

Signature (Charterers)

/s/ Andreas Nikolaos Michalopoulos  
For and on behalf of  
Sri Lanka Shipping Company Inc.  
Name: Andreas Nikolaos Michalopoulos  
Title : Attorney- in-fact

**1. Definitions**

In this Charter, the following terms shall have the meanings hereby assigned to them:

“The Owners” shall mean the party identified in Box 3;

“The Charterers” shall mean the party identified in Box 4;

“The Vessel” shall mean the vessel named in Box 5 and with particulars as stated in Boxes 6 to 12.

~~“Financial Instrument” means the mortgage, deed of covenant or other such financial security instrument as annexed to this Charter and stated in Box 28.~~

**2. Charter Period**

In consideration of the hire detailed in Box 22, the Owners have agreed to let and the Charterers have agreed to hire the Vessel for the period stated in Box 21 (“The Charter Period”). [See also Clause 32.](#)

**3. Delivery**

(not applicable when Part III applies, as indicated in Box 37)

~~(a) The Owners shall before and at the time of delivery exercise due diligence to make the Vessel seaworthy and in every respect ready in hull, machinery and equipment for service under this Charter.~~

The Vessel shall be delivered by the Owners and taken over by the Charterers at the port or place indicated in Box 13 ~~in such ready safe berth as the Charterers may direct.~~

(b) The Vessel shall be properly documented on delivery in accordance with the laws of the ~~Flag State~~ [flag state](#) indicated in Box 5 and the requirements of the classification society stated in Box 10. ~~The Vessel upon delivery shall have her survey cycles up to date and trading and class certificates valid for at least the number of months agreed in Box 12.~~

(c) The delivery of the Vessel by the Owners and the taking over of the Vessel by the Charterers shall constitute a full performance by the Owners of all the Owners’ obligations under this Clause 3, and thereafter the Charterers shall not be entitled to make or assert any claim against the Owners on account of any conditions, representations or warranties expressed or implied with respect to the Vessel ~~but the Owners shall be liable for the cost of but not the time for repairs or renewals occasioned by latent defects in the Vessel, her machinery or appurtenances, existing at the time of delivery under this Charter, provided such defects have manifested themselves within twelve (12) months after delivery unless otherwise provided in Box 32.~~

**4. Time for Delivery ( [See Clause 34](#) )**

(not applicable when Part III applies, as indicated in Box 37)

~~The Vessel shall not be delivered before the date indicated in Box 14 without the Charterers’ consent and the Owners shall exercise due diligence to deliver the Vessel not later than the date indicated in Box 15.~~

~~Unless otherwise agreed in Box 18, the Owners shall give the Charterers not less than thirty (30) running days’ preliminary and not less than fourteen (14) running days’ definite notice of the date on which the Vessel is expected to be ready for delivery. The Owners shall keep the Charterers closely advised of possible changes in the Vessel’s position.~~

**5. Cancelling ( [See Clause 33](#) )**

(not applicable when Part III applies, as indicated in Box 37)

~~(a) Should the Vessel not be delivered latest by the cancelling date indicated in Box 15, the Charterers shall have the option of cancelling this Charter by giving the Owners notice of cancellation within thirty-six (36) running hours after the cancelling date stated in Box 15, failing which this Charter shall remain in full force and effect.~~

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41 (b) If it appears that the Vessel will be delayed beyond the cancelling date, the Owners may, as soon as they are in  
42 a position to state with reasonable certainty the day on which the Vessel should be ready, give notice thereof to  
43 the Charterers asking whether they will exercise their option of cancelling, and the option must then be declared  
44 within one hundred and sixty-eight (168) running hours of the receipt by the Charterers of such notice or within  
45 thirty-six (36) running hours after the cancelling date, whichever is the earlier. If the Charterers do not then  
46 exercise their option of cancelling, the seventh day after the readiness date stated in the Owners' notice shall be  
47 substituted for the cancelling date indicated in Box 15 for the purpose of this Clause 5.

48 (e) Cancellation under this Clause 5 shall be without prejudice to any claim the Charterers may otherwise have on  
49 the Owners under this Charter.

## 50 6. Trading Restrictions

51 The Vessel shall be employed in lawful trades for the carriage of suitable lawful merchandise operation within the trading  
52 limits indicated in Box 20.

53 The Charterers undertake not to employ the Vessel or suffer the Vessel to be employed otherwise than in  
54 conformity with the terms of the contracts of insurance (including any warranties expressed or implied therein)  
55 without first obtaining the consent of the insurers to such employment and complying with such requirements  
56 as to extra premium or otherwise as the insurers may prescribe.

57 The Charterers also undertake not to employ the Vessel or suffer her employment in any trade or business which  
58 is forbidden by the law of any country to which the Vessel may sail or is otherwise illicit or in carrying illicit or  
59 prohibited goods or in any manner whatsoever which may render her liable to condemnation, destruction,  
60 seizure or confiscation.

61 Notwithstanding any other provisions contained in this Charter it is agreed that nuclear fuels or radioactive  
62 products or waste are specifically excluded from the cargo permitted to be loaded or carried under this Charter.  
63 This exclusion does not apply to radio-isotopes used or intended to be used for any industrial, commercial,  
64 agricultural, medical or scientific purposes provided the Owners' prior approval has been obtained to loading  
65 thereof.

## 66 7. Surveys on Delivery and Redelivery (See Clause 40.6)

67 (not applicable when Part III applies, as indicated in Box 37)

68 The Owners and Charterers shall each appoint surveyors for the purpose of determining and agreeing in writing  
69 the condition of the Vessel at the time of delivery and redelivery hereunder. The Owners shall bear all expenses  
70 of the On-hire Survey including loss of time, if any, and the Charterers shall bear all expenses of the Off-hire  
71 Survey including loss of time, if any, at the daily equivalent to the rate of hire or pro-rata thereof.

## 72 8. Inspection (See Clause 46A)

73 The Owners shall have the right at any time after giving reasonable notice to the Charterers to inspect or survey  
74 the Vessel or instruct a duly authorised surveyor to carry out such survey on their behalf:

75 (a) to ascertain the condition of the Vessel and satisfy themselves that the Vessel is being properly repaired and  
76 maintained. The costs and fees for such inspection or survey shall be paid by the Owners unless the Vessel is  
77 found to require repairs or maintenance in order to achieve the condition so provided;

78 (b) in dry dock if the Charterers have not dry-docked Her in accordance with Clause 10(g). The costs and fees for  
79 such inspection or survey shall be paid by the Charterers; and

80 (c) for any other commercial reason they consider necessary (provided it does not unduly interfere with the  
81 commercial operation of the Vessel). The costs and fees for such inspection and survey shall be paid by the  
82 Owners.

83 All time used in respect of inspection, survey or repairs shall be for the Charterers' account and form part of the

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84 Charter Period.

85 ~~The Charterers shall also permit the Owners to inspect the Vessel's log books whenever requested and shall~~  
 86 ~~whenever required by the Owners furnish them with full information regarding any casualties or other accidents~~  
 87 ~~or damage to the Vessel.~~

88 **9. Inventories, Oil and Stores**

89 A complete inventory of the Vessel's entire equipment, outfit including spare parts, appliances and of all  
 90 consumable stores on board the Vessel shall be made by the Charterers ~~in conjunction with the Owners on~~  
 91 ~~delivery and again~~ on redelivery of the Vessel. The Charterers ~~and the Owners, respectively,~~ shall at the time of  
 92 delivery ~~and redelivery~~ take over ~~and pay for~~ all bunkers, lubricating oil, unbroached provisions, paints, ropes  
 93 and other consumable stores (excluding spare parts) in the said Vessel at the then current market prices at the  
 94 ports of delivery ~~and redelivery, respectively.~~ The Charterers shall ensure that all spare parts listed in the  
 95 inventory and used during the Charter Period are replaced at their expense prior to redelivery of the Vessel. The Charterers shall also provide the Owners with a complete inventory of all bunkers, lubricating oil, unbroached provisions, paints, ropes and other consumable stores in the Vessel on redelivery of the Vessel.

96 **10. Maintenance and Operation**

97 (a) (i) Maintenance and Repairs - During the Charter Period the Vessel shall be in the full possession and at the  
 98 absolute disposal for all purposes of the Charterers and under their complete control in every respect. The  
 99 Charterers shall maintain the Vessel, her machinery, boilers, appurtenances and spare parts in a good state of  
 100 repair, in efficient operating condition and in accordance with good commercial maintenance practice and,  
 101 ~~except as provided for in Clause 14(i),~~ if applicable, at their own expense they shall at all times keep the Vessel's  
 102 Class fully up to date with the Classification Society indicated in Box 10 and maintain all other necessary  
 103 certificates in force at all times.

104 (ii) New Class and Other Safety Requirements - In the event of any improvement, structural changes or new  
 105 equipment becoming necessary for the continued operation of the Vessel by reason of new class requirements  
 106 or by compulsory legislation, such changes can be made without the prior written consent of the Owners and the Charterers shall ensure that the same are complied with and the time and cost of compliance shall be on the Charterers' account, costing (excluding the Charterers' loss of time) more than the percentage stated in  
 107 ~~Box 23, or if Box 23 is left blank, 5 per cent of the Vessel's insurance value as stated in Box 29, then the extent, if~~  
 108 ~~any, to which the rate of hire shall be varied and the ratio in which the cost of compliance shall be shared between~~  
 109 ~~the parties concerned in order to achieve a reasonable distribution thereof as between the Owners and the~~  
 110 ~~Charterers having regard, inter alia, to the length of the period remaining under this Charter shall, in the absence~~  
 111 ~~of agreement, be referred to the dispute resolution method agreed in Clause 30.~~

112 (iii) Financial Security - The Charterers shall maintain financial security or responsibility in respect of third party  
 113 liabilities as required by any government, including federal, state or municipal or other division or authority  
 114 thereof, to enable the Vessel, without penalty or charge, lawfully to enter, remain at, or leave any port, place,  
 115 territorial or contiguous waters of any country, state or municipality in performance of this Charter without any  
 116 delay. This obligation shall apply whether or not such requirements have been lawfully imposed by such  
 117 government or division or authority thereof.

118 The Charterers shall make and maintain all arrangements by bond or otherwise as may be necessary to satisfy  
 119 such requirements at the Charterers' sole expense and the Charterers shall indemnify the Owners against all  
 120 consequences whatsoever (including loss of time) for any failure or inability to do so.

121 (b) Operation of the Vessel - The Charterers shall at their own expense and by their own procurement man, victual,  
 122 navigate, operate, supply, fuel and, whenever required, repair the Vessel during the Charter Period and they  
 123 shall pay all charges and expenses of every kind and nature whatsoever incidental to their use and operation of  
 124 the Vessel under this Charter, including annual flag state fees and any foreign general municipality and/or state  
 125 taxes. The Master, officers and crew of the Vessel shall be the servants of the Charterers for all purposes  
 126 whatsoever, even if for any reason appointed by the Owners.

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PART II

127 Charterers shall comply with the regulations regarding officers and crew in force in the country of the Vessel's  
128 flag or any other applicable law.

129 (c) The Charterers shall keep the Owners and the mortgagee(s) advised of the intended employment, planned dry-  
130 docking and major repairs of the Vessel, as reasonably required.

131 (d) Flag and Name of Vessel – During the Charter Period, the Charterers shall have the liberty to paint the Vessel in  
132 their own colours, install and display their funnel insignia and fly their own house flag. The Charterers shall also  
133 have the liberty, with the Owners' consent, ~~which shall not be unreasonably withheld~~ and which, subject to Clause 41.4, shall be granted in the case of a flag of the relevant  
Flag State, to change the flag and/or  
134 the name of the Vessel during the Charter Period. Painting and re-painting, instalment and re-instalment,  
135 registration and re-registration, ~~if required by the Owners~~, shall be at the Charterers' expense and time.

136 (e) Changes to the Vessel – Subject to Clause 10(a)(ii), the Charterers shall make no structural changes in the Vessel  
137 or changes in the machinery, boilers, appurtenances or spare parts thereof without in each instance first securing  
138 the Owners' approval thereof. If the Owners so agree, the Charterers shall, if the Owners so require, restore the  
139 Vessel to its former condition ~~before the termination of this Charter~~.

140 (f) Use of the Vessel's Outfit, Equipment and Appliances - The Charterers shall have the use of all outfit, equipment,  
141 and appliances on board the Vessel at the time of delivery, provided the same or their substantial equivalent  
142 shall be returned to the Owners on redelivery in the same good order and condition as when received, ordinary  
143 wear and tear excepted. The Charterers shall from time to time during the Charter Period replace such items of  
144 equipment as shall be so damaged or worn as to be unfit for use. The Charterers are to procure that all repairs  
145 to or replacement of any damaged, worn or lost parts or equipment be effected in such manner (both as regards  
146 workmanship and quality of materials) as not to diminish the value of the Vessel. Title of any equipment so replaced shall, unless agreed between the Owners and the  
Charterers, remain with the Owners. The Charterers have the right  
147 to fit additional equipment at their expense and risk (provided that no permanent structural damage is caused to the Vessel by reason of such installation) and but the  
Charterers shall, at their expense remove such equipment and make good any damage caused by the fitting or removal of such additional equipment at the end  
148 of the period if requested by the Owners at the time of redelivery of the Vessel. Any equipment including radio equipment on hire on the Vessel at  
149 time of delivery shall be kept and maintained by the Charterers and the Charterers shall assume the obligations  
150 and liabilities of the Owners under any lease contracts in connection therewith and shall reimburse the Owners  
151 for all expenses incurred in connection therewith, also for any new equipment required in order to comply with  
152 radio regulations.

153 (g) Periodical Dry-Docking - The Charterers shall dry-dock the Vessel and clean and paint her underwater parts  
154 whenever the same may be necessary, but not less than once during the period stated in Box 19 or, if Box 19 has  
155 been left blank, every sixty (60) calendar months after delivery or such other period as may be required by the  
156 Classification Society or flag state.

157 **11. Hire (See Clause 36)**

158 ~~(a) The Charterers shall pay hire due to the Owners punctually in accordance with the terms of this Charter in respect~~  
159 ~~of which time shall be of the essence.~~

160 ~~(b) The Charterers shall pay to the Owners for the hire of the Vessel a lump sum in the amount indicated in Box 22~~  
161 ~~which shall be payable not later than every thirty (30) running days in advance, the first lump sum being payable~~  
162 ~~on the date and hour of the Vessel's delivery to the Charterers. Hire shall be paid continuously throughout the~~  
163 ~~Charter Period.~~

164 ~~(c) Payment of hire shall be made in cash without discount in the currency and in the manner indicated in Box 25~~  
165 ~~and at the place mentioned in Box 26.~~

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- 166 (d) Final payment of hire, if for a period of less than thirty (30) running days, shall be calculated proportionally  
 167 according to the number of days and hours remaining before redelivery and advance payment to be effected  
 168 accordingly.
- 169 (e) Should the Vessel be lost or missing, hire shall cease from the date and time when she was lost or last heard of.  
 170 The date upon which the Vessel is to be treated as lost or missing shall be ten (10) days after the Vessel was last  
 171 reported or when the Vessel is posted as missing by Lloyd's, whichever occurs first. Any hire paid in advance to  
 172 be adjusted accordingly.
- 173 (f) Any delay in payment of hire shall entitle the Owners to interest at the rate per annum as agreed in Box 24. If  
 174 Box 24 has not been filled in, the three months Interbank offered rate in London (LIBOR or its successor) for the  
 175 currency stated in Box 25, as quoted by the British Bankers' Association (BBA) on the date when the hire fell due,  
 176 increased by 2 per cent, shall apply.
- 177 (g) Payment of interest due under sub-clause 11(f) shall be made within seven (7) running days of the date of the  
 178 Owners' invoice specifying the amount payable or, in the absence of an invoice, at the time of the next hire  
 179 payment date.

## 180 12. Mortgage

181 (only to apply if Box 28 has been appropriately filled in)

- 182 (a)\* The Owners warrant that they have not effected any mortgage(s) of the Vessel and that they shall not effect any  
 183 mortgage(s) without the prior consent of the Charterers, which shall not be unreasonably withheld.
- 184 (b)\* The Vessel chartered under this Charter may be is financed by a mortgage(s) according to the Financial Instruments.

185 The Charterers undertake to comply, and provide such information and documents to enable the Owners to  
 186 comply, with all such instructions or directions in regard to the employment, insurances, operation, repairs and  
 187 maintenance of the Vessel as laid down in the Financial Instruments or as may be reasonably directed from time to time  
 188 during the currency of the Charter by the mortgagee(s) in conformity with each the Financial Instrument (if any). The  
 189 Charterers ~~confirm that, for this purpose, they have acquainted themselves with all relevant terms, conditions~~  
 190 ~~and provisions of the Financial Instrument and agree to acknowledge each Financial Instrument (if any) this~~ in writing in any form that may be  
 191 required by the mortgagee(s). ~~The Owners warrant that they have not effected any mortgage(s) other than stated~~  
 192 ~~in Box 28 and that they shall not agree to any amendment of the mortgage(s) referred to in Box 28 or effect any~~  
 193 ~~other mortgage(s) without the prior consent of the Charterers, which shall not be unreasonably withheld.~~

194 \*(Optional. Clauses 12(a) and 12(b) are alternatives; indicate alternative agreed in Box 28).

## 195 13. Insurance and Repairs (See also Clause 38)

- 196 (a) Without prejudice to Clause 38, d During the Charter Period the Vessel shall be kept insured by the Charterers at their expense against hull and  
 197 machinery, war and Protection and Indemnity risks (and any risks against which it is compulsory to insure for the  
 198 operation of the Vessel, including but not limited to maintaining financial security in accordance with sub-clause 10(a)(iii)) in such  
 199 form as the Owners shall in writing approve, ~~which approval shall not be unreasonably withheld~~. Such insurances  
 200 shall be arranged by the Charterers to protect the interests of both the Owners and the Charterers and the  
 201 mortgagee(s) (if any), and the Charterers shall be at liberty to protect under such insurances the interests of any  
 202 managers they may appoint. Insurance policies shall cover the Owners and the Charterers according to their  
 203 respective interests.

204 Subject to the provisions of ~~the agreed loss payable clauses, the Financial Instrument, if any,~~ and the approval of the Owners and the insurers,  
 205 the Charterers shall effect all insured repairs and shall undertake settlement and reimbursement from the  
 206 insurers of all costs in connection with such repairs as well as insured charges, expenses and liabilities to the  
 207 extent of coverage under the insurances herein provided for.

208 The Charterers also to remain responsible for and to effect repairs and settlement of costs and expenses incurred  
 209 thereby in respect of all other repairs not covered by the insurances and/or not exceeding any possible  
 210 franchise(s) or deductibles provided for in the insurances.

211 All time used for repairs under the provisions of sub-clause 13(a) and for repairs of latent defects according to  
 212 Clause 3(c) above, including any deviation, shall be for the Charterers' account.

213 ~~(b) If the conditions of the above insurances permit additional insurance to be placed by the parties, such cover shall~~  
 214 ~~be limited to the amount for each party set out in Box 30 and Box 31, respectively. The Owners or the Charterers~~  
 215 ~~as the case may be shall immediately furnish the Owners, other party with particulars of any additional insurance effected,~~  
 216 ~~including copies of any cover notes or policies and the written consent of the insurers of any such required~~  
 217 ~~insurance in any case where the consent of such insurers is necessary.~~

218 (c) The Charterers shall upon the request of the Owners, provide information and promptly execute such documents  
 219 as may be required to enable the Owners to comply with the insurance provisions of ~~each the~~ Financial Instrument ~~(if any)~~.

220 ~~(d) Subject to the provisions of the Financial Instrument, if any, s~~Should the Vessel become ~~an actual, constructive,~~  
 221 ~~compromised or agreed a T~~total ~~L~~loss under the insurances required under sub-clause 13(a), all insurance payments  
 222 for such loss shall be paid to the Owners ~~(or if applicable, its financiers) in accordance with the agreed loss payable clauses, who shall distribute the moneys between the~~  
 223 ~~Owners and the Charterers~~  
 224 ~~according to their respective interests. The Charterers undertake to notify the Owners and the mortgagee(s), if~~  
 225 ~~any, of any occurrences in consequence of which the Vessel is likely to become a T~~total ~~L~~loss ~~as defined in this~~  
 226 ~~Clause.~~

226 ~~(e) The Owners shall upon the request of the Charterers, promptly execute such documents as may be required to~~  
 227 ~~enable the Charterers to abandon the Vessel to insurers and claim a constructive total loss.~~

228 (f) For the purpose of insurance coverage against hull and machinery and war risks under the provisions of sub-  
 229 clause 13(a), the value of the Vessel is the sum indicated in ~~Clause 38~~Box 29.

#### 230 ~~14. Insurance, Repairs and Classification~~

231 ~~(Optional, only to apply if expressly agreed and stated in Box 29, in which event Clause 13 shall be considered~~  
 232 ~~deleted).~~

233 ~~(a) During the Charter Period the Vessel shall be kept insured by the Owners at their expense against hull and~~  
 234 ~~machinery and war risks under the form of policy or policies attached hereto. The Owners and/or insurers shall~~  
 235 ~~not have any right of recovery or subrogation against the Charterers on account of loss of or any damage to the~~  
 236 ~~Vessel or her machinery or appurtenances covered by such insurance, or on account of payments made to~~  
 237 ~~discharge claims against or liabilities of the Vessel or the Owners covered by such insurance. Insurance policies~~  
 238 ~~shall cover the Owners and the Charterers according to their respective interests.~~

239 ~~(b) During the Charter Period the Vessel shall be kept insured by the Charterers at their expense against Protection~~  
 240 ~~and Indemnity risks (and any risks against which it is compulsory to insure for the operation of the Vessel,~~  
 241 ~~including maintaining financial security in accordance with sub-clause 10(a)(iii)) in such form as the Owners shall~~  
 242 ~~in writing approve which approval shall not be unreasonably withheld.~~

- 243 (e) In the event that any act or negligence of the Charterers shall vitiate any of the insurance herein provided, the  
244 Charterers shall pay to the Owners all losses and indemnify the Owners against all claims and demands which  
245 would otherwise have been covered by such insurance.
- 246 (d) The Charterers shall, subject to the approval of the Owners or Owners' Underwriters, effect all insured repairs,  
247 and the Charterers shall undertake settlement of all miscellaneous expenses in connection with such repairs as  
248 well as all insured charges, expenses and liabilities, to the extent of coverage under the insurances provided for  
249 under the provisions of sub-clause 14(a).
- 250 The Charterers to be secured reimbursement through the Owners' Underwriters for such expenditures upon  
251 presentation of accounts.
- 252 (e) The Charterers to remain responsible for and to effect repairs and settlement of costs and expenses incurred  
253 thereby in respect of all other repairs not covered by the insurances and/or not exceeding any possible  
254 franchise(s) or deductibles provided for in the insurances.
- 255 (f) All time used for repairs under the provisions of sub-clauses 14(d) and 14(e) and for repairs of latent defects  
256 according to Clause 3 above, including any deviation, shall be for the Charterers' account and shall form part of  
257 the Charter Period.
- 258 The Owners shall not be responsible for any expenses as are incident to the use and operation of the Vessel for  
259 such time as may be required to make such repairs.
- 260 (g) If the conditions of the above insurances permit additional insurance to be placed by the parties such cover shall  
261 be limited to the amount for each party set out in Box 30 and Box 31, respectively. The Owners or the Charterers  
262 as the case may be shall immediately furnish the other party with particulars of any additional insurance effected,  
263 including copies of any cover notes or policies and the written consent of the insurers of any such required  
264 insurance in any case where the consent of such insurers is necessary.
- 265 (h) Should the Vessel become an actual, constructive, compromised or agreed total loss under the insurances  
266 required under sub-clause 14(a), all insurance payments for such loss shall be paid to the Owners, who shall  
267 distribute the moneys between themselves and the Charterers according to their respective interests.
- 268 (i) If the Vessel becomes an actual, constructive, compromised or agreed total loss under the insurances arranged  
269 by the Owners in accordance with sub-clause 14(a), this Charter shall terminate as of the date of such loss.
- 270 (j) The Charterers shall upon the request of the Owners, promptly execute such documents as may be required to  
271 enable the Owners to abandon the Vessel to the insurers and claim a constructive total loss.
- 272 (k) For the purpose of insurance coverage against hull and machinery and war risks under the provisions of sub-  
273 clause 14(a), the value of the Vessel is the sum indicated in Box 29.
- 274 (l) Notwithstanding anything contained in sub-clause 10(a), it is agreed that under the provisions of Clause 14, if  
275 applicable, the Owners shall keep the Vessel's Class fully up to date with the Classification Society indicated in  
276 Box 10 and maintain all other necessary certificates in force at all times.
- 277 **15. Redelivery - See Clause 40**
- 278 At the expiration of the Charter Period the Vessel shall be redelivered by the Charterers to the Owners at a safe  
279 and ice-free port or place as indicated in Box 16, in such ready safe berth as the Owners may direct. The  
280 Charterers shall give the Owners not less than thirty (30) running days' preliminary notice of expected date, range  
281 of ports of redelivery or port or place of redelivery and not less than fourteen (14) running days' definite notice  
282 of expected date and port or place of redelivery.
- 283 Any changes thereafter in the Vessel's position shall be notified immediately to the Owners.
- 284 The Charterers warrant that they will not permit the Vessel to commence a voyage (including any preceding
-

285 ballast voyage) which cannot reasonably be expected to be completed in time to allow redelivery of the Vessel  
286 within the Charter Period. Notwithstanding the above, should the Charterers fail to redeliver the Vessel within  
287 the Charter Period, the Charterers shall pay the daily equivalent to the rate of hire stated in Box 22 plus 10 per  
288 cent or to the market rate, whichever is the higher, for the number of days by which the Charter Period is  
289 exceeded. All other terms, conditions and provisions of this Charter shall continue to apply.

290 Subject to the provisions of Clause 10, the Vessel shall be redelivered to the Owners in the same or as good  
291 structure, state, condition and class as that in which she was delivered, fair wear and tear not affecting class  
292 excepted.

293 The Vessel upon redelivery shall have her survey cycles up to date and trading and class certificates valid for at  
294 least the number of months agreed in Box 17.

#### 295 16. Non-Lien

296 The Charterers will not suffer, nor permit to be continued, any lien or encumbrance incurred by them or their  
297 agents, which might have priority over the title and interest of the Owners in the Vessel (except for Permitted Security Interests). The Charterers further  
298 agree to fasten to the Vessel in a conspicuous place and to keep so fastened during the Charter Period a notice  
299 reading as follows:

300 "This Vessel is the property of (name of Owners). It is under charter to (name of Charterers) and by the terms of  
301 the Charter Party neither the Charterers nor the Master have any right, power or authority to create, incur or  
302 permit to be imposed on the Vessel any lien whatsoever or a notice in such form as may be required by any mortgage."

#### 303 17. Indemnity (See Additional Clauses generally)

304 (a) ~~The Charterers shall indemnify the Owners against any loss, damage or expense incurred by the Owners arising~~  
305 ~~out of or in relation to the operation of the Vessel by the Charterers, and against any lien of whatsoever nature~~  
306 ~~arising out of an event occurring during the Charter Period. If the Vessel be arrested or otherwise detained by~~  
307 ~~reason of claims or liens arising out of her operation hereunder by the Charterers, the Charterers shall at their~~  
308 ~~own expense take all reasonable steps to secure that within a reasonable time the Vessel is released, including~~  
309 ~~the provision of bail.~~

310 ~~Without prejudice to the generality of the foregoing, the Charterers agree to indemnify the Owners against all~~  
311 ~~consequences or liabilities arising from the Master, officers or agents signing Bills of Lading or other documents.~~

312 (b) ~~If the Vessel be arrested or otherwise detained by reason of a claim or claims against the Owners, the Owners~~  
313 ~~shall at their own expense take all reasonable steps to secure that within a reasonable time the Vessel is released,~~  
314 ~~including the provision of bail.~~

315 ~~In such circumstances the Owners shall indemnify the Charterers against any loss, damage or expense incurred~~  
316 ~~by the Charterers (including hire paid under this Charter) as a direct consequence of such arrest or detention.~~

#### 317 18. Lien

318 The Owners to have a lien upon all cargoes, sub-hires and sub-freights belonging or due to the Charterers or any  
319 sub-charterers and any Bill of Lading freight for all claims under this Charter, ~~and the Charterers to have a lien on~~  
320 ~~the Vessel for all moneys paid in advance and not earned.~~

#### 321 19. Salvage

322 All salvage and towage performed by the Vessel shall be for the Charterers' benefit and the cost of repairing  
323 damage occasioned thereby shall be borne by the Charterers.

#### 324 20. Wreck Removal

325 In the event of the Vessel becoming a wreck or obstruction to navigation the Charterers shall indemnify the

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326 Owners against any sums whatsoever which the Owners shall become liable to pay and shall pay in consequence  
327 of the Vessel becoming a wreck or obstruction to navigation.

328 **21. General Average**

329 The Owners shall not contribute to General Average.

330 **22. Assignment, Sub-Charter and Sale (See Clause 57)**

331 ~~(a) The Charterers shall not assign this Charter nor sub-charter the Vessel on a bareboat basis except with the prior  
332 consent in writing of the Owners, which shall not be unreasonably withheld, and subject to such terms and  
333 conditions as the Owners shall approve.~~

334 ~~(b) The Owners shall not sell the Vessel during the currency of this Charter except with the prior written consent of  
335 the Charterers, which shall not be unreasonably withheld, and subject to the buyer accepting an assignment of  
336 this Charter.~~

337 **23. Contracts of Carriage**

338 (a)\* The Charterers are to procure that all documents issued during the Charter Period evidencing the terms and  
339 conditions agreed in respect of carriage of goods shall contain a paramount clause incorporating any legislation  
340 relating to carrier's liability for cargo compulsorily applicable in the trade; if no such legislation exists, the  
341 documents shall incorporate the Hague-Visby Rules. The documents shall also contain the New Jason Clause and

342 the Both-to-Blame Collision Clause.

343 ~~(b)\* The Charterers are to procure that all passenger tickets issued during the Charter Period for the carriage of  
344 passengers and their luggage under this Charter shall contain a paramount clause incorporating any legislation  
345 relating to carrier's liability for passengers and their luggage compulsorily applicable in the trade; if no such  
346 legislation exists, the passenger tickets shall incorporate the Athens Convention Relating to the Carriage of  
347 Passengers and their Luggage by Sea, 1974, and any protocol thereto.~~

348 ~~\*Delete as applicable.~~

349 **24. ~~Corporate~~Bank Guarantee**

350 ~~(Optional, only to apply if Box 27 filled in)~~

351 The Charterers undertake to furnish, ~~on or about the date of this Charter a corporate~~ before delivery of the Vessel, a first-class bank guarantee ~~from the Guarantor or bond in~~  
the

352 ~~sum and at the place as indicated in Box 27~~ as guarantee ~~and the other Security Documents~~ for full performance of their obligations under this  
353 Charter.

354 **25. Requisition/Acquisition**

355 (a) ~~Subject to the provisions for the Financial Instruments (if any),~~ in the event of the Requisition for Hire of the Vessel by any governmental or other competent authority  
356 (hereinafter referred to as "Requisition for Hire") irrespective of the date during the Charter Period when  
357 "Requisition for Hire" may occur and irrespective of the length thereof and whether or not it be for an indefinite  
358 or a limited period of time, and irrespective of whether it may or will remain in force for the remainder of the  
359 Charter Period, this Charter shall not be deemed thereby or thereupon to be frustrated or otherwise terminated  
360 and the Charterers shall continue to pay the stipulated hire in the manner provided by this Charter until the time  
361 when the Charter would have terminated pursuant to any of the provisions hereof always provided however that ~~if all hire has been paid by the Charterers hereunder then~~  
362 in the event of "Requisition for Hire" any Requisition Hire or compensation ~~is~~ received or receivable by the Owners, ~~the same~~  
363 shall be payable to the Charterers during the remainder of the Charter Period or the period of the "Requisition  
364 for Hire" whichever be the shorter.

365 (b) In the event of the Owners being deprived of their ownership in the Vessel by any Compulsory Acquisition of the  
 366 Vessel or requisition for title by any governmental or other competent authority (hereinafter referred to as  
 367 "Compulsory Acquisition"), then, irrespective of the date during the Charter Period when "Compulsory  
 368 Acquisition" may occur, this Charter shall be deemed terminated as of the date of such "Compulsory Acquisition".  
 369 In such event Charter Hire to be considered as earned and to be paid up to the date and time of such "Compulsory  
 370 Acquisition".

371 **26. War**

372 (a) Subject to the provisions of the Financial Instruments (if any), For the purpose of this Clause, the words "War Risks" shall include any war (whether actual or threatened),  
 373 act  
 374 of war, civil war, hostilities, revolution, rebellion, civil commotion, warlike operations, the laying of mines  
 375 (whether actual or reported), acts of piracy, acts of terrorists, acts of hostility or malicious damage, blockades  
 376 (whether imposed against all vessels or imposed selectively against vessels of certain flags or ownership, or  
 against certain cargoes or crews or otherwise howsoever), by any person, body, terrorist or political group, or  
 377 the Government of any state whatsoever, which may be dangerous or are likely to be or to become dangerous  
 378 to the Vessel, her cargo, crew or other persons on board the Vessel.

379 (b) Without first obtaining the written consent of the Owners and complying with the terms of Clause 38 and such other requirements (including but not limited to payment of  
 extra insurance premiums) as may be prescribed by the insurers, the Vessel ~~The Vessel, unless the written consent of the Owners be first obtained,~~ shall not continue to or go  
 through any  
 380 port, place, area or zone (whether of land or sea), or any waterway or canal, where it reasonably appears that  
 381 the Vessel, her cargo, crew or other persons on board the Vessel, in the reasonable judgement of the Owners,  
 382 may be, or are likely to be, exposed to War Risks. Should the Vessel be within any such place as aforesaid, which  
 383 only becomes dangerous, or is likely to be or to become dangerous, after her entry into it, the Owners shall have  
 384 the right to require the Vessel to leave such area.

385 (c) The Vessel shall not load contraband cargo, or to pass through any blockade, whether such blockade be imposed  
 386 on all vessels, or is imposed selectively in any way whatsoever against vessels of certain flags or ownership, or  
 387 against certain cargoes or crews or otherwise howsoever, or to proceed to an area where she shall be subject,  
 388 or is likely to be subject to a belligerent's right of search and/or confiscation.

389 ~~(d) If the insurers of the war risks insurance, when Clause 14 is applicable, should require payment of premiums  
 390 and/or calls because, pursuant to the Charterers' orders, the Vessel is within, or is due to enter and remain within,  
 391 any area or areas which are specified by such insurers as being subject to additional premiums because of War  
 392 Risks, then such premiums and/or calls shall be reimbursed by the Charterers to the Owners at the same time as  
 393 the next payment of hire is due.~~

394 (e) The Charterers shall have the liberty:

395 (i) to comply with all orders, directions, recommendations or advice as to departure, arrival, routes, sailing in  
 396 convoy, ports of call, stoppages, destinations, discharge of cargo, delivery, or in any other way whatsoever, which  
 397 are given by the Government of the Nation under whose flag the Vessel sails, or any other Government, body or  
 398 group whatsoever acting with the power to compel compliance with their orders or directions;

399 (ii) to comply with the orders, directions or recommendations of any war risks underwriters who have the  
 400 authority to give the same under the terms of the war risks insurance;

401 (iii) to comply with the terms of any resolution of the Security Council of the United Nations, any directives of  
 402 the European Community, the effective orders of any other Supranational body which has the right to issue and  
 403 give the same, and with national laws aimed at enforcing the same to which the Owners are subject, and to obey  
 404 the orders and directions of those who are charged with their enforcement.

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405 (f) In the event of outbreak of war (whether there be a declaration of war or not)

406 (i) between any two or more of the following countries: the United States of America; Russia; the United Kingdom;  
407 France; and the People's Republic of China;

408 (ii) between any two or more of the countries stated in Box 36, both the Owners and the Charterers shall have  
409 the right to cancel this Charter, whereupon the Charterers shall redeliver the Vessel to the Owners in accordance  
410 with Clause 15, if the Vessel has cargo on board after discharge thereof at destination, or if debarred under this  
411 Clause from reaching or entering it at a near, open and safe port as directed by the Owners, or if the Vessel has  
412 no cargo on board, at the port at which the Vessel then is or if at sea at a near, open and safe port as directed by  
413 the Owners. In all cases hire shall continue to be paid in accordance with Clause 11 and except as aforesaid all  
414 other provisions of this Charter shall apply until redelivery.

415 **27. Commission**

416 The Owners to pay a commission at the rate indicated in Box 33 to the Brokers named in Box 33 on any hire paid  
417 under the Charter. If no rate is indicated in Box 33, the commission to be paid by the Owners shall cover the  
418 actual expenses of the Brokers and a reasonable fee for their work.

419 If the full hire is not paid owing to breach of the Charter by either of the parties the party liable therefor shall  
420 indemnify the Brokers against their loss of commission.

421 Should the parties agree to cancel the Charter, the Owners shall indemnify the Brokers against any loss of  
422 commission but in such case the commission shall not exceed the brokerage on one year's hire.

423 **28. Termination (See Clause 40 and 44)**

424 (a) Charterers' Default

425 The Owners shall be entitled to withdraw the Vessel from the service of the Charterers and terminate the Charter  
426 with immediate effect by written notice to the Charterers if:

427 (i) the Charterers fail to pay hire in accordance with Clause 11. However, where there is a failure to make punctual  
428 payment of hire due to oversight, negligence, errors or omissions on the part of the Charterers or their bankers,  
429 the Owners shall give the Charterers written notice of the number of clear banking days stated in Box 34 (as  
430 recognised at the agreed place of payment) in which to rectify the failure, and when so rectified within such  
431 number of days following the Owners' notice, the payment shall stand as regular and punctual.

432 Failure by the Charterers to pay hire within the number of days stated in Box 34 of their receiving the Owners'  
433 notice as provided herein, shall entitle the Owners to withdraw the Vessel from the service of the Charterers and  
434 terminate the Charter without further notice;

435 (ii) the Charterers fail to comply with the requirements of:

436 (1) Clause 6 (Trading Restrictions)

437 (2) Clause 13(a) (Insurance and Repairs)

438 provided that the Owners shall have the option, by written notice to the Charterers, to give the Charterers a  
439 specified number of days grace within which to rectify the failure without prejudice to the Owners' right to  
440 withdraw and terminate under this Clause if the Charterers fail to comply with such notice;

441 (iii) the Charterers fail to rectify any failure to comply with the requirements of sub-clause 10(a)(i) (Maintenance  
442 and Repairs) as soon as practically possible after the Owners have requested them in writing so to do and in any  
443 event so that the Vessel's insurance cover is not prejudiced.

444 (b) Owners' Default

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445 If the Owners shall by any act or omission be in breach of their obligations under this Charter to the extent that  
 446 the Charterers are deprived of the use of the Vessel and such breach continues for a period of fourteen (14)  
 447 running days after written notice thereof has been given by the Charterers to the Owners, the Charterers shall  
 448 be entitled to terminate this Charter with immediate effect by written notice to the Owners.

449 (e) Loss of Vessel

450 This Charter shall be deemed to be terminated if the Vessel becomes a total loss or is declared as a constructive  
 451 or compromised or arranged total loss. For the purpose of this sub-clause, the Vessel shall not be deemed to be  
 452 lost unless she has either become an actual total loss or agreement has been reached with her underwriters in  
 453 respect of her constructive, compromised or arranged total loss or if such agreement with her underwriters is  
 454 not reached it is adjudged by a competent tribunal that a constructive loss of the Vessel has occurred.

455 (d) Either party shall be entitled to terminate this Charter with immediate effect by written notice to the other party  
 456 in the event of an order being made or resolution passed for the winding up, dissolution, liquidation or  
 457 bankruptcy of the other party (otherwise than for the purpose of reconstruction or amalgamation) or if a receiver  
 458 is appointed, or if it suspends payment, ceases to carry on business or makes any special arrangement or  
 459 composition with its creditors.

460 (e) The termination of this Charter shall be without prejudice to all rights accrued due between the parties prior to  
 461 the date of termination and to any claim that either party might have.

462 **29. Repossession**

463 In the event of the termination of this Charter in accordance with the applicable provisions of Clause 44~~28~~, the  
 464 Owners shall have the right to repossess the Vessel from the Charterers at her current or next port of call, or at  
 465 a port or place convenient to them without hindrance or interference by the Charterers, courts or local  
 466 authorities. Pending physical repossession of the Vessel in accordance with this Clause 29, the Charterers shall  
 467 hold the Vessel as gratuitous bailee only to the Owners and the Charterers shall procure that the master and crew follow the orders and directions of the Owners. The Owners  
 shall arrange for an authorised  
 468 representative to board the Vessel as soon as reasonably practicable following the termination of the Charter.  
 469 The Vessel shall be deemed to be repossessed by the Owners from the Charterers upon the boarding of the  
 470 Vessel by the Owners' representative. All arrangements and expenses relating to the settling of wages,  
 471 disembarkation and repatriation of the Charterers' Master, officers and crew shall be the sole responsibility of  
 472 the Charterers.

473 **30. Dispute Resolution**

474 (a)\* This ~~Contract~~ Charter and any non-contractual obligations arising out of or in connection with it, shall be governed by and construed in accordance with English law.

(b) This Charter shall be governed by and construed in accordance with English law and any dispute arising out of or in connection with this Charter shall be referred to arbitration in London in accordance with the Arbitration Act 1996 or any statutory modification or reenactment thereof save to the extent necessary to give effect to the provisions of this Clause. The seat of the arbitration shall be England, even where the hearing takes place outside England.

(c) The arbitration shall be conducted in accordance with the London Maritime Arbitrators Association (LMAA) Terms current at the time when the arbitration proceedings are commenced.

(d) The reference shall be to three arbitrators, one to be appointed by each party and the third, subject to the provisions of the LMAA Terms, by the two so appointed. A party wishing to refer a dispute to arbitration shall appoint its arbitrator and send notice of such appointment in writing to the other party requiring the other party to appoint its own arbitrator within 14 calendar days of that notice and stating that it will appoint its arbitrator as sole arbitrator unless the other party appoints its own arbitrator and gives notice that it has done so within the

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14 days specified. If the other party does not appoint its own arbitrator and give notice that it has done so within the 14 days specified in the notice, the party referring a dispute to arbitration may, without the requirement of any further prior notice to the other party, appoint its arbitrator as sole arbitrator and shall advise the other party accordingly. The award of a sole arbitrator shall be binding on both parties as if the arbitrator had been appointed by agreement.

(e) Nothing herein shall prevent the parties agreeing in writing to vary these provisions to provide for the appointment of a sole arbitrator.

(f) In cases where neither the claim nor any counterclaim exceeds the sum of US\$100,000 (or such other sum as the parties may agree) the arbitration shall be conducted in accordance with the LMAA Small Claims Procedure current at the time when the arbitration proceedings are commenced. In cases where the claim or any counterclaim exceeds the sum agreed for the LMAA Small Claims Procedure and neither the claim nor the counterclaim exceeds the sum of US\$400,000 (or such other sum as the parties may agree) the parties may further agree that the arbitration shall be conducted in accordance with the LMAA Intermediate Claims Procedure current at the time when the arbitration proceedings are commenced. Where the reference is to three arbitrators the procedure for making appointments shall be in accordance with the procedure for full arbitration stated above.

and any dispute arising out of

475 or in connection with this Contract shall be referred to arbitration in London in accordance with the Arbitration  
476 Act 1996 or any statutory modification or re-enactment thereof save to the extent necessary to give effect to the  
477 provisions of this Clause.

478 The arbitration shall be conducted in accordance with the London Maritime Arbitrators Association (LMAA)  
479 Terms current at the time when the arbitration proceedings are commenced.

480 The reference shall be to three arbitrators. A party wishing to refer a dispute to arbitration shall appoint its  
481 arbitrator and send notice of such appointment in writing to the other party requiring the other party to appoint  
482 its own arbitrator within 14 calendar days of that notice and stating that it will appoint its arbitrator as sole  
483 arbitrator unless the other party appoints its own arbitrator and gives notice that it has done so within the 14  
484 days specified. If the other party does not appoint its own arbitrator and give notice that it has done so within  
485 the 14 days specified, the party referring a dispute to arbitration may, without the requirement of any further  
486 prior notice to the other party, appoint its arbitrator as sole arbitrator and shall advise the other party accordingly.  
487 The award of a sole arbitrator shall be binding on both parties as if he had been appointed by agreement.

488 Nothing herein shall prevent the parties agreeing in writing to vary these provisions to provide for the  
489 appointment of a sole arbitrator.

490 In cases where neither the claim nor any counterclaim exceeds the sum of US\$50,000 (or such other sum as the  
491 parties may agree) the arbitration shall be conducted in accordance with the LMAA Small Claims Procedure  
492 current at the time when the arbitration proceedings are commenced.

493 (b)\* This Contract shall be governed by and construed in accordance with Title 9 of the United States Code and the  
494 Maritime Law of the United States and any dispute arising out of or in connection with this Contract shall be  
495 referred to three persons at New York, one to be appointed by each of the parties hereto, and the third by the  
496 two so chosen; their decision or that of any two of them shall be final, and for the purposes of enforcing any  
497 award, judgement may be entered on an award by any court of competent jurisdiction. The proceedings shall be  
498 conducted in accordance with the rules of the Society of Maritime Arbitrators, Inc.

499 In cases where neither the claim nor any counterclaim exceeds the sum of US\$50,000 (or such other sum as the  
500 parties may agree) the arbitration shall be conducted in accordance with the Shortened Arbitration Procedure  
501 of the Society of Maritime Arbitrators, Inc. current at the time when the arbitration proceedings are commenced.

502 (e)\* This Contract shall be governed by and construed in accordance with the laws of the place mutually agreed by  
503 the parties and any dispute arising out of or in connection with this Contract shall be referred to arbitration at a

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504 mutually agreed place, subject to the procedures applicable there.

505 (d) Notwithstanding (a), (b) or (c) above, the parties may agree at any time to refer to mediation any difference  
506 and/or dispute arising out of or in connection with this Contract.

507 In the case of a dispute in respect of which arbitration has been commenced under (a), (b) or (c) above, the  
508 following shall apply:

509 (i) Either party may at any time and from time to time elect to refer the dispute or part of the dispute to mediation  
510 by service on the other party of a written notice (the "Mediation Notice") calling on the other party to agree to  
511 mediation.

512 (ii) The other party shall thereupon within 14 calendar days of receipt of the Mediation Notice confirm that they  
513 agree to mediation, in which case the parties shall thereafter agree a mediator within a further 14 calendar days,  
514 failing which on the application of either party a mediator will be appointed promptly by the Arbitration Tribunal  
515 ("the Tribunal") or such person as the Tribunal may designate for that purpose. The mediation shall be conducted  
516 in such place and in accordance with such procedure and on such terms as the parties may agree or, in the event  
517 of disagreement, as may be set by the mediator.

518 (iii) If the other party does not agree to mediate, that fact may be brought to the attention of the Tribunal and  
519 may be taken into account by the Tribunal when allocating the costs of the arbitration as between the parties.

520 (iv) The mediation shall not affect the right of either party to seek such relief or take such steps as it considers  
521 necessary to protect its interest.

522 (v) Either party may advise the Tribunal that they have agreed to mediation. The arbitration procedure shall  
523 continue during the conduct of the mediation but the Tribunal may take the mediation timetable into account  
524 when setting the timetable for steps in the arbitration.

525 (vi) Unless otherwise agreed or specified in the mediation terms, each party shall bear its own costs incurred in  
526 the mediation and the parties shall share equally the mediator's costs and expenses.

527 (vii) The mediation process shall be without prejudice and confidential and no information or documents  
528 disclosed during it shall be revealed to the Tribunal except to the extent that they are disclosable under the law  
529 and procedure governing the arbitration.

530 (Note: The parties should be aware that the mediation process may not necessarily interrupt time limits.)

531 (e) If Box 35 in Part I is not appropriately filled in, sub-clause 30(a) of this Clause shall apply. Sub-clause 30(d) shall  
532 apply in all cases.

533 \*Sub-clauses 30(a), 30(b) and 30(c) are alternatives; indicate alternative agreed in Box 35.

534 **31. Notices (See Clause 43)**

535 (a) Any notice to be given by either party to the other party shall be in writing and may be sent by fax, telex,  
536 registered or recorded mail or by personal service.

537 (b) The address of the Parties for service of such communication shall be as stated in Boxes 3 and 4 respectively.

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**1. Specifications and Building Contract**

(a) The Vessel shall be constructed in accordance with the Building Contract (hereafter called "the Building Contract") as annexed to this Charter, made between the Builders and the Owners and in accordance with the specifications and plans annexed thereto, such Building Contract, specifications and plans having been counter-signed as approved by the Charterers.

(b) No change shall be made in the Building Contract or in the specifications or plans of the Vessel as approved by the Charterers as aforesaid, without the Charterers' consent.

(c) The Charterers shall have the right to send their representative to the Builders' Yard to inspect the Vessel during the course of her construction to satisfy themselves that construction is in accordance with such approved specifications and plans as referred to under sub-clause (a) of this Clause.

(d) The Vessel shall be built in accordance with the Building Contract and shall be of the description set out therein. Subject to the provisions of sub-clause 2(c)(ii) hereunder, the Charterers shall be bound to accept the Vessel from the Owners, completed and constructed in accordance with the Building Contract, on the date of delivery by the Builders. The Charterers undertake that having accepted the Vessel they will not thereafter raise any claims against the Owners in respect of the Vessel's performance or specification or defects, if any.

Nevertheless, in respect of any repairs, replacements or defects which appear within the first 12 months from delivery by the Builders, the Owners shall endeavour to compel the Builders to repair, replace or remedy any defects or to recover from the Builders any expenditure incurred in carrying out such repairs, replacements or remedies.

However, the Owners' liability to the Charterers shall be limited to the extent the Owners have a valid claim against the Builders under the guarantee clause of the Building Contract (a copy whereof has been supplied to the Charterers). The Charterers shall be bound to accept such sums as the Owners are reasonably able to recover under this Clause and shall make no further claim on the Owners for the difference between the amount(s) so recovered and the actual expenditure on repairs, replacement or remedying defects or for any loss of time incurred.

Any liquidated damages for physical defects or deficiencies shall accrue to the account of the party stated in Box 41(a) or if not filled in shall be shared equally between the parties.

The costs of pursuing a claim or claims against the Builders under this Clause (including any liability to the Builders) shall be borne by the party stated in Box 41(b) or if not filled in shall be shared equally between the parties.

**2. Time and Place of Delivery**

(a) Subject to the Vessel having completed her acceptance trials including trials of cargo equipment in accordance with the Building Contract and specifications to the satisfaction of the Charterers, the Owners shall give and the Charterers shall take delivery of the Vessel afloat when ready for delivery and properly documented at the Builders' Yard or some other safe and readily accessible dock, wharf or place as may be agreed between the parties hereto and the Builders. Under the Building Contract the Builders have estimated that the Vessel will be ready for delivery to the Owners as therein provided but the delivery date for the purpose of this Charter shall be the date when the Vessel is in fact ready for delivery by the Builders after completion of trials whether that be before or after as indicated in the Building Contract. The Charterers shall not be entitled to refuse acceptance of delivery of the Vessel and upon and after such acceptance, subject to Clause 1(d), the Charterers shall not be entitled to make any claim against the Owners in respect of any conditions, representations or warranties, whether express or implied, as to the seaworthiness of the Vessel or in respect of delay in delivery.

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- 42 (b) If for any reason other than a default by the Owners under the Building Contract, the Builders become entitled  
43 under that Contract not to deliver the Vessel to the Owners, the Owners shall upon giving to the Charterers  
44 written notice of Builders becoming so entitled, be excused from giving delivery of the Vessel to the Charterers  
45 and upon receipt of such notice by the Charterers this Charter shall cease to have effect.
- 46 (e) If for any reason the Owners become entitled under the Building Contract to reject the Vessel the Owners shall,  
47 before exercising such right of rejection, consult the Charterers and thereupon
- 48 (i) if the Charterers do not wish to take delivery of the Vessel they shall inform the Owners within seven (7)  
49 running days by notice in writing and upon receipt by the Owners of such notice this Charter shall cease  
50 to have effect; or
- 51 (ii) if the Charterers wish to take delivery of the Vessel they may by notice in writing within seven (7)  
52 running days require the Owners to negotiate with the Builders as to the terms on which delivery should  
53 be taken and/or refrain from exercising their right to rejection and upon receipt of such notice the  
54 Owners shall commence such negotiations and/or take delivery of the Vessel from the Builders and  
55 deliver her to the Charterers;
- 56 (iii) in no circumstances shall the Charterers be entitled to reject the Vessel unless the Owners are able to  
57 reject the Vessel from the Builders;
- 58 (iv) if this Charter terminates under sub-clause (b) or (c) of this Clause, the Owners shall thereafter not be  
59 liable to the Charterers for any claim under or arising out of this Charter or its termination.
- 60 (d) Any liquidated damages for delay in delivery under the Building Contract and any costs incurred in pursuing a  
61 claim therefor shall accrue to the account of the party stated in Box 41(e) or if not filled in shall be shared  
62 equally between the parties.

63 **3. Guarantee Works**

64 If not otherwise agreed, the Owners authorise the Charterers to arrange for the guarantee works to be  
65 performed in accordance with the building contract terms, and hire to continue during the period of guarantee  
66 works. The Charterers have to advise the Owners about the performance to the extent the Owners may request.

67 **4. Name of Vessel**

68 The name of the Vessel shall be mutually agreed between the Owners and the Charterers and the Vessel shall be  
69 painted in the colours, display the funnel insignia and fly the house flag as required by the Charterers.

70 **5. Survey on Redelivery**

71 The Owners and the Charterers shall appoint surveyors for the purpose of determining and agreeing in writing  
72 the condition of the Vessel at the time of redelivery.

73 Without prejudice to Clause 15 (Part II), the Charterers shall bear all survey expenses and all other costs, if any,  
74 including the cost of docking and undocking, if required, as well as all repair costs incurred. The Charterers shall  
75 also bear all loss of time spent in connection with any docking and undocking as well as repairs, which shall be  
76 paid at the rate of hire per day or pro rata.

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PART IV

1 On expiration of this Charter and provided the Charterers have fulfilled their obligations according to Part I and  
2 H as well as Part III, if applicable, it is agreed, that on payment of the final payment of hire as per Clause 11 the  
3 Charterers have purchased the Vessel with everything belonging to her and the Vessel is fully paid for.

4 In the following paragraphs the Owners are referred to as the Sellers and the Charterers as the Buyers.

5 The Vessel shall be delivered by the Sellers and taken over by the Buyers on expiration of the Charter.

6 The Sellers guarantee that the Vessel, at the time of delivery, is free from all encumbrances and maritime liens  
7 or any debts whatsoever other than those arising from anything done or not done by the Buyers or any existing  
8 mortgage agreed not to be paid off by the time of delivery. Should any claims, which have been incurred prior to  
9 the time of delivery be made against the Vessel, the Sellers hereby undertake to indemnify the Buyers against all  
10 consequences of such claims to the extent it can be proved that the Sellers are responsible for such claims. Any  
11 taxes, notarial, consular and other charges and expenses connected with the purchase and registration under  
12 Buyers' flag, shall be for Buyers' account. Any taxes, consular and other charges and expenses connected with  
13 closing of the Sellers' register, shall be for Sellers' account.

14 In exchange for payment of the last month's hire instalment the Sellers shall furnish the Buyers with a Bill of Sale  
15 duly attested and legalized, together with a certificate setting out the registered encumbrances, if any. On  
16 delivery of the Vessel the Sellers shall provide for deletion of the Vessel from the Ship's Register and deliver a  
17 certificate of deletion to the Buyers.

18 The Sellers shall, at the time of delivery, hand to the Buyers all classification certificates (for hull, engines, anchors,  
19 chains, etc.); as well as all plans which may be in Sellers' possession.

20 The Wireless Installation and Nautical Instruments, unless on hire, shall be included in the sale without any extra  
21 payment.

22 The Vessel with everything belonging to her shall be at Sellers' risk and expense until she is delivered to the  
23 Buyers, subject to the conditions of this Contract and the Vessel with everything belonging to her shall be  
24 delivered and taken over as she is at the time of delivery, after which the Sellers shall have no responsibility for  
25 possible faults or deficiencies of any description.

26 The Buyers undertake to pay for the repatriation of the Master, officers and other personnel if appointed by the  
27 Sellers to the port where the Vessel entered the Bareboat Charter as per Clause 3 (Part II) or to pay the equivalent  
28 cost for their journey to any other place.

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1 **1. Definitions**

2 For the purpose of this PART V, the following terms shall have the meanings hereby assigned to them:

3 "The Bareboat Charter Registry" shall mean the registry of the State whose flag the Vessel will fly and in which  
4 the Charterers are registered as the bareboat charterers during the period of the Bareboat Charter.

5 "The Underlying Registry" shall mean the registry of the state in which the Owners of the Vessel are registered  
6 as Owners and to which jurisdiction and control of the Vessel will revert upon termination of the Bareboat  
7 Charter Registration.

8 **2. Mortgage**

9 The Vessel chartered under this Charter is financed by a mortgage and the provisions of Clause 12(b) (Part II)  
10 shall apply.

11 **3. Termination of Charter by Default**

12 If the Vessel chartered under this Charter is registered in a Bareboat Charter Registry as stated in Box 44, and if  
13 the Owners shall default in the payment of any amounts due under the mortgage(s) specified in Box 28, the  
14 Charterers shall, if so required by the mortgagee, direct the Owners to re-register the Vessel in the Underlying  
15 Registry as shown in Box 45.

16 In the event of the Vessel being deleted from the Bareboat Charter Registry as stated in Box 44, due to a default  
17 by the Owners in the payment of any amounts due under the mortgage(s), the Charterers shall have the right to  
18 terminate this Charter forthwith and without prejudice to any other claim they may have against the Owners  
19 under this Charter.

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EXECUTION VERSIONADDITIONAL CLAUSES TO BARECON 2001

Clause 32	– CHARTER PERIOD	2
Clause 33	– CANCELLATION	2
Clause 34	– DELIVERY OF VESSEL	2
Clause 35	– QUIET ENJOYMENT	4
Clause 36	– CHARTERHIRE	4
Clause 37	– POSSESSION OF VESSEL	8
Clause 38	– INSURANCE	8
Clause 39	– WARRANTIES RELATING TO VESSEL	14
Clause 40	– TERMINATION, REDELIVERY AND TOTAL LOSS	16
Clause 41	– FEES AND EXPENSES	20
Clause 42	– NO WAIVER OF RIGHTS	21
Clause 43	– NOTICES	21
Clause 44	– TERMINATION EVENTS	22
Clause 44A	– MANDATORY SALE	25
Clause 45	– REPRESENTATIONS AND WARRANTIES	26
Clause 46	– CHARTERERS' UNDERTAKINGS	29
Clause 47	– PURCHASE OPTION	38
Clause 48	– PURCHASE OBLIGATION	39
Clause 49	– SALE OF THE VESSEL	39
Clause 50	– INDEMNITIES	40
Clause 51	– NO SET-OFF OR TAX DEDUCTION	43
Clause 52	– INCREASED COSTS	43
Clause 53	– FATCA	44
Clause 54	– CONFIDENTIALITY	46
Clause 55	– PARTIAL INVALIDITY	47
Clause 56	– SETTLEMENT OR DISCHARGE CONDITIONAL	47
Clause 57	– CHANGES TO THE PARTIES	47
Clause 58	– MISCELLANEOUS	49
Clause 59	– DEFINITIONS	50
SCHEDULE 1 –	ACCEPTANCE CERTIFICATE	70
SCHEDULE 2 –	CONDITIONS PRECEDENT	71
SCHEDULE 3		77
EXECUTION PAGE		83

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**CLAUSE 32 – CHARTER PERIOD**

**32.1** For the avoidance of doubt, notwithstanding the fact that the Charter Period shall commence on the Delivery Date, this Charter shall be:

- (a) in full force and effect; and
- (b) valid, binding and enforceable against the parties hereto,  
with effect from the date hereof until the end of the Charter Period (subject to the terms of this Charter).

**32.2** The Charter Period shall, subject to the terms of this Charter, commence from the Delivery Date and end on one hundred and twenty (120) months from the Delivery Date.

**CLAUSE 33 – CANCELLATION**

If:

- (a) the Vessel has not been delivered to the Owners under the MOA on or before the Cancelling Date; or
- (b) it becomes unlawful for the Owners (as buyers under the MOA) to perform or comply with any or all of their obligations under the MOA or any of the obligations of the Owners under MOA is not or ceases to be legal, valid, binding and enforceable; or
- (c) the MOA expires, is cancelled, terminated, rescinded or suspended or otherwise ceases to remain in full force and effect for any reason,

then this Charter shall immediately terminate and be cancelled (with the exception of Clause 50 (*Indemnities*) and other provisions hereof and any other Leasing Document expressed to survive such termination or cancellation) without the need for either of the Owners or the Charterers to take any action whatsoever and the Owners shall be entitled to retain all fees, expenses and any other amounts paid by the Charterers under Clause 41 (*Fees and Expenses*) and any clause in the MOA and if such fees have not been paid, the Charterers shall forthwith pay such fees and expenses to the Owners, and it is agreed by the Parties that such payment shall be irrevocable and unconditional and is acknowledged by the Charterers to be proportionate as to amount, having regard to the legitimate interest of the Owners, in protecting against the Owners' risk of the Charterers failing to perform their obligations under this Charter.

**CLAUSE 34 – DELIVERY OF VESSEL**

**34.1** This Charter is part of a transaction involving the sale, purchase of the Vessel by the Owners from the Sellers and the demise chartering of the Vessel by the Owners to the Charterers, and constitutes one of the Leasing Documents.

**34.2** The obligation of the Owners to charter the Vessel to the Charterers hereunder is subject to and conditional upon:

- (a) the delivery of the Vessel to the Charterers by the SBC Sellers and acceptance of the Vessel by the Charterers pursuant to the Shipbuilding Contract;
- (b) the delivery of the Vessel to the Sellers by the Charterers and acceptance of the Vessel by the Sellers pursuant to the Initial MOA;

- (c) the delivery of the Vessel to the Owners by the Sellers pursuant to the MOA and, for the purposes of this Charter, the Vessel shall be deemed delivered to the Charterers simultaneously with delivery of the Vessel to the Owners pursuant to the MOA and at delivery the Charterers shall, subject to Clause 9, keep all bunkers, lubrication oil, unbroached provisions, paints, ropes and other consumable stores in the Vessel which were delivered under the MOA;
- (d) no Potential Termination Event or Termination Event having occurred from the date of this Charter up to and including the Delivery Date, which is continuing;
- (e) the representations and warranties contained in Clause 45 being true and correct on the date hereof, the Prepositioning Date and on the Delivery Date;
- (f) Delivery occurring on or before the Cancelling Date;
- (g) the Owners having received from the Charterers:
  - (i) on or prior to the date falling three (3) Business Days prior to the Prepositioning Date (or such other period as the Owners may agree in their sole discretion or as otherwise specified in Part A of Schedule 2), the documents or evidence set out in Part A of Schedule 2 (*Conditions Precedent*) in form and substance satisfactory to them;
  - (ii) on the Delivery Date and prior to or simultaneously with the Owners executing a dated and timed copy of the protocol of delivery and acceptance evidencing delivery of the Vessel under the MOA and a dated and timed copy of the Acceptance Certificate, the documents or evidence set out in Part B of Schedule 2 (*Conditions Precedent*) in form and substance satisfactory to them; and
  - (iii) after Delivery, the documents and evidence set out in Part C of Schedule 2 in form and substance satisfactory to them within the time periods set out thereunder,and if any of the documents listed in sub-clauses (i) to (iii) above are not in the English language then they shall, if required by the Owners, be accompanied by an English translation.

**34.3** The conditions precedent specified in Clause 34.2(g) are inserted for the sole benefit of the Owners and may be waived or deferred in whole or in part and with or without conditions by the Owners. Upon the requirements of Clause 34.2 being fulfilled or waived to the satisfaction of the Owners, the Owners shall give notice thereof in writing to the Charterers.

**34.4** On delivery to and acceptance by the Owners (as buyers under the MOA) of the Vessel under the MOA from the Sellers (as sellers under the MOA) and subject to the provisions of this Clause, the Vessel shall be deemed to have been delivered on an "as is where is" basis to, and accepted without reservation by, the Charterers under this Charter and the Charterers shall become and be entitled to the possession and use of the Vessel on and subject to the terms and conditions of this Charter.

**34.5** On Delivery, as evidence of the commencement of the Charter Period, the Charterers shall sign and deliver to the Owners, the Acceptance Certificate. Without prejudice to this Clause, the Charterers shall be deemed to have accepted the Vessel under this Charter and the commencement of the Charter Period having started, on Delivery even if for whatever reason, the Acceptance Certificate is not signed.

**34.6** Without prejudice to and notwithstanding the provisions of this Clause, the Charterers shall not be entitled for any reason whatsoever to refuse to accept delivery of the Vessel under this Charter once the Vessel has been delivered to and accepted by the Owners (as buyers under the MOA) under the MOA from the Sellers (as sellers under the MOA), and the Owners shall not be liable for any losses, costs or expenses whatsoever or howsoever arising.

34.7 Without prejudice to Clause 9 (*Inventories, Oil and Stores*), the Owners shall not be obliged to deliver the Vessel to the Charterers with any bunkers and unused lubricating oils and greases in storage tanks and unopened drums of the Vessel.

**CLAUSE 35 – QUIET ENJOYMENT**

35.1 Provided that the Charterers do not breach any terms of this Charter or any other Leasing Document, the Owners hereby agree not to disturb or interfere with the Charterers' lawful use, possession and quiet enjoyment of the Vessel during the Charter Period.

35.2 The Owners shall, on or prior to executing a ship mortgage over the Vessel in favour of a Owners' Financier as permitted under Clause 57.2(b)(i), procure that the Owners' Financier enters into a quiet enjoyment agreement with the Charterers on such terms as may be agreed between the Owners, the Owners' Financier and the Charterers.

**CLAUSE 36 – CHARTERHIRE**

36.1 In consideration of the Owners agreeing to charter the Vessel to the Charterers under this Charter at the request of the Charterers, the Charterers hereby irrevocably and unconditionally agree to pay to the Owners the Charterhire in accordance with this Clause 36 (*Charterhire*).

36.2 Commencing on and from the Prepositioning Date, the Charterers shall pay, on each Hire Payment Date, an instalment of Charterhire to the Owners monthly in arrears and each instalment of Charterhire shall consist of:

- (a) the Fixed Charterhire; and
- (b) a variable component (the "**Variable Charterhire**"), which shall be calculated by applying the applicable Interest Rate on the Quotation Day of the relevant Hire Period to the Outstanding Principal as at the date immediately prior to such Hire Payment Date (which, for the avoidance of doubt, shall be the Purchase Price in respect of the first Charterhire instalment), for the actual number of days elapsed within the relevant Hire Period. For the avoidance of doubt, in relation to a Hire Payment Date, the Variable Charterhire shall be calculated as follows:

$$\begin{array}{l} \textit{Outstanding} \\ \textit{Principal as at} \\ \textit{such date} \\ \textit{immediately} \\ \textit{prior to such Hire} \\ \textit{Payment Date} \end{array} \times \begin{array}{l} \textit{Applicable} \\ \textit{Interest Rate} \end{array} \times \frac{\begin{array}{l} \textit{Number of days of the relevant Hire Period} \\ \textit{immediately prior to such Hire Payment Date} \end{array}}{360}$$

The Parties agree for good and valuable consideration that as this is a finance charter the calculation of Charterhire may commence from the Prepositioning Date notwithstanding that the Vessel has not been delivered on that date.

36.3 The Vessel shall not at any time be deemed off-hire and the Charterers' obligation to pay all Charterhire and any other amounts payable under this Charter shall be absolutely and unconditionally payable under any and all circumstances and shall not be affected by any circumstances of any nature whatsoever including, but not limited to:

- (a) any set off, counterclaim, recoupment, defence, claim or other right which the Charterers may at any time have against the Owners or any other person for any reason whatsoever including, without limitation, any act, omission or breach on the part of the Owners under this Charter or any other agreement at any time existing between the Owners and the Charterers;

- (b) any change, extension, indulgence or other act or omission in respect of any indebtedness or obligation of the Charterers, or any sale, exchange, release or surrender of, or other dealing in, any security for any such indebtedness or obligation;
- (c) any unavailability of the Vessel, including, any title defect or encumbrance or any dispossession of the Vessel by title paramount or otherwise;
- (d) any modification (including, but not limited to, the installation of scrubbers) being performed on the Vessel or any part thereof;
- (e) any defect in the seaworthiness, condition, value, design, merchantability, operation or fitness for use of the Vessel or the ineligibility of the Vessel for any particular trade, or for registration or documentation under the laws of any relevant jurisdiction;
- (f) the Total Loss or any damage to or forfeiture or court marshal's or other sale of the Vessel unless such sale is solely caused by a default by the Owners in respect of any Financial Indebtedness of the Owners and the Owners fail to remedy such default within 30 days of the occurrence of such default and if applicable, the relevant Owners' Financier has not entered into a quiet enjoyment agreement with the Charterers pursuant to Clause 35.2;
- (g) any libel, attachment, levy, detention, sequestration or taking into custody of the Vessel or any restriction or prevention of or interference with or interruption or cessation in, the use or possession thereof by the Charterers;
- (h) any insolvency, bankruptcy, reorganization, arrangement, readjustment, dissolution, liquidation or similar proceedings by or against the Charterers or any other Obligor;
- (i) any invalidity, unenforceability, lack of due authorization or other defects, or any failure or delay in performing or complying with any of the terms and provisions of this Charter or any of the Leasing Documents by any party to this Charter or any other person;
- (j) any enforcement or attempted enforcement by the Owners of their rights under this Charter or any of the Leasing Documents executed or to be executed pursuant to this Charter;
- (k) any loss of use of the Vessel due to deficiency or default or strike of officers or crew, fire, breakdown, damage, accident, defective cargo or any other cause which would or might but for this provision have the effect of terminating or in any way affecting any obligation of the Charterers under this Charter; or
- (l) any prevention, delay, deviation or disruption in the use of the Vessel resulting from the wide outbreak of any viruses or any other highly infectious or contagious diseases (including the 2019 novel coronavirus), including but not limited to those caused by:
  - (i) closure of ports;
  - (ii) prohibitions or restrictions against the Vessel calling at or passing through certain ports;
  - (iii) restriction in the movement of personnel and/or shortage of labour affecting the operation of the Vessel or the operation of the ports (including stevedoring operations);
  - (iv) quarantine regulations affecting the Vessel, its cargo, the crew members or relevant port personnel;
  - (v) fumigation or cleaning of the Vessel; or

(vi) any claims raised by any Sub-charterer or manager of the Vessel that a force majeure event or termination event (or any other analogous event howsoever called) has occurred under the relevant charter agreement or management agreement (as the case may be) of the Vessel as a result of the outbreak of such virus or disease.

- 36.4** All payments of the Charterhire and any other moneys payable hereunder shall be made in Dollars.
- 36.5** Time of payment of the Charterhire and any other payments by the Charterers shall be of the essence of this Charter and shall be received by the Owners in same day available funds and not later than 5.00 pm (Beijing time) on the due date of such payment.
- 36.6** All Charterhire and any moneys payable hereunder shall be payable by the Charterers to the Owners to such account as the Owners may notify the Charterers in writing. For the avoidance of doubt, the Charterers' obligation to pay any Charterhire and any moneys payable hereunder is not conditional upon the Charterers' receipt of such notification.
- 36.7** Payment of the Charterhire and any other amounts payable by the Charterers to the Owners under the Leasing Documents shall be at the Charterers' risk until receipt by the Owners.
- 36.8** All stamp duty, value added tax, withholding or other taxes and import and export duties and all other similar types of charges which may be levied or assessed on or in connection with:
- (a) the operation of this Charter in respect of the hire and all other payments to be made pursuant to this Charter and the remittance thereof to the Owners; and
  - (b) the import, export, purchase, delivery and re-delivery of the Vessel,
- shall be borne by the Charterers. The Charterers shall pay, if applicable, value added tax and other similar tax levied on any Charterhire and other payments payable under this Charter by addition to, and at the time of payment of, such amounts.
- 36.9** If the Charterers fail to make any payment due under this Charter on the due date, they shall pay interest on such late payment at the default rate of 4.35% per annum plus Reference Rate applicable to the Hire Period in which the due date of such payment falls, and accruing from the date on which such payment became due until the date of receipt of the payment thereof. For the avoidance of doubt, any default interest (if unpaid) arising on any late payment will be compounded with that late payment at the end of the Hire Period applicable to that late payment but will remain immediately due and payable. The Charterers and the Owners agree that such default interest is proportionate as to amount, having regard to the legitimate interest of the Owners, in protecting the Owners' risk of the Charterers failing to perform its obligations under this Charter.
- 36.10** All Variable Charterhire, any interest including default interest and any other payments under this Charter which are of an annual or periodic nature (apart from the Fixed Charterhire) shall accrue from day to day and shall be calculated on the basis of the actual number of days elapsed and a 360 day year.
- 36.11** Any payment which is due to be made on a day which is not a Business Day, it shall be made on the preceding Business Day.
- 36.12** For the purposes of determining the Variable Charterhire, if no Term SOFR for one (1) month is available for that Hire Period, there shall be no Reference Rate for that Hire Period and Clause 36.14 (*Cost of funds*) shall apply.
- 36.13** If before close of business in Beijing on the date falling one (1) Business Day after the Quotation Day for the relevant Hire Period, the Owners notify the Charterers their cost of funds would be in excess of the Reference Rate for that Hire Period then Clause 36.14 (*Cost of funds*) shall apply to the Outstanding Principal or that part of the Outstanding Principal (as applicable) for that Hire Period.

**36.14 Cost of funds.**

- (a) If this Clause applies for a Hire Period, the applicable Interest Rate shall be the percentage rate per annum which is the aggregate of:
- (i) the Margin; and
  - (ii) the cost notified by the Owners (expressed as an annual rate of interest) of funding the Outstanding Principal during such Hire Period as reasonably determined by the Owners,
- provided that if the rate pursuant to (ii) above is less than zero, the relevant rate shall be deemed to be zero.
- (b) If this Clause applies pursuant to Clause 36.13 above and the Owners or the Charterers so requires, the Owners and the Charterers shall enter into negotiations (for a period not more than 30 days) with a view to agreeing a substitute basis for determining the rate of interest or (as the case may be) an alternative basis for funding. Subject to Clause 36.15, any substitute or alternative basis agreed pursuant to this Clause shall, with the prior written consent of the Parties, be binding on the Parties.
- (c) If a substitute basis is not so agreed pursuant to Clause 36.14(b) or the amendment or waiver to the terms of the Leasing Documents is not so agreed pursuant to Clause 36.15,
- (i) Clause 36.14 (a) (*Cost of funds*) shall apply to the Outstanding Principal or that part of the Outstanding Principal (as applicable) for any relevant Hire Period; and
  - (ii) the Charterers shall have the option to purchase the Vessel on the applicable Purchase Option Date at the applicable Purchase Option Price, subject always to giving the Owners no less than three (3) months' prior written notice and for the avoidance of doubt, subject to Clauses 47.2 and 47.3, and provided that at the date of such prior notice and such Purchase Option Date no Termination Event has occurred which is continuing, whereupon the Charterers shall pay the applicable Purchase Option Price to the Owners and upon the Owners' receipt in full of the Purchase Option Price, the Owners shall transfer the legal and beneficial ownership of the Vessel in accordance with Clause 47.4.

**36.15** If a Published Rate Replacement Event has occurred in relation to the Published Rate, the Owners and/or the Charterers are entitled to request any amendment or waiver to the terms of the Leasing Documents with the prior written consent of the Owners or the Charterers (as the case may be) (and such costs reasonably incurred in relation to such amendment or waiver shall be borne by the Charterers), which relates to:

- (a) providing for the use of a Replacement Reference Rate in the place of (or in addition to) that Published Rate; and
- (b)
  - (i) aligning any provision of any Leasing Document to the use of that Replacement Reference Rate;
  - (ii) enabling that Replacement Reference Rate to be used for the calculation of interest under this Charter (including, without limitation, any consequential changes required to enable that Replacement Reference Rate to be used for the purposes of this Charter);

- (iii) implementing market conventions applicable to that Replacement Reference Rate;
- (iv) providing for appropriate fallback (and market disruption) provisions for that Replacement Reference Rate; or
- (v) adjusting the pricing to reduce or eliminate, to the extent reasonably practicable, any transfer of economic value from one Party to another as a result of the application of that Replacement Reference Rate (and if any adjustment or method for calculating any adjustment has been formally designated, nominated or recommended by the Relevant Nominating Body, the adjustment shall be determined on the basis of that designation, nomination or recommendation),

and pending any such amendment or waiver and the Replacement Reference Rate being utilised under the Leasing Documents to calculate the Interest Rate, Clause 36.14 (*Cost of funds*) shall apply to the calculation of the Interest Rate.

#### **CLAUSE 37 – POSSESSION OF VESSEL**

- 37.1** The Charterers shall not, without the prior written consent of the Owners, assign, mortgage or pledge the Vessel or any interest therein and shall not permit the creation of any Security Interest thereon other than Permitted Security Interests.
- 37.2** The Charterers shall promptly notify in writing any party (as the Owners may request), including any Sub-charterer, that the Vessel is the property of the Owners and the Charterers shall provide the Owners with a copy of such written notification and satisfactory evidence that such party has received such written notification.
- 37.3** If the Vessel is arrested, seized, impounded, forfeited, detained or taken out of their possession or control (whether or not pursuant to any distress, execution or other legal process), the Charterers shall procure the release of the Vessel (whether by providing bail or procuring the provision of security or otherwise do such lawful things as the circumstances may require) no later than 30 days from such event and shall immediately notify the Owners of such event and shall indemnify the Owners against all documented losses, costs or charges incurred by the Owners by reason thereof in re-taking possession or otherwise in re-acquiring the Vessel.
- 37.4** The Charterers shall pay and discharge or cause any Sub-charterer of the Vessel to pay and discharge all obligations and liabilities whatsoever which have given or may give rise to liens on or claims enforceable against the Vessel and take (and shall procure that any such Sub-charterer shall take) all steps to prevent an arrest (threatened or otherwise) of the Vessel.
- 37.5** Without prejudice to Clause 10(a)(ii) (*New Class and Other Safety Requirements*), any time and costs associated with the re-designing, installation, inspection or docking of the Vessel for the purposes of complying with the requirements of any applicable regulations or conventions which come into force after the date of this Charter, including without limitation to, the International Convention for the Control and Management of Ships' Ballast Water and Sediments, shall be for the account of the Charterers.

#### **Clause 38 – INSURANCE**

- 38.1** The Charterers shall at their expense procure that such insurances are effected at all times during the Charter Period in form and substance satisfactory to the Owners and the Owners' Financier (if any):
  - (a) in Dollars;
  - (b) in the case of fire and usual marine risks (including hull and machinery and/or increased value insurance) and war risks (including blocking and trapping), on an agreed value basis for an amount equal to the higher of (i) one hundred and twenty per cent (120%) of the then current Outstanding Principal and (ii) the prevailing Market Value of the Vessel at the relevant time;

- (c) in the case of oil pollution liability risks for the Vessel, for an aggregate amount equal to the highest level of cover from time to time available under protection and indemnity club entry and in the international marine insurance market and for an amount of not less than US\$1,000,000,000;
- (d) in relation to protection and indemnity risks (including freight, demurrage and defence cover), in respect of the full tonnage of the Vessel and with a member of the International Group of P&I Clubs, and freight, demurrage and defence cover or such other independent and reputable protection and indemnity club member (in each case, which is acceptable to the Owners and the Owners' Financier (if any));
- (e) on terms acceptable to the Owners and the Owners' Financier (if any);
- (f) through approved brokers and with first class international insurers and/or underwriters notified to the Owners (including have a Standard & Poor's rating of BBB+ or above, a Moody's rating of A or above or an AM Best rating of A- or above) or, in the case of war risks and protection and indemnity risks, in a war risks and protection and indemnity risks associations as notified to the Owners and the Owners' Financier (if any) (including being a member of the International Group of P&I Clubs); and
- (g) on no less favourable terms as may be required under the terms of any Sub-charter.

**38.2** In addition to the terms set out in Clause 13(a), the Charterers shall procure that the obligatory insurances shall:

- (a) subject always to paragraph (b), name the Owners, the Charterers, the Approved Manager as the only named assureds, unless the interest of every other named assured or co-assured is limited:
  - (i) in respect of any obligatory insurances for hull and machinery and war risks;
    - (1) to any provable out-of-pocket expenses that they have incurred and which form part of any recoverable claim on underwriters; and
    - (2) to any third-party liability claims where cover for such claims is provided by the policy (and then only in respect of discharge of any claims made against them); and
  - (ii) in respect of any obligatory insurances for protection and indemnity risks, to any recoveries they are entitled to make by way of reimbursement following discharge of any third-party liability claims made specifically against them,

and every other named assured or co-assured has undertaken in writing to the Owners or the Owners' Financier if any (in such form as they require) that any deductible shall be apportioned between the Charterers and every other named assured or co-assured in proportion to the gross claims made by or paid to each of them and that they shall do all things necessary and provide all documents, evidence and information to enable the Owners and the Owners' Financier (if any) in accordance with the terms of the loss payable clause, to collect or recover any moneys which at any time become payable in respect of the obligatory insurances;



- (b) whenever the Owners or the Owners' Financier (if any) requires:
- (i) in respect of fire and other usual marine risks and war risks, name (or be amended to name) the same as additional named assured for their rights and interests, warranted no operational interest and with full waiver of rights of subrogation against such Owners' Financiers, but without such Owners' Financiers thereby being liable to pay (but having the right to pay) premiums, calls or other assessments in respect of such insurance;
  - (ii) in relation to protection and indemnity risks, name (or be amended to name) the same as additional insured or co-assured for their rights and interests to the extent permissible under the relevant protection and indemnity club rules; and
  - (iii) name the Owners' Financier (as applicable) and the Owners (as applicable) as respectively the first ranking loss payee and the second ranking loss payee (and in the absence of any financiers, name the Owners as the first ranking loss payee) in accordance with the terms of the relevant loss payable clauses approved by the Owners' Financier and the Owners with such directions for payment in accordance with the terms of such relevant loss payable clause, as the Owners and the Owners' Financier (if any) may specify;
- (c) provide that all payments by or on behalf of the insurers under the obligatory insurances to the Owners and/or the Owners' Financier (as applicable) shall be made without set-off, counterclaim or deductions or condition whatsoever;
- (d) provide that such obligatory insurances shall be primary without right of contribution from other insurances which may be carried by the Owners and/or the Owners' Financier (if any);
- (e) provide that the Owners and/or the Owners' Financier (if any) may make proof of loss if the Charterers fail to do so; and
- (f) provide that if any obligatory insurance is cancelled, or if any change is made in the coverage which adversely affects the interest of the Owners and/or the Owners' Financier (if any), or if any obligatory insurance is allowed to lapse for non-payment of premium, such cancellation, change or lapse shall not be effective with respect to the Owners and/or the Owners' Financier (if any) for thirty (30) days (or seven (7) days in the case of war risks) after receipt by the Owners and/or the Owners' Financier (if any) of prior written notice from the insurers of such cancellation, change or lapse.

**38.3** The Charterers shall:

- (a) at least five (5) days prior to Delivery (or such lesser period agreed by the parties), notify in writing the Owners (copied to the Owners' Financier (if any)) of the terms and conditions of all Insurances;
- (b) at least five (5) days before the expiry of any obligatory insurance or otherwise before the appointment of any new brokers (or other insurers) and any protection and indemnity or war risks association through which obligatory insurances are taken from time to time pursuant to this Clause 38 (*Insurance*), notify the Owners (copied to the Owners' Financier (if any)) of the brokers (or other insurers) and any protection and indemnity or war risks association through or with whom the Charterers propose to renew that obligatory insurance and of the proposed terms of renewal and obtain the Owners' approval to such matters;
- (c) at least five (5) days before the expiry of any obligatory insurance, procure that such obligatory insurance is renewed or to be renewed on its expiry date in accordance with the provisions of this Charter;
- (d) procure that the approved brokers and/or the war risks and protection and indemnity associations with which such a renewal is effected shall promptly after the renewal or the effective date of the new insurance and protection and indemnity cover notify the Owners (copied to the Owners' Financier (if any)) in writing of the terms and conditions of the renewal; and

- (e) as soon as practicable after the expiry of any obligatory insurance, deliver to the Owners a letter of undertaking as required by this Charter in respect of such Insurances for the Vessel as renewed pursuant to Clause 38.3(c) together with copies of the relevant policies or cover notes or entry certificates duly endorsed with the interest of the Owners and/or the Owners' Financier (if any).
- 38.4** The Charterers shall ensure that all insurance companies and/or underwriters, and/or (if any) insurance brokers provide the Owners with all certified copies of policies, cover notes and certificates of entry relating to the obligatory insurances which they are to effect or renew and of a letter or letters or undertaking in a form reasonably required by the Owners and/or the Owners' Financier (if any) and including undertakings by the insurance companies and/or underwriters that:
- (a) they will have endorsed on each policy, immediately upon issue, a loss payable clause and a notice of assignment complying with the provisions of this Charter and the Financial Instruments;
- (b) they will hold the benefit of such policies and such insurances, to the order of the Owners and/or the Owners' Financier (if any) and/or such other party in accordance with the said loss payable clause;
- (c) they will advise the Owners and the Owners' Financier (if any) promptly of any change to the terms of the obligatory insurances of which they are aware;
- (d) they will notify the Owners and the Owners' Financier (if any) not less than fourteen (14) days before the expiry of the obligatory insurances, in the event of their not having received notice of renewal instructions from the Charterers and, in the event of their receiving instructions to renew, they will promptly notify the Owners and the Owners' Financier (if any) of the terms of the instructions; and
- (e) if any of the obligatory insurances form part of any fleet cover, the Charterers shall procure that the insurance broker(s), or leading insurer, as the case may be, undertakes to the Owners and the Owners' Financier (if any) that such insurance broker or insurer will not set off against any sum recoverable in respect of a claim relating to the Vessel under such obligatory insurances any premiums due in respect of any other vessel under any fleet cover of which the Vessel forms a part or any premium due for other insurances, they waive any lien on the policies, or any sums received under them, which they might have in respect of such premiums, and they will not cancel such obligatory insurances by reason of non-payment of such premiums or other amounts, and will arrange for a separate policy to be issued in respect of the Vessel forthwith upon being so requested by the Owners and/or the Owners' Financier (if any) and where practicable.
- 38.5** The Charterers shall ensure that any protection and indemnity and/or war risks associations in which the Vessel is entered provides the Owners and the Owners' Financier (if any) with:
- (a) a copy of the certificate of entry for the Vessel as soon as such certificate of entry is issued;
- (b) a letter or letters of undertaking in such form as may be required by the Owners and/or the Owners' Financier (if any) or in such association's standard form; and
- (c) a certified copy of each certificate of financial responsibility for pollution by oil or other Environmentally Sensitive Material issued by the relevant certifying authority in relation to the Vessel if the Vessel is to trade in the United States of America or the Exclusive Economic Zone.
- 38.6** The Charterers shall ensure that all policies relating to the obligatory insurances are deposited with the approved brokers through which the insurances are effected or renewed.

- 38.7** The Charterers shall procure that all premiums or other sums payable in respect of the obligatory insurances are punctually paid and produce all relevant receipts when so required by the Owners.
- 38.8** The Charterers shall ensure that any guarantees required by a protection and indemnity or war risks association are promptly issued and remain in full force and effect.
- 38.9** The Charterers shall neither do nor omit to do (nor permit to be done or not to be done) any act or thing which would or might render any obligatory insurance invalid, void, voidable or unenforceable or render any sum payable under an obligatory insurance repayable in whole or in part; and, in particular:
- (a) the Charterers shall procure that all necessary action is taken and all requirements are complied with which may from time to time be applicable to the obligatory insurances, and (without limiting the obligations contained in this Clause) ensure that the obligatory insurances are not made subject to any exclusions or qualifications to which the Owners have not given their prior approval (unless such exclusions or qualifications are made in accordance with the rules of a protection and indemnity association which is a member of the International Group of protection and indemnity associations;
  - (b) the Charterers shall not make or permit any changes relating to the classification or classification society or manager or operator of the Vessel unless such changes have first been approved by the underwriters of the obligatory insurances or the Owners;
  - (c) the Charterers shall procure that all quarterly or other voyage declarations which may be required by the protection and indemnity risks association in which the Vessel is entered to maintain cover for trading to the United States of America and Exclusive Economic Zone (as defined in the United States Oil Pollution Act 1990 or any other applicable legislation) are made and the Charterers shall promptly provide the Owners with copies of such declarations and a copy of the certificate of financial responsibility; and
  - (d) the Charterers shall not employ the Vessel, nor allow it to be employed, otherwise than in conformity with the terms and conditions of the obligatory insurances, without first obtaining the consent of the insurers and the Owners and complying with any requirements (as to extra premium or otherwise) which the insurers and the Owners specify.
- 38.10** The Charterers shall not:
- (a) make or agree to any alteration to the terms of any obligatory insurance;
  - (b) waive any right relating to any obligatory insurance; or
  - (c) allow any person (except the Approved Manager) to be co-assured under any of the Insurances,
- without the prior written consent of the Owners and the Owners' Financier, and for the purposes of this Clause 38.10, The Charterers shall not settle, compromise or abandon any claim under any obligatory insurance for Total Loss or for a Major Casualty, and shall do all things necessary and provide all documents, evidence and information to enable the Owners to collect or recover any moneys which at any time become payable in respect of the obligatory insurances.
- 38.11** The Charterers shall provide the Owners upon written request copies of the following documents/information as the Owners may reasonably require:
- (a) after the occurrence of a Termination Event which is continuing, all communications, between the Charterers and:

- (i) the approved brokers; and
- (ii) the approved protection and indemnity and/or war risks associations; and
- (iii) the first class international insurers and/or underwriters, which relate directly or indirectly to:
  - (A) the Charterers' obligations relating to the obligatory insurances including, without limitation, all requisite declarations and payments of additional premiums or calls; and
  - (B) any credit arrangements made between the Charterers and any of the persons referred to in paragraphs (i) or (ii) relating wholly or partly to the effecting or maintenance of the obligatory insurances; and

(b) any communication with all parties involved in case of a claim under any of the Vessel's insurances.

**38.12** The Charterers shall promptly provide the Owners (or any persons which they may designate) with:

- (a) any information which the Owners or the Owners' Financier (or any such designated person) may request for the purpose of:
  - (i) obtaining or preparing any report from an independent marine insurance broker as to the adequacy of the obligatory insurances effected or proposed to be effected; and/or
  - (ii) effecting, maintaining or renewing any such insurances as are referred to in Clause 13(a) or dealing with or considering any matters relating to any such insurances; and
- (b) prior to the occurrence of a Termination Event, a yearly report of any claim under any of the Vessel's insurances which does not constitute a Major Casualty and after the occurrence of a Termination Event which is continuing, copies of all communications between all parties in case of a claim under any of the Vessel's insurances.

**38.13** If one or more of the obligatory insurances are not effected and maintained with first class international insurers or are effected with an insurance or captive subsidiary of the Owners or the Charterers, then the Charterers shall procure, at their own expense, that the relevant insurers maintain in full force and effect facultative reinsurances with reinsurers and through brokers, in each case, of recognised standing and acceptable in all respects to the Owners. Any reinsurance policy shall include, if and when permitted by law, a cut-through clause in a form acceptable to the Owners. The Charterers shall procure that underwriters of the primary insurances assign each reinsurance to the relevant financiers in full, if required.

**38.14** The Charterers shall be solely responsible and indemnify the Owners in respect of all premiums and other costs and expenses which are incurred by (i) the Owners in connection with or with a view to effecting, maintaining or renewing a lessors' or innocent owner's interest insurance and a lessor's or innocent owners' additional perils (pollution) insurance or any similar protective shipowner insurance that is taken out in respect of the Vessel and/or (ii) the Owners' Financier (if any) in connection with or with a view to effecting, maintaining or renewing a mortgagee's interest insurance and a mortgagee's additional perils (pollution) insurance that is taken out in respect of the Vessel. In each case, the amount of the insurances referred to in this Clause 38.14 shall be equal to at least one hundred and twenty per cent (120%) of the Outstanding Principal at the relevant time.

**38.15** The Charterers shall:

- (a) at the expense of the Charterers, furnish the Owners once a year (or, after a Termination Event has occurred or if there has been a material change in the terms of any obligatory insurances taken out in connection with Clause 38 (*Insurance*), as many times per year as the Owners may require) with a detailed report signed by an independent firm of marine insurance brokers or consultants appointed by the Owners dealing with the Insurances and stating the opinion of such firm as to the adequacy of the Insurances;
  - (b) reimburse the Owners any expenses incurred by the Owners in obtaining the reports described in Clause 38.15(a); and
  - (c) procure that there is delivered to the insurance brokers or consultants described in Clause 38.15(a) such information in relation to the Insurances as such brokers or consultants may require.
- 38.16** The Charterers shall keep the Vessel insured at their expense against such other risks which the Owners or the Owners' Financier shall at its sole discretion consider reasonable for a prudent shipowner or operator to insure against at the relevant time (as notified by the Owners) and which are, at that time, generally insured against by owners or operators of vessels similar to the Vessel (including but not limited to kidnap and ransom insurances, freight demurrage and defence insurances and loss of hire insurances, which the Charterers acknowledge shall fall within the scope of this clause).
- 38.17** The Charterers shall, in the event that any Approved Manager or any co-assured makes a claim under any obligatory insurances taken out in connection with this Clause 38 (*Insurance*) but is unable to or otherwise fails to pay in full any deductible in connection with such claim (in an amount as apportioned between the Charterers and every other assured in proportion to the gross claims made by or paid to each of them), pay such shortfall in deductible payable on behalf of the Approved Manager or co-assured.
- 38.18** Subject to the provisions of the agreed loss payable clauses and the Leasing Documents, and the approval of the Owners and the insurers, the Charterers shall effect all insured repairs and shall undertake settlement and reimbursement from the insurers of all costs in connection with such repairs as well as insured charges, expenses and liabilities to the extent of coverage under the Insurances. For the avoidance of doubt, the Charterers shall remain responsible for and to effect repairs and settlement of costs and expenses incurred thereby in respect of all repairs not covered by the Insurances and/or not exceeding any possible franchise(s) or deductibles provided for in the Insurances. All time used for repairs under this Clause 38.18 shall be for the Charterers' account.

**CLAUSE 39 – WARRANTIES RELATING TO VESSEL**

- 39.1** It is expressly agreed and acknowledged that the Owners are not the manufacturer or original supplier of the Vessel which has been purchased by the Owners (as buyers under the MOA) from the Sellers (as sellers under the MOA) pursuant to the MOA for the purpose of then chartering the Vessel to the Charterers hereunder and that no condition, term, warranty or representation of any kind is or has been given to the Charterers by or on behalf of the Owners in respect of the Vessel (or any part thereof).
- 39.2** All conditions, terms or warranties express or implied by the law relating to the specifications, quality, description, merchantability or fitness for any purpose of the Vessel (or any part thereof) or otherwise are hereby expressly excluded.
- 39.3** The Charterers agree and acknowledge that the Owners shall not be liable for any claim, loss, damage, expense, injury, death, delay or other liability of any kind or nature caused directly or indirectly by the Vessel, whether onboard the Vessel or otherwise, or by any inadequacy thereof or the use or performance thereof or any repairs thereto or servicing thereof and irrespective of whether such claim, loss, damage, expense, injury, death, delay or other liability shall arise from the unseaworthiness of the Vessel, and the Charterers shall not by reason thereof be released from any liability to pay any Charterhire or other payment due under this Charter or any of the other Leasing Documents.

**39.4** The Charterers agree and acknowledge that the Owners are not operating the Vessel and the liability to surrender any Emission Allowances in respect of the Vessel under any applicable Emission Scheme shall lie with the Charterers and/or any other organisation or person whom the Charterers have contractually agreed to take over all duties and responsibilities (including any Sub-charterer or the Approved Manager of the Vessel) imposed by the ISM Code, and the Charterers hereby agree that:

- (i) they shall or shall procure that any other organisation or person whom the Charterers have contractually agreed to take over all duties and responsibilities imposed by the ISM Code (including the Approved Manager or any Sub-charterer of the Vessel) will:
  - (A) surrender any Emission Allowances in respect of the Vessel under any applicable Emission Scheme; and
  - (B) promptly upon the Owners' request, provide and submit such signed mandate letter in the form required by the Owners and the relevant authority and provide any other information and documents as required by the Owners (acting reasonably) and/or the relevant authority in relation to any applicable Emission Scheme; and
- (ii) with the cooperation of the Owners to the extent strictly required by the relevant rules and regulations and without prejudice to the Owners' rights under the Leasing Documents, they shall fulfil all obligations which may be imposed on the Owners as registered owner of the Vessel by the MARPOL Carbon Intensity Regulations.

**39.5** Without prejudice to Clause 39.4, in relation to EU ETS:

- (a) the Charterers acknowledge that if the Vessel stops at ports in the European Union, they will incur liabilities under EU ETS and Fuel EU Maritime;
- (b) the Charterers acknowledge and agree that if they intend to sail the Vessel into ports in the European Union, the Charterers and/or any other organisation or person whom the Charterers have contractually agreed to take over all duties and responsibilities (including any Sub-charterer or the Approved Manager of the Vessel) imposed by the ISM Code shall register the Vessel as the "shipping company" as required under the EU ETS and shall comply in all respects with the EU ETS and Fuel EU Maritime;
- (c) if required by the Owners (acting reasonably), the Charterers and/or any other organisation or person whom the Charterers have contractually agreed to take over all duties and responsibilities (including any Sub-charterer or the Approved Manager of the Vessel) imposed by the ISM Code shall provide a letter in a format to be agreed by the Owners confirming that they have assumed responsibility for the operation of the Vessel from the Owners (the "**ETS and Fuel EU Maritime Letter**");
- (d) the Charterers and/or any other organisation or person whom the Charterers have contractually agreed to take over all duties and responsibilities (including any Sub-charterer or the Approved Manager of the Vessel) imposed by the ISM Code shall submit the ETS and Fuel EU Maritime Letter to the relevant administering authority upon registration of the Vessel pursuant to the EU ETS and shall promptly provide the Owners (which shall be no later than fourteen (14) days (or such longer period mutually agreed by the Owners and the Charterers) of the Owners' demand) with evidence of such registration; and

- (e) if required by the Owners, they shall enter and shall exercise its best efforts to procure that any other organisation or person whom they have contractually agreed to take over all duties and responsibilities imposed by the ISM Code (including any Approved Sub-Charterer or the Approved Manager of the Vessel) enters an agreement with the Owner setting out how the parties will co-operate to exchange, review and analyse all relevant data and information relating to the ETS and Fuel EU Maritime as required to enable the parties to ensure compliance with the EU ETS and Fuel EU Maritime in accordance with the parties' obligations under Clauses 39.4, 39.5 and 39.6 (the "ETS and Fuel EU Maritime Agreement").

**39.6** The Charterers shall (and they shall procure that each of the Approved Manager and the Sub-charterer shall):

- (a) co-operate and exchange all relevant Emissions Data and information with each other in a timely manner to:
- (i) facilitate compliance by the Charterers and/or any other organisation or person whom the Charterers have contractually agreed to take over all duties and responsibilities (including any Sub-charterer or the Approved Manager of the Vessel) imposed by the ISM Code and any other Emission Scheme Participant with any applicable Emission Scheme; and
- (ii) enable the Charterers and any other Emission Scheme Participant to calculate the amount of Emission Allowances in respect of the Vessel which are required to be surrendered to the relevant Emission Scheme Authority for that Emission Scheme during the Charter Period; and
- (b) promptly supply to the relevant Emission Scheme Authority relating to any applicable Emission Scheme with all relevant Emissions Data documents (including without limitation, any relevant mandating documents required in connection with surrendering the relevant Emission Allowances to the relevant Emission Scheme Authority relating to the relevant Emission Scheme) required to be provided to such Emission Scheme Authority relating to such Emission Scheme,

and to do all such things necessary or advisable to ensure that the Owners, the Charterers, each Emission Scheme Participant and the Vessel will be in compliance with all Environmental Laws.

**CLAUSE 40 – TERMINATION, REDELIVERY AND TOTAL LOSS**

**40.1** If the Termination Purchase Price becomes payable in accordance with Clause 44.2 (*Termination Events*), it is agreed by the Parties that payment of the Termination Purchase Price is deemed to be proportionate as to amount, having regard to the legitimate interests of the Owners, in protecting against the Owners' risk of the Charterers failing to perform its obligations under this Charter.

**40.2** Upon the Termination Notice Date, the Charterers' right to possess and operate the Vessel shall immediately cease (without in any way affecting the Charterers' obligation to pay the Termination Purchase Price).

**40.3** Upon irrevocable receipt of the Termination Purchase Price by the Owners pursuant to Clause 44.2 (*Termination Events*) in full:

- (a) this Charter shall terminate (provided that any provision hereof expressed to survive such termination shall do so in accordance with its terms); and
- (b) the Owners shall, at the cost of the Charterers, transfer the legal and beneficial ownership of the Vessel on an "as is where is" basis to the Charterers and shall execute a bill of sale, duly notarised and legalised at the cost of the Charterers, and a protocol of delivery and acceptance, and, at the cost and upon request of the Charterers, provide a certificate of ownership and encumbrance showing the Vessel is free from registered encumbrance created by the Owners issued by the Flag State and any other necessary documents that are relevant to the Owners for the re-registration of the Vessel, and such transfer otherwise made in accordance with Clause 49.1.

**40.4** If the Charterers fail to make any payment of the Termination Purchase Price on the due date thereof:

(a) interest on such outstanding amount shall accrue in accordance with Clause 36.9; and

(b)

- (i) the Charterers shall upon the Owners' prior written request (at the Owners' sole discretion), be obliged to (and at the Charterers' own cost) redeliver the Vessel to the Owners at such ready and nearest safe port as the Owners may require; further and for the avoidance of doubt, the Owners shall be entitled (at the Owners' sole discretion) to operate the Vessel as they may require and may create whatsoever interests thereon, including without limitation charterparties or any other form of employment contracts. The Earnings of the Vessel during such period less its operational expenses (including, without limitation, any maintenance costs of, and costs for fuel, bunkering or oils for, the Vessel) (the "**Net Trading Proceeds**") shall be applied against the Termination Purchase Price and any other amounts payable under the Leasing Documents pursuant to Clause 54A (*General Application of Proceeds*) and if such use of the Vessel results in the Owners suffering a loss then such losses shall, for the avoidance of doubt, be included in the indemnities contained in Clause 50 (*Indemnities*) and be added to the Termination Purchase Price. Upon redelivery of the Vessel this Charter shall terminate save for the provisions set out in Clause 36.9, this Clause 40(*Termination, Redelivery and Total Loss*) and Clause 50 (*Indemnities*) and any other provisions expressed to survive termination or that are cross referred to in the survived clauses or are required to survive to enable proper construction of the survived terms; and/or
- (ii) the Charterers shall at any time after the Termination Notice Date be entitled to find a purchaser for the Vessel whereupon the Charterers shall, by notice in writing to the Owners, identify a third party acceptable to the Owners to purchase the Vessel (the "**Sale Notice**") and procure completion of such sale (A) within 45 days from the Termination Notice Date (the "**Initial Exclusivity Period**") or (B) such other longer period (but in any event not exceeding 90 days from the Termination Notice Date) (the "**Extended Exclusivity Period**") provided however that (x) the Charterers have served the Sale Notice on the Owners within the Initial Exclusivity Period; and (y) the Charterers have, prior to the expiry of the Initial Exclusivity Period, paid an amount of US\$850,000 ("**Sale Deposit**") to such account as the Owners may notify the Charterers in writing which shall be applied against the Termination Purchase Price pursuant to Clause 54A (*General Application of Proceeds*); and
- (iii) the Owners shall, after the Exclusivity Period or if applicable, the Extended Exclusivity Period, if the Vessel has not yet been sold and transferred to a new buyer (and such sale has not been completed) within the Exclusivity Period or the Extended Exclusivity Period (as the case may be), then the Owner shall, be entitled (at the Owners' sole discretion) to sell the Vessel,



in either case, the sale proceeds (after deducting all fees, taxes, disbursements, any maintenance costs of, and costs for fuel, bunkering or oils for, the Vessel and any other costs and expenses incurred by the Owners in connection with such sale) (the “**Net Sales Proceeds**”) derived from such sale shall be applied against the Termination Purchase Price pursuant to Clause 54A (*General Application of Proceeds*) and any other amounts payable under Clause 50 (*Indemnities*) in any manner the Owners deem fit and any excess of such amount after such application shall be paid to the Charterers. If the Net Sales Proceeds are not in an amount sufficient to discharge in full the Termination Purchase Price and any other amounts payable under Clause 50 (*Indemnities*), the Charterers shall continue to be liable for the shortfall and interest shall continue to accrue on such shortfall in accordance with Clause 36.9. Upon completion of such sale by the Owners, this Charter shall terminate save for Clause 36.9, this Clause 40.4(b)(ii), Clause 50 (*Indemnities*) and any other provisions expressed to survive termination or that are cross referred to in the survived clauses or are required to survive to enable proper construction of the survived terms;

- (c) the Charterers shall, upon the Owners’ prior written request (at the Owners’ sole discretion) be obliged to (and at the Charterers’ own cost) redeliver the Vessel to the Owners at such ready and nearest safe port as the Owners may require following prior consultation with the Charterers; and as from such redelivery the Owners shall maintain ownership of such Vessel and own, operate or sell or otherwise use it in any manner they deem fit and notify the Charterers in writing (the “**Termination Value Notice**”) they shall apply the then Market Value of the Vessel (the “**Termination Value**”), against the Termination Purchase Price and all other amounts payable to the Owners under this Charter unless the Charterers notify in writing their disagreement on the Termination Value within three (3) days from the date of the Termination Value Notice, then a second Approved Valuer shall be selected by the Charterers and the second valuation prepared on the same terms and conditions as set out in paragraphs (a), (b), (d), (e) and (f) of the definition of “Market Value” in Clause 59.1 shall be provided immediately to the Owners and the Termination Value shall be the arithmetic mean of such two valuations and shall be binding to the Owners and the Charterers, **and provided** that if the difference in the two valuations obtained is more than ten per cent. (10%) of the lower valuation obtained, a third Approved Valuer shall be selected by the Owners and the third valuation shall be prepared on the same terms and conditions as set out in paragraphs (a), (b), (d), (e) and (f) of the definition of “Market Value” in Clause 59.1 and the Termination Value shall be the arithmetic mean of such three valuations and shall be binding to the Owners and the Charterers. Upon application of the Termination Value under this Clause 40.4(c), if:
- (i) the amount of the Termination Value is in excess of the aggregate amounts due to the Owners under this Charter at the relevant time, such excess will be paid to the Charterers provided that the Owners are satisfied that no Obligor has any actual liability to it under or in connection with any Leasing Document; or
  - (ii) in case the amount of the Termination Value is not sufficient to discharge in full the aggregate amounts due to the Owners under this Charter following such application the Charterers shall continue to be liable for the shortfall and interest shall continue to accrue on such shortfall in accordance with Clause 36.9.

Any terms expressly provided to survive post-termination of this Charter shall continue to be in full force and effect at all times thereafter.

**40.5** If the Charterers are required to redeliver the Vessel to the Owners pursuant to Clause 40.4, at the time of redelivery to the Owners (at the Charterers’ cost and expense):

- (a) the Charterers shall ensure that the Vessel shall:
- (i) be in compliance with its Insurances;

- (ii) be in an equivalent class as she was as at the Delivery Date without any overdue recommendation or condition, and with valid trading certificates for not less than three (3) months and free of average damage affecting the Vessel's classification and in the same or as good structure, state, condition and classification as that in which she was deemed on the Delivery Date, fair wear and tear not affecting the Vessel's classification excepted;
  - (iii) have passed her any applicable special surveys on or before their due date at the Charterers' time and expense without any condition or outstanding issue and to the satisfaction of the Classification Society;
  - (iv) have her survey cycles up to date and trading and class certificate valid for at least the number of months agreed in Box 17;
  - (v) be redelivered to the Owners together with all spare parts and spare equipment as were on board at the time of Delivery, and any such spare parts and spare equipment on board at the time of re-delivery shall be taken over by the Owners free of charge;
  - (vi) be free of any cargo and Security Interest (save for Permitted Security Interests);
  - (vii) be free of officers and crew (unless otherwise agreed by the Owners);
  - (viii) have had her underwater parts treated with ample anti-fouling to last for the ensuing period up to the next scheduled dry docking of the Vessel; and
  - (ix) be redelivered to the Owners together with all material information generated during the Charter Period in respect of the use, possession, operation, navigation, utilization of lubricating oil and the physical condition of the Vessel, whether or not such information is contained in the Charterers' equipment, computer or property; and
- (b) the Charterer shall use their best endeavours to ensure that the Vessel shall be free of any charter and other employment unless the Owners wish to retain the continuance of any such existing charter.
- 40.6** The Owners shall have the right to appoint (at the Charterers' cost and expense) surveyor(s) for the purpose of determining the condition of the Vessel at redelivery. The findings of the surveyor appointed by the Owners (the "**Owners' Surveyor**") shall be conclusive. The Charterers shall provide the Owners' Surveyor with all such facilities and access to the Vessel as may be required to enable such Owners' Surveyor to conduct its survey of the Vessel and shall take all such actions as may be recommended by the Owners' Surveyor to ensure that the Vessel shall be redelivered to the Owners in accordance with Clause 40.5.
- 40.7** The Owners have no obligation to accept redelivery of the Vessel until they are satisfied that the Vessel has been put into the redelivery conditions as set out in Clause 40.5 and other relevant conditions of this Charter. Moreover, the Owners reserve all rights to recover from the Charterers any costs, expenses and/or liabilities incurred or suffered by them (including, without limitation, the costs of any docking and/or repairs which may be required to restore the Vessel to the structure, state, condition and class as that in which the Vessel was delivered (fair wear and tear not affecting class excepted, but without any recommendations or conditions as to class)) as a result of the Vessel not being redelivered in accordance with the terms of this Charter.

- 40.8** The Owners shall, at the time of the redelivery of the Vessel, take over all bunkers, lubricating oil, unbroached provisions, paints, ropes and other consumable stores in the Vessel at no cost to the Owners. The bunkers on board the Vessel at redelivery shall be measured or verified by the Owners' Surveyor on redelivery. The measurement or verification of measurement of the bunkers on redelivery by the Owners' Surveyor shall be binding on the Parties. The value attributable to the bunkers on redelivery shall be such applicable volume of bunkers in metric tons multiplied by the applicable price per metric ton, as evidenced by invoices and vouchers from the last bunkering port provided by the Charterers or the Approved Sub-charterer (as the case may be). Such value of bunkers on redelivery is referred to as the "**Termination Bunker Value**".
- 40.9** Throughout the Charter Period, the Charterers shall bear the full risk of any Total Loss of or any other damage to the Vessel howsoever arising. If the Vessel, for any reason, becomes a Total Loss after Delivery, the Charterers shall subject to Clause 40.11 pay the Termination Purchase Price to the Owners on the earlier of ("**Total Loss Payment Date**"):
- (a) the date falling ninety (90) days after such Total Loss has occurred; and
  - (b) the date of receipt by the Owners and/or the Owners' Financiers (if any) of the Total Loss Proceeds.
- 40.10** Upon such receipt by the Owners of the Termination Purchase Price, this Charter shall terminate (without prejudice to any provision of this Charter expressed to survive termination) but until such receipt, the Charterers shall remain liable to make all payments of Charterhire and all other amounts to the Owners under this Charter, notwithstanding that the Vessel has become a Total Loss.
- 40.11** Any Total Loss Proceeds unconditionally received by the Owners (or the Owners' Financiers in accordance with the terms of the relevant loss payable clause) shall be applied in accordance with Clause 54A (*General Application of Proceeds*) and shall satisfy the obligation of the Charterers to pay the Termination Purchase Price to the extent received by the Owners or the Owners' Financiers (in accordance with the terms of the relevant loss payable clause). The obligation of the Charterers to pay the Termination Purchase Price shall remain unaffected and exist regardless of whether any of the insurers have agreed or refused to meet or has disputed in good faith, the claim for Total Loss.
- 40.12** If the Total Loss Proceeds unconditionally received by the Owners and/or the Owners' Financiers in accordance with the terms of the relevant loss payable clause) are less than the Termination Purchase Price, the Charterers shall pay such shortfall to the Owners on the Total Loss Payment Date.
- 40.13** The Owners shall have no obligation to supply to the Charterers with a replacement vessel following the occurrence of a Total Loss.

#### **CLAUSE 41 – FEES AND EXPENSES**

- 41.1** Without prejudice to any other rights of the Owners hereunder, the Charterers shall promptly pay to the Owners on written demand on a full indemnity basis all costs, charges and expenses incurred by the Owners in collecting any Charterhire or any other amounts not paid on the due date under this Charter and in remedying any other failure of the Charterers to observe the terms and conditions of this Charter.
- 41.2** Whether or not any of the transactions contemplated hereby are consummated, all documented costs and expenses (including, but not limited to, legal costs, expenses and other disbursements reasonably incurred by the Owners' legal counsels) incurred by the Owners in the negotiation and execution of all documentation in relation to this Charter, and the Leasing Documents shall be for the account of the Charterers.

- 41.3** Whether or not any of the transactions contemplated hereby are consummated, all documented costs and expenses incurred by the Owners in relation to the acquisition and registration of the Vessel by the Owners in the Owners' name in the Flag State together with any and all fees (including but not limited to any vessel registration, tonnage fees, notarisation fees, legalisation fees, fees to insurance advisers, resident agent fees and process agent fees) payable by the Owners to such Flag State to maintain and/or renew such registration shall be for the account of the Charterers. Without prejudice to the foregoing, if the Flag State requires the Owners to establish a physical presence or office in the jurisdiction of such Flag State, all fees, costs and expenses payable by the Owners to establish and maintain such physical presence or office shall be for the account of the Charterers.
- 41.4** If the Charterers request for a change of Flag State, the Charterers shall pay or reimburse the Owners (as the case may be) in respect of all documented costs, expenses and/or taxes which are payable to effect such change.
- 41.5** If there is any amendment, waiver or consent whether requested by the Owners or any of the Obligors, the Charterers shall on demand pay or reimburse the Owners for the amount of all costs and expenses (including, without limitation, legal fees) reasonably incurred by the Owners in responding to, evaluating, negotiating, implementing or documenting such request, amendment, waiver, requirement and any actual or contemplated agreement in relation thereto, including (without limitation) all costs and expenses (including, without limitation, legal fees) reasonably incurred by the Owners in relation to negotiation or entry into of any amendment, supplement, waiver or consent relating to the use of the Replacement Reference Rate, ensuring and confirming that all the Leasing Documents remain valid and fully perfected following such amendment, supplement, waiver or consent.
- 41.6** The Charterers shall on demand pay or reimburse the Owners for the amount of all costs and expenses (including, without limitation, legal fees) incurred by the Owners in connection with the enforcement of, or the preservation of any rights under, any Leasing Document or any Security Interest created thereunder and with any proceedings instituted by or against the Owners as a consequence of entering into any Leasing Document, taking or holding any Security Interests created thereunder or enforcing those rights, including (without limitation) any losses, costs and expenses which the Owners may from time to time sustain, incur or become liable by reason of the Owners being the registered owner of the Vessel and/or being deemed by any court or authority to be an operator or controller, or in any way concerned in the operation or control, of the Vessel.

**CLAUSE 42 – NO WAIVER OF RIGHTS**

- 42.1** No neglect, omission, delay or indulgence on the part of either Party in enforcing the terms and conditions of this Charter shall prejudice the strict rights of that party or be construed as a waiver thereof nor shall any single or partial exercise of any right of either Party preclude any other or further exercise thereof.
- 42.2** No right or remedy conferred upon either Party by this Charter shall be exclusive of any other right or remedy provided for herein or by law and all such rights and remedies shall be cumulative.

**CLAUSE 43 – NOTICES**

- 43.1** Any notice, certificate, demand or other communication to be served, given made or sent under or in relation to this Charter shall be in English and in writing and (without prejudice to any other valid method of giving making or sending the same) shall be deemed sufficiently given or made or sent if sent by registered post or by email to the following respective addresses:

(A) to the Owners: c/o  
Jiangsu Financial Leasing Co., Ltd.  
Address: 9/F, No.1 Building, No.99 East Jialingjiang Street,  
Nanjing, Jiangsu Province, P.R. China  
Attention: ZHANG Xinhang/TENG Huaigang  
Email:

(B) to the Charterers: c/o  
Performance Shipping Management Inc.  
Address: 373 Syngrou Ave. & 2-4 Ymittou str.  
17564, Palaio Faliro, Athens, Greece  
Attention: Mr. Andreas Nikolaos Michalopoulos  
Email:

or, if a party hereto changes its address or email, to such other address or email as that party may notify to the other.

**43.2** Any such communication shall be deemed to have reached the party to whom it was addressed (a) when delivered (in case of a registered letter), or (b) when actually received in readable form (in case of an email). A notice or other such communication received on a non-working day or after 5.00 p.m. in the place of receipt shall be deemed to be served on the next following working day in such place.

#### **CLAUSE 44 – TERMINATION EVENTS**

**44.1** The Owners and the Charterers hereby agree that any of the following events shall constitute a Termination Event:

- (a) any Obligor fails to pay or the Owners do not receive on the due date any amount payable pursuant to a Leasing Document, unless such failure to pay is caused by a technical error and payment is made within seven (7) Business Days of its due date;
- (b) the Charterers breach or omit to observe or perform any of their undertakings in Clause 45.1(ff), Clause 46(j), Clause 46(k), Clause 46(l), Clause 46(o), Clause 46(p), Clause 46(r), Clause 46(s), Clause 46(t), Clause 46(u), Clause 46(w), Clause 46(y) and Clause 46(hh) or the Guarantor breaches or omits to observe or perform any of its undertakings contained in the Guarantee;
- (c) the Charterers fail to obtain and/or maintain the Insurances required under Clause 38 in accordance with the provisions thereof or any insurer in respect of such Insurances cancels the Insurances or disclaims liability with respect thereto;
- (d) any Obligor commits any other breach of, or omits to observe or perform, any of their other obligations or undertakings in this Charter or any other Leasing Document (other than a breach referred to in paragraphs (a), (b) or (c) above) unless such breach or omission is in the opinion of the Owners, remediable and such Obligor remedies such breach or omission to the satisfaction of the Owners within ten (10) Business Days of the Owners giving notice to the Charterers or (if earlier) any Obligor becoming aware of the failure to comply
- (e) any representation or warranty made by any Obligor in or pursuant to any Leasing Document, or in any notice or other document, certificate or statement delivered by it pursuant thereto or in connection therewith is or proves to be untrue or misleading in a material way when it is made;
- (f) any of the following occurs in relation to any Financial Indebtedness of the Charterers or the Guarantor:

- (i) any Financial Indebtedness of the Charterers or the Guarantor is not paid when due or, if so payable, on demand after any applicable grace period has expired; or
- (ii) any Financial Indebtedness of the Charterers or the Guarantor is declared to be or otherwise becomes due and payable prior to its specified maturity as a result of an event of default (howsoever described) and not as a consequence of the exercise of any voluntary right of prepayment, and following the expiry of any applicable grace period;
- (iii) any commitment for any Financial Indebtedness is cancelled or suspended by any of its creditors as a result of an event of default (howsoever described) and not as a consequence of the exercise of any voluntary right of prepayment, and following the expiry of any applicable grace period;
- (iv) any of its creditors declares any Financial Indebtedness due and payable prior to its specified maturity as a result of an event of default (howsoever described) and not as a consequence of the exercise of any voluntary right of prepayment, and following the expiry of any applicable grace period; or
- (v) any overdraft, loan, note issuance, acceptance credit, letter of credit, guarantee, foreign exchange or other facility, or any swap or other derivative contract or transaction, relating to any Financial Indebtedness of the Charterers or the Guarantor ceases to be available or becomes capable of being terminated or declared due and payable or cash cover is required or becomes capable of being required, as a result of any termination event or event of default (howsoever defined),

provided that no Termination Event will occur under this paragraph (f) if, (A) in respect of the Charterers, the aggregate amount of the Financial Indebtedness falling within sub-paragraphs (i) to (v) above is less than US\$1,000,000 (or its equivalent in any other currency or currencies) and (B) in respect of the Guarantor, the aggregate amount of the Financial Indebtedness falling within sub-paragraphs (i) to (v) above is less than US\$10,000,000 (or its equivalent in any other currency or currencies).

(g) any of the following occurs in relation to the Charterers or the Guarantor:

- (i) it becomes unable to pay their debts as they fall due; or
- (ii) the value of its assets is less than its liabilities (taking into account contingent and prospective liabilities); or
- (iii) any of its assets are subject to any form of execution, attachment, arrest, sequestration or distress which is not discharged within (A) in the case of the Charterers, thirty (30) days and (B) in the case of the Guarantor, sixty (60) days; or
- (iv) any administrative or other receiver is appointed over all or a part of the assets of the Charterers or the Guarantor unless as part of a solvent reorganisation which has been approved by the Owners (which approval shall not be unreasonably delayed or withheld); or
- (v) it makes any formal declaration of bankruptcy or any formal statement to the effect that they are insolvent, or a winding up or administration order is made in relation to the Charterers or the Guarantor, or the shareholders or directors of the Charterers or the Guarantor pass a resolution to the effect that they should be wound up, placed in administration or cease to carry on business; or
- (vi) a petition is presented in any Relevant Jurisdiction for the winding up or administration, or the appointment of a provisional liquidator, of the Charterers or the Guarantor unless the petition is being contested in good faith and on substantial grounds and is dismissed or withdrawn within twenty-one (21) days of the presentation of the petition; or

- (vii) the Charterers or the Guarantor petitions a court, or presents any proposal for, any form of judicial or non-judicial suspension or deferral of payments, reorganisation of their debt (or certain of their debt) or arrangement with all or a substantial proportion (by number or value) of their creditors or of any class of them or any such suspension or deferral of payments, reorganisation or arrangement is effected by court order, contract or otherwise; or
- (viii) any meeting of the shareholders or board of directors of the Charterers or the Guarantor is summoned for the purpose of considering a resolution or proposal to authorise or take any action of a type described in paragraph (iii) to (vii) above;
- (ix) in a country other than England and Wales, any event occurs or any procedure is commenced which, in the reasonable opinion of the Owners, is similar to any of the foregoing referred to in paragraphs (iii) to (vii) above inclusive; or
- (x) any expropriation, attachment, sequestration, distress or execution (or any analogous process in any jurisdiction) affects any asset or assets of the Charterers or the Guarantor which is not released within (A) in the case of the Charterers, thirty (30) days and (B) in the case of the Guarantor, sixty (60) days from its occurrence;
- (h) the Charterers or the Guarantor suspends or ceases or threatens to suspend or cease carrying on its business;
- (i) any consent, approval, authorisation, license or permit necessary to enable the Charterers or any Approved Sub-charterer to operate or sub charter the Vessel or to enable any of them to comply with any provision of this Charter, the other Leasing Documents, or any Transaction Document to which it is a party or to ensure that the obligations of the Charterers and the Approved Sub-charterer are legal, valid, binding or enforceable is not granted, expires without being renewed, is revoked or becomes liable to revocation or any condition of such a consent, approval, authorisation, license or permit is not fulfilled;
- (j) any event or circumstance occurs which has or is reasonably likely to have a Material Adverse Effect;
- (k) the Vessel is subject to any form of execution, attachment, arrest, sequestration or distress which is not discharged within thirty (30) days (or such longer period as the Owners may agree);
- (l) this Charter or any Leasing Document or any Security Interest created by a Leasing Document:
  - (i) is expired (and not extended in accordance with the terms thereunder), cancelled, terminated, rescinded or suspended or otherwise ceases to remain in full force and effect for any reason or no longer constitutes valid, binding and enforceable obligations of any party to that document for any reason whatsoever; or
  - (ii) is amended or varied without the prior written consent of the Owners, except for any amendment or variation which is expressly permitted by this Charter or any other relevant Leasing Document;
- (m) an Obligor rescinds, repudiates or terminates a Leasing Document or any Transaction Document to which it is a party;
- (n) it is or has become:

- (i) unlawful or prohibited, whether as a result of the introduction of a new law, an amendment to an existing law or a change in the manner in which an existing law is or will be interpreted or applied; or
- (ii) contrary to, or inconsistent with, any regulation,

for any Obligor to maintain or give effect to any of its obligations under this Charter or any of the other Leasing Documents to which it is a party in the manner it is contemplated under such Leasing Document or any of the obligations of any Obligor under any Leasing Document to which it is a party are not or cease to be legal, valid, binding and enforceable;

- (o) without prejudice to any of the express obligations of the Obligors under the Leasing Documents, in the opinion of the Owners (acting reasonably) anything whatsoever is done or omitted to be done by an Obligor which would result in that Owners being in breach of or made subject to Sanctions, or at risk of being in breach of or made subject to Sanctions;
- (p) the Security Interest constituted by any Leasing Document is in any way imperilled or in jeopardy;
- (q) any “event of default” or “termination event” (or any other similar events or circumstances and each as however described) occurs under the Initial Sub-Charter or the Initial Sub-Charter is terminated or cancelled or is no longer valid, legal or binding for any reason; or
- (r) any Sub-charterer (including Approved Sub-charterer) of the Vessel becomes a Restricted Person or has engaged in any activities which would result in a violation of Anti-Money Laundering Laws or Sanctions.

**44.2** Upon the occurrence of any Termination Event which is continuing, the Owners may issue a written notice to the Charterers terminating the leasing of the Vessel under this Charter (the “**Termination Notice**”) and demanding payment of the Termination Purchase Price, whereupon the Charterers shall be obliged to pay the Termination Purchase Price to the Owners on the date specified by the Owners in their sole discretion in the Termination Notice (the “**Termination Notice Date**”).

**44.3** For the avoidance of doubt, notwithstanding any action taken by the Owners following a Termination Event, the Charterers shall remain liable for the outstanding obligations on their part to be performed under this Charter.

**44.4** Without limiting the generality of the foregoing or any other rights of the Owners, upon the occurrence of a Termination Event which is continuing, the Owners shall have the sole and exclusive right and power to (i) settle, compromise, compound, adjust or defend any actions, suits or proceedings relating to or pertaining to the Vessel and this Charter and (ii) make proof of loss, appear in and prosecute any action arising from any policy or policies of insurance maintained pursuant to this Charter, and settle, adjust or compromise any claims for loss, damage or destruction under, or take any other action in respect of, any such policy or policies and (iii) change or appoint a new manager for the Vessel other than an Approved Manager and the appointment of the Approved Manager may be terminated immediately without any recourse to the Owners.

**44.5** Each Termination Event shall either be a breach of condition by the Charterers where it involves a breach of this Charter or any of the other Leasing Documents by the Charterers or shall otherwise be an agreed terminating event, the occurrence of which gives rise to a right of the Owners to terminate the leasing of the Vessel under this Charter and to exercise their rights under this clause.



**CLAUSE 44A MANDATORY SALE**

**44A.1** If it becomes unlawful for (i) the Owners to perform, or the Owners are prohibited from performing, in any applicable jurisdiction any of their obligations, or (ii) the Owners to exercise, or the Owners are prohibited from exercising, in any applicable jurisdiction any of their rights and remedies, in each case, in the manner contemplated by this Charter or any other Leasing Document to which they are a party (including as a result of any Sanctions), the Owners shall notify the Charterers of this event and the Charterers shall be required to pay the applicable Mandatory Sale Price to the Owners within thirty (30) days following such notice by the Owners or, if earlier, the date specified by the Owners in the notice delivered to the Charterers (being no earlier than the last day of any applicable grace period permitted by law), and this Charter shall terminate in accordance with the procedures set out in Clause 44A.2. For the avoidance of doubt, no Termination Event will be deemed to occur if the circumstances set out in this Clause occur provided that the Charterers comply with their obligations as set out in this Clause 44A.1.

**44A.2** If the Mandatory Sale Price becomes payable in accordance with Clause 44A.1, the same shall be payable in consideration of the purchase and transfer of the legal and beneficial title of the Vessel pursuant to Clause 49 (*Sale of the Vessel*). The day on which the applicable Mandatory Sale Price is paid pursuant to Clause 44A.1 is a “**Mandatory Sale Date**” and such transfer of Vessel provided therein is a “**Mandatory Sale**”.

**CLAUSE 45 – REPRESENTATIONS AND WARRANTIES**

**45.1** The Charterers represent and warrant to the Owners as of the date hereof, and on each day henceforth until the last day of the Charter Period (unless expressly provided otherwise), as follows:

- (a) the Charterers are (i) wholly legally and beneficially owned and (ii) controlled by the Guarantor;
- (b) the Guarantor is listed in the NASDAQ Capital Market;
- (c) each Obligor is duly incorporated and validly existing and, if applicable, in good standing under the laws of its jurisdiction of its incorporation;
- (d) each Obligor has the corporate capacity, and has taken all corporate actions and obtained all consents, approvals, authorisations, licenses or permits necessary for it:
  - (i) to execute each of the Leasing Documents, any Transaction Document to which it is a party; and
  - (ii) to comply with and perform its obligations under each of the Leasing Documents, any Transaction Document to which it is a party;
- (e) the entry into and performance by any Obligor by it of, and the transactions contemplated by, each Leasing Document, any Transaction Document to which it is a party do not and will not conflict with:
  - (i) any law or regulation applicable to it;
  - (ii) its constitutional documents; or
  - (iii) any agreement or instrument binding upon it or constitute a default or termination event (however described) under any such agreement or instrument;
- (f) all the consents, approvals, authorisations, licenses or permits referred to in Clause 45.1(d) remain in force and nothing has occurred which makes any of them liable to revocation;

- (g) each of the Leasing Documents to which an Obligor is a party constitutes such Obligor's legal, valid and binding obligations enforceable against such party in accordance with its respective terms and any relevant insolvency laws affecting creditors' rights generally;
- (h) no third party has any Security Interest, other than the Permitted Security Interests, or any other interest, right or claim over, in or in relation to the Vessel, this Charter or any moneys payable hereunder and/or any of the other Leasing Documents;
- (i) other than Permitted Security Interests, none of the issued shares of the Charterers is subject to any Security Interest, deposited by way of security or otherwise charged in favour of any person;
- (j) all payments which an Obligor is liable to make under any Leasing Document to which such Obligor is a party may be made by such party without deduction or withholding for or on account of any tax payable under the laws of the jurisdiction of incorporation;
- (k) each Obligor has paid all taxes applicable to, or imposed on or in relation to it, its business or if applicable, the Vessel, except for those being contested in good faith with adequate reserves;
- (l) the choice of governing law as stated in each Leasing Document to which an Obligor is party to and the agreement by such party to refer disputes to the relevant courts or tribunals as stated in such Leasing Document are valid and binding against such Obligor;
- (m) no Obligor nor any of their assets are entitled to immunity on the grounds of sovereignty or otherwise from any legal action or proceeding (which shall include, without limitation, suit, attachment prior to judgment, execution or other enforcement);
- (n) the obligations of each Obligor under each Leasing Document to which it is a party, are the direct, general and unconditional obligations of such Obligor and rank at least pari passu with all other present and future unsecured and unsubordinated creditors of such Obligor save for any obligation which is mandatorily preferred by law and not by virtue of any contract;
- (o) each Security Document creates (or once entered into, will create) the Security Interest which it is expressed to create with the ranking and priority it is expressed to have;
- (p) no Obligor is a US Tax Obligor, and none of them have established a place of business in the United States of America;
- (q) no Obligor or their respective Affiliates, and as at the date of this Charter, none of their respective directors, officers, employees or agents:
  - (i) is a Restricted Person;
  - (ii) is owned or controlled by or acting directly or indirectly on behalf of or for the benefit of a Restricted Person;
  - (iii) owns or controls, or is or becomes an Affiliate of, a Restricted Person;
  - (iv) has a Restricted Person serving as a director, officer or an employee; or
  - (v) has received notice or is aware of any claim, action, suit, proceedings or investigations against it with respect to Sanctions;
- (r) each of the Obligors and their Affiliates, and as at the date of this Charter, their respective directors, officers, employees and agents, are in compliance with all Sanctions laws, and none of them have been or are currently being investigated on compliance with Sanctions, they have not received notice or are aware of any claim, action, suit or proceeding against any of them with respect to Sanctions and they have not taken any action to evade the application of Sanctions;

- (s) the Vessel is not subject to Sanction and is not employed, operated or managed in any manner which (i) is contrary to any Sanctions and in particular, the Vessel is not used by or to benefit any party which is a Restricted Person or trade to any Restricted Country or otherwise to any area or country where trading the Vessel to such area or country would constitute a breach of any Sanctions; or (ii) would trigger the operation of any sanctions limitation or exclusion clause in any insurance documentation;
- (t) none of the Obligor and to the best of the Charterers' knowledge after due and careful enquiry, none of the Approved Sub-charterer is in breach of any laws or regulations relating to the Vessel and its ownership, employment, operation, management and registration, including, without limitation, the ISM Code, the ISPS Code, all Environmental Laws, the laws of the Vessel's registry and in particular, all Anti-Money Laundering Laws, Anti-Terrorism Financing Laws and/or Business Ethics Laws and each of the Obligors has instituted and maintained systems, controls, policies and procedures designed to:
  - (i) prevent and detect incidences of bribery and corruption, money laundering and terrorism financing; and
  - (ii) promote and achieve compliance with Anti-Money Laundering Laws, Anti-Terrorism Financing Laws and Business Ethics Laws;
- (u) the copy of each Transaction Document provided to the Owner is a true and complete copy of the same and there have been no amendments, supplements or variations to the same without the prior written consent of the Owner;
- (v) each Transaction Document is valid, binding and enforceable against the parties thereto in accordance with its terms;
- (w) none of the Obligors nor any of their assets, in each case, has any right to immunity from set off, legal proceedings, attachment prior to judgment or other attachment or execution of judgement on the grounds of sovereign immunity or otherwise;
- (x) none of the Obligors is insolvent or in liquidation or administration or subject to any other formal or informal insolvency procedure, and no receiver, administrative receiver, administrator, liquidator, trustee or analogous officer has been appointed in respect of any Obligor or all or material part of their assets;
- (y) no Termination Event or Potential Termination Event is continuing;
- (z) as at the date of this Charter, the Vessel is commercially and technically managed under an Approved Management Agreement which remains in full force and effect;
- (aa) as at the date of this Charter, other than the Shipbuilding Contract, the Initial MOA, this Charter and the Initial Sub-Charter, the Charterers have not entered into any other investments, any sale or leaseback agreements, any off-balance sheet transaction or incurred any other liability or obligation (including without limitation, any Financial Indebtedness of any obligations under a guarantee) except:
  - (i) liabilities and obligations under the Leasing Documents to which they are or, as the case may be, will be a party; or
  - (ii) liabilities or obligations incurred in the normal course of its business of trading, operating and chartering, maintaining and repairing the Vessel;

- (bb) any factual information provided by the Charterers (or on their behalf) to the Owners was true and accurate in all material respects as at the date it was provided or as the date at which such information was stated;
- (cc) the entry by each Obligor into any Leasing Document does not in any way cause any breach, and is in all respects permitted, under the terms of any document which it is entered into;
- (dd) any factual information provided by the Charterers to the Owners for compliance of the Anti-Money Laundering Laws was true and accurate in all respects as at the date it was provided or as the date at which such information was stated;
- (ee) as at the date of this Charter, none of the Obligors, and to the best of the Charterers' knowledge after due and careful enquiry, or any Sub-charterer (including Approved Sub-charterer) of the Vessel or any counterparties involved in any transactions of the Obligors has engaged in any activities which would result in a violation of Anti-Money Laundering Laws or Sanctions; and
- (ff) that in relation to the Initial Sub-Charter:
  - (i) there are no unresolved disputes and no pending claims between the Initial Sub-Charterer and the Charterer;
  - (i) no event or circumstance is outstanding which constitutes a default under the Initial Sub-Charter;
  - (ii) there are no amounts outstanding under the Initial Sub-Charter or due, owing or payable and unpaid by the Initial Sub-Charterer to the Charterers thereunder;
  - (ii) there has not occurred any force majeure event (or such other similar event howsoever described under the terms of the Initial Sub-Charter), default or any event entitling either the Charterers or Initial Sub-Charterer to terminate the Initial Sub-Charter; and
  - (iii) the Initial Sub-Charterer is fully aware of the transactions contemplated under this Charter.

**CLAUSE 46 – CHARTERERS' UNDERTAKINGS**

- 46.1 The Charterers undertake that they shall comply or procure compliance with the following undertakings commencing from the date hereof and up to the last day of the Charter Period:
- (a) there shall be sent to the Owners:
    - (i) as soon as possible, but in no event later than one hundred and eighty (180) days after the end of each financial year of the Guarantor, the audited annual financial statements of the Guarantor;
    - (ii) as soon as possible, but in no event later than one hundred and eighty (180) days after the end of each financial year of the Charterers, the unaudited annual financial statements of the Charterers or at the Charterers' option, an alternative operational review of the Charterers; and
    - (iii) as soon as possible, but in no event later than ninety (90) days after the end of each half year of the Guarantor, the unaudited semi-annual financial statements of the Guarantor, in each case, the Charterers shall procure that each set of financial statements and reports delivered pursuant to Clause 46.1(a) will:

- (A) be prepared in accordance with all applicable laws and generally accepted accounting principles consistently applied;
  - (B) give a true and fair view of (if audited) or fairly representing (if unaudited) the state of affairs of the Guarantor at the date of those accounts and of their profit for the period to which those accounts relate;
  - (C) fully disclose or provide for all significant liabilities of the Charterers and/or the Guarantor (as appropriate) and its subsidiaries; and
  - (D) if not in the English language, be accompanied by an English translation duly certified as to its correctness;
- (b) they will, after the occurrence of a Termination Event or a Potential Termination Event, provide to the Owners copies of all notices and minutes relating to any of their extraordinary shareholders' meeting which are despatched to the Charterers' shareholders or creditors or any class of them;
  - (c) they will provide or will procure that each Obligor (other than the Third Party Manager) and use their best endeavours to procure that the Third Party Manager provides the Owners, prior to the occurrence of a Termination Event, at the Owners' reasonable request and after the occurrence of a Termination Event, from time to time, with details of any legal, arbitral or administrative action, proceedings or investigations involving such Obligor or the Vessel as soon as such action is instituted or it becomes apparent to such Obligor that it is likely to be instituted;
  - (d) they will, and will procure that each other Obligor will, obtain and promptly renew or procure the obtainment or renewal of and provide copies of, from time to time, any necessary consents, approvals, authorisations, licenses or permits of any regulatory body or authority for the transactions contemplated under each Leasing Document to which it is a party (including without limitation to sell, charter and operate the Vessel);
  - (e) they will, and will procure that each other Obligor will, ensure that the Vessel shall be free of encumbrances and liens except for Permitted Security Interest and any encumbrances or liens permitted in writing by the Owners and any mortgages granted by the Owners in favour of the Owners' Financier;
  - (f) they will not, and will procure that each other Obligor will not, create, assume or permit to exist any Security Interest of any kind upon any Leasing Document to which such Obligor is a party, and if applicable, the Vessel, in each case other than the Permitted Security Interests;
  - (g) they will at their own cost, and will procure that each other Obligor will:
    - (i) do all that such Obligor to ensure that any Leasing Document to which such Obligor is a party validly creates the obligations and the Security Interests which such Obligor purports to create; and
    - (ii) without limiting the generality of paragraph (i), promptly register, file, record or enrol any Leasing Document to which such Obligor is a party with any court or authority in all relevant jurisdictions, pay any stamp duty, registration or similar tax in all relevant jurisdictions in respect of any Leasing Document to which such Obligor is a party, give any notice or take any other step which, is or has become necessary or desirable for any such Leasing Document to be valid, enforceable or admissible in evidence or to ensure or protect the priority of any Security Interest which such Obligor creates;

- (h) they will notify the Owners as soon as they become aware of the occurrence of any of the following events:
- (i) any default by any Approved Sub-charterer, the Approved Manager, the SBC Sellers or the Charterers of the terms of any Transaction Document;
  - (ii) an event of default or termination event howsoever called under the terms of any Transaction Document entitling either (x) the Charterers to terminate such Transaction Document or (y) the relevant Approved Sub-charterer to terminate any Approved Sub-charter which has not been unconditionally waived by such Approved Sub-charterer;
  - (iii) any damage caused to the Vessel by any reason whatsoever which results, or may be expected to result, in repairs on the Vessel which exceed US\$500,000;
  - (iv) any safety incidents taking place on board the Vessel which has or is likely to have a Material Adverse Effect;
  - (v) any casualty or occurrence as a result of which the Vessel has become a Major Casualty or a Total Loss, or is, by the passing of time or otherwise, likely to become, a Total Loss;
  - (vi) any Environmental Claim of a value which exceed US\$500,000 which is made against the Charterers, Approved Sub-charterer or any Approved Manager in connection with the Vessel or any Environmental Incident;
  - (vii) any arrest or detention of the Vessel, any exercise or purported exercise of any lien on that Vessel or its Earnings or any requisition of that Vessel for hire; and
  - (viii) any modification or alteration of the Vessel of a value which exceed US\$500,000,
- and will keep the Owners fully up-to-date with all developments and the Charterers will, if so requested by the Owners, provide any such certificate signed by its officer(s), confirming that there exists no Potential Termination Event or Termination Event;
- (i) they will, and will procure that each other Obligor will, provide the Owners with:
- (i) as soon as practicable after receiving the request by the Owner, any additional financial or other information relating to themselves and/or the Vessel (including, but not limited to the condition and location of the Vessel and any other information relating to Anti-Money Laundering Laws, any “know your customer” or other regulatory checks required to be carried out by the Owners);
  - (ii) as soon as practicable after receiving the request by the Owner, any additional financial or other information relating to any other matter relevant to, or to any provision of any Leasing Document to which it is a party, including, without limitation, annual operating budgets and forecasts; and
  - (iii) at least half-yearly throughout the Charter Period or upon the reasonable request by the Owners, details of the employment, management and pooling arrangement of the Vessel.
- (j) comply, or procure compliance, and will procure that each other Obligor will comply or procure compliance, with all laws or regulations relating to the Vessel and its construction, ownership, employment, operation, management and registration, including the ISM Code, the ISPS Code, all Environmental Laws and the laws of the Vessel’s registry provided that any non-compliance shall not materially adversely affect the obligations of an Obligor under each Leasing Document to which it is a party, and will obtain, comply with and do that is necessary to maintain in full force and effect all applicable Environmental Approvals;

- (k) subject to Clause 10(d) of this Charter, the Vessel shall be registered under the Flag State;
- (l) from and including the Delivery Date for the duration of the Charter Period, the Vessel maintains the highest standards required for the purpose of the relevant trade of the Vessel and classed with the Vessel's Classification Society, free from any overdue recommendations or qualifications affecting that the Vessel's class.
- (m) upon request, they will provide or they will procure to be provided to the Owners the report(s) of the survey(s) conducted pursuant to Clause 7 of this Charter in form and substance satisfactory to the Owners;
- (n) they shall not, and shall procure that no other Obligor will, enter into any form of merger, demerger, sub-division, amalgamation or other reorganization, consolidation, corporate reconstruction or change of ownership;
- (o) with the exception of the Initial Sub-charter, they shall not permit the sub-chartering of the Vessel:
  - (i) on a bareboat charter/demise charter basis unless otherwise permitted by the Owner and subject to Clause 46.1(p) below; or
  - (ii) on a time charter basis exceeding twelve (12) months (taking into account any optional extensions thereto), other than under an Approved Sub-charter and provided that as a condition precedent to the execution of any such Approved Sub-charter, the Charterers:
    - (A) obtain the Owners prior written consent (such consent shall not be unreasonably withheld or delayed) of such Approved Sub-Charter and provide the Owners with detailed information about the intended Approved Sub-Charterer and proposed terms of the Approved Sub-Charter and any further information which the Owners may reasonably request; and
    - (B) upon the execution of such Approved Sub-charter, assign all their rights and interests under such Approved Sub-charter in a manner acceptable to the Owners, acting reasonably and shall use their best endeavours to procure that the relevant Approved Sub-charterer gives a written acknowledgment of such assignment provided if the relevant Approved Sub-charter contains any assignment restriction, then the Charterers shall procure that the relevant Approved Sub-charterer gives a written acknowledgment of such assignment to the Owners, in each case, in form and substance acceptable to the Owners and within the time period provided for in the General Assignment;
- (p) in the case of any bareboat charter or demise charter of the Vessel, they shall obtain the Owners' written consent prior to such bareboat charter or demise charter (as the case may be) being entered into, and shall assign such charter to the Owners and procure that the relevant sub-charterer to such demise charter enters into an agreement for the assignment of its rights and interests in the Earnings, Insurances and Requisition Compensation of the Vessel to the Owners in form and substance acceptable to the Owners;
- (q) they shall not declare, make or pay, any dividend or other distribution (or interest on any unpaid dividend or other distribution) (whether in cash or in kind) on or in respect of its authorised and issued shares (including any class of its share) following the occurrence of a Termination Event which is continuing or which would result in a Termination Event;

- (f) they shall comply and shall procure that each of the other Obligor complies with all laws and regulations in respect of Sanctions, and in particular, they shall and shall procure that each of the other Obligor implement and maintain in effect policies and procedures designed to promote and ensure compliance by them and their respective directors, officers and employees with Sanctions laws and regulations implemented from time to time;
- (s) without limiting Clause 46.1(r), they will procure that:
- (i) the Vessel shall not be operated, employed, managed, used by or for the benefit of a Restricted Person;
  - (ii) the Vessel shall not be employed in trading with any Restricted Person or in any manner contrary to Sanctions or published boycotts imposed by any of the United Nations, the European Union, the United States of America, the United Kingdom or the People's Republic of China;
  - (iii) notwithstanding any other provision of this Charter, the Vessel shall not be permitted to call at any port in any Restricted Country or any area or country where trading in such area or country would constitute or would be reasonably expected to constitute a breach of Sanctions;
  - (iv) the Vessel shall not be traded in any manner which would trigger the operation of any sanctions limitation or exclusion clause (or similar) in the Insurances or in any manner which would result in any Obligor or any Sub-charterer or the Owners becoming a Restricted Person; and
  - (v) that each charterparty in respect of the Vessel shall contain, for the benefit of the Owners, language which gives effect to the provisions of this Clause and which permits refusal of employment or voyage orders if compliance would result in a breach of Sanctions and which prohibits trading to any Restricted Country;
- (t) they shall and shall procure that each other Obligor shall:
- (i) comply with all Anti-Money Laundering Laws, Anti-Terrorism Financing Laws and Business Ethics Laws; and
  - (ii) maintain systems, controls, policies and procedures designed to promote and ensure ongoing compliance by them and their respective directors, officers and employees with Anti-Money Laundering Laws, Anti-Terrorism Financing Laws and Business Ethics Laws; and
- (u) they shall use their best endeavours to procure that any Sub-charterer complies with all Anti-Money Laundering Laws, Anti-Terrorism Financing Laws and Business Ethics Laws;
- (v) they shall not use, or permit or authorise any person to directly or indirectly use, the Purchase Price or lend, invest, contribute or otherwise make available the Purchase Price to or for any other person for any purpose or otherwise in a manner which would result in a violation of Anti-Money Laundering Laws, Anti-Terrorism Financing Laws or Business Ethics Laws;
- (w) they shall, and shall procure that each other Obligor, promptly notify the Owners in writing immediately upon being aware of any non-compliance, by any of their respective officers, directors, employees, consultants, agents or intermediaries with any laws and regulations relating to Sanctions, Anti-Money Laundering Laws, Anti-Terrorism Financing Laws and/or Business Ethics Laws, whereupon they shall, and shall procure that each other Obligor take all necessary steps to dismiss and remove such officer, director, employee, consultant, agent or intermediary with immediate effect;
- (x) in respect of the management of the Vessel:



- (i) they shall ensure that the Vessel be commercially and/or technically managed under an Approved Management Agreement and in accordance with:
  - (A) the relevant regulations, requirements and recommendations of the Classification Society;
  - (B) the relevant regulations, requirements and recommendations of the Flag State;
  - (C) any applicable IMO regulations (including but not limited to the ISM Code, the ISPS Code and MARPOL);
  - (D) all other applicable regulations, requirements and recommendations;
  - (E) the Charterers' and the Approved Managers' operations and maintenance manuals;
  - (F) engine manufacturers' recommended maintenance and service schedules;
  - (G) builder's operations and maintenance manuals; and
  - (H) recommended maintenance and service schedules of all installed equipment and pipework; and
- (ii) they shall not appoint or permit to be appointed any commercial and/or technical manager of the Vessel unless it is an Approved Manager appointed on terms acceptable to the Owners and the Owners' Financier (if any) and the Approved Manager has (within ten (10) days upon entering into the relevant Approved Management Agreement) entered into a Manager's Undertaking;
- (y) save with the prior written consent of the Owners, they shall not, and shall procure that they shall not agree or enter into any transaction, arrangement, document or do or omit to do anything which will have the effect of varying, amending or supplementing the terms of any Transaction Document;
- (z) they shall ensure that all Earnings and any other amounts received by them in connection with the Vessel are paid into the Operating Account and the Owners shall have access to any information in relation to the Operating Account;
- (aa) they shall not enter into any other investments, any sale or leaseback agreements, any off- balance sheet transaction or incur any other liability or obligation (including without limitation, any Financial Indebtedness of any obligations under a guarantee) except:
  - (i) liabilities and obligations under the Leasing Documents to which it is or, as the case may be, will be a party; or
  - (ii) liabilities or obligations reasonably incurred in the normal course of its business of trading, operating and chartering, maintaining and repairing the Vessel;
- (bb) any transaction entered into with their Affiliates shall be on arm's length basis and in good faith;
- (cc) they will ensure and procure that:
  - (i) the Market Value of the Vessel shall be ascertained at the expenses of the Charterers from time to time in the following circumstances:

- (aa) upon the occurrence of a Termination Event which is continuing, at any time at the request of the Owners; and
- (bb) in the absence of Termination Event at least once every calendar year during the Charter Period, with such report to be dated no more than thirty (30) calendar days prior to every anniversary of the Delivery Date occurring within the Charter Period or on such other date as the Owners may request; and
- (ii) the Charterers shall pay the Owners the amount of the fees and expenses incurred by the Owners in connection with any matter arising out of this paragraph (cc) provided that subject to no Termination Event has occurred and is continuing, the Charterers shall bear the cost of no more than one (1) valuation report each calendar year;
- (dd) they shall ensure that no Financial Indebtedness shall at any time be due and owing by the Charterers, unless fully subordinated to the rights of the Owners under the Leasing Documents in a manner satisfactory to the Owners (in their sole discretion);
- (ee) in respect of an Approved Sub-charter which contains an option to extend the charter period, they shall notify the Owners as soon as they become aware that the relevant Approved Sub-charterer does not intend to, or has not by the date falling thirty (30) days prior to the date on which such Approved Sub-charter will expire, exercise the relevant option to extend the same;
- (ff) except with the Owners' prior written consent, they shall not deactivate or lay up the Vessel;
- (gg) they will not:
  - (i) enter into any borrowing except for loans or advances from other members of the Group which are unsecured and fully subordinated to the rights of the Owners under the Leasing Documents in a manner acceptable to the Owners;
  - (ii) give or allow any to be outstanding, any guarantee or indemnity to or for the benefit of any person in respect of any obligation of any other person or enter into any document under which they assume any liability of any other person other than:
    - (A) any guarantee or indemnity given or expressly allowed under the terms of the Leasing Documents (including Clause 37.3); or
    - (B) any guarantee or indemnity given in the ordinary course of business and maintaining and operating the Vessel of an amount not exceeding US\$1,500,000 provided that, if the amount of such guarantee or indemnity shall exceed US\$1,500,000, the Charterers shall request prior approval from the Owners (which shall not be unreasonably withheld or delayed);
  - (iii) enter into any material agreement other than the Leasing Documents or any other agreement in the ordinary course of business of maintaining and operating the Vessel to the extent otherwise permitted under the terms of the Leasing Documents;
  - (iv) enter into a single transaction or a series of transactions (whether related or not) and whether voluntary or involuntary to sell, lease, transfer or otherwise dispose of any asset (including without limitation the Vessel, its Earnings or its Insurances);
  - (v) without prejudice to the above sub-paragraphs (i) to (iv), enter into any transaction (whether with their Affiliate or otherwise) which are, in any respect, less favourable than those which they could obtain in a bargain made at arms' length;
- (hh) they will ensure that the Purchase Price will be utilised solely for working capital of the Group and enabling the Group to finance the purchase of the Vessel; and

- (ii) the Vessel will not be permitted to trade in any zone which is declared a war zone by any government or the Vessel's war risks insurers, unless the Charterers have (i) obtained the written consent of the Owners prior to engaging in any such trading and (ii) (at the Charterers' expense) effected all necessary special, additional or modified insurance cover for trading in such war zone and have complied with the terms of Clause 38 (*Insurance*) any requirement as may be prescribed by the insurers;
- (jj) the Charterers shall comply, and will procure that each other Obligor (other than any Third Party Manager) and use their best endeavours to procure any Sub-charterer and any Third Party Manager will comply with all Sanctions and all laws and regulations relating to it, the Vessel and the construction, ownership, employment, operation, management and registration of the Vessel, including the ISM Code, the ISPS Code (including, but not limited to, the maintenance of an ISSC), all Environmental Laws, all Anti-Money Laundering Laws, Business Ethics Laws and the laws of the Vessel's registry, and in particular, they shall effect and maintain a sanctions compliance policy which, inter alia, implements the recommendations of the Sanctions Advisory, to ensure compliance with all such laws and regulations implemented from time to time, including, without limitation, they will, and will procure that each other Obligor and will procure each Sub-charterer will:
  - (i) conduct their activities in a manner consistent with Sanctions;
  - (ii) have sufficient resources in place to ensure execution of and compliance with their own Sanctions policies by their personnel, e.g., direct hires, contractors, and staff;
  - (iii) ensure subsidiaries and Affiliates comply with the relevant policies, as applicable;
  - (iv) have relevant controls in place to monitor automatic identification system (AIS) transponders;
  - (v) have controls in place to screen and assess onboarding or offloading cargo in areas they determine to present a high risk;
  - (vi) have controls to assess authenticity of bills of lading, as necessary; and
  - (vii) have controls in place consistent with the Sanctions Advisory; and
- (kk)
  - (i) The Charterers undertake that it will at all times comply, and require compliance by:
    - (A) all Sub-charterers of the Vessel; and
    - (B) all parties (each a "**Counterparty**") with whom the Charterers or a Sub-charterer enters into a contract of carriage in respect of the Vessel, with the Russian Oil Price Cap Measures.
  - (ii) Without prejudice to the generality of paragraph (i) above, the Charterers undertake that it will prior to the Vessel first commencing lifting or loading of Russian Oil Products for a Qualifying Voyage or the effective date of the contract between the Charterers and their applicable Counterparty (whichever is earlier) and, for each Qualifying Voyage throughout the duration of that contract, prior to lifting or loading of Russian Oil Products obtain:
    - (A) price information demonstrating that the Russian Oil Products were purchased at or below the applicable price cap; or

- (B) a signed attestation from its applicable Counterparty that the Russian Oil Products were purchased at or below the applicable price cap; or
  - (C) documentary evidence that the purchase of the Russian Oil Products was pursuant to a licence or an exception granted by the relevant authority in each applicable jurisdiction.
- (iii) In addition to the general undertaking at paragraph (i) above, the Charterers shall promptly, and in any event no later than 30 days after the Vessel commencing lifting or loading for each Qualifying Voyage provide to the Owners such of the following as the Owners shall specify:
- (A) price information demonstrating that the Russian Oil Products were purchased at or below the applicable price cap; and/or
  - (B) an attestation signed by an authorised signatory in such form as may be agreed by the Owners confirming that the Charterers have complied in all respects with the Russian Oil Price Cap Measures; and/or
  - (C) documentary evidence that the purchase of the Russian Oil Products was pursuant to a licence or an exception granted by the relevant authority in each applicable jurisdiction.
- (iv) Without prejudice to the generality of paragraph (i) above, the Charterers undertake to the Owners that it will ensure that any Sub-charter or other contract of carriage in respect of the Vessel will include for the benefit of the Charterers provisions requiring the Sub-charterer or person to whom the Charterers have sub-let the Vessel or with whom it has entered into a contract of carriage to comply with the Russian Oil Price Cap Measures and to provide such information and documentation at such times as is necessary for the Charterers to comply with this Clause 46.1(kk).
- (v) The Charterers undertake that they will:
- (A) provide the Owners with such information, and at such times, as it may require for the purposes of the Owners satisfying any record keeping obligations applicable to it or an Affiliate under the Russian Oil Price Cap Measures;
  - (B) promptly upon request and within 30 days of any request provide the Owners with such other information in relation to compliance with the Russian Oil Price Cap Measures as the Owners may from time to time reasonably request including without limitation any information relating to ancillary costs as may be specified from time to time pursuant to the Russian Oil Price Cap Measures.
- The obligations in this paragraph (v) are continuing and, in particular, shall survive and remain binding on the Charterers until all attestations and such other information as may be requested pursuant to this paragraph (v) have been received in satisfactory form by the Owners.
- (vi) The Charterers shall undertake appropriate due diligence on its counterparties to satisfy itself, based on the information available, of the reliability and accuracy of any information provided by such counterparties for the purposes of or relating to satisfying the requirements of paragraph (ii) above.
- (vii) The Charterers agree that the Owners may forward all attestations and other documents which the Charterers may from time to time deliver to the Owners pursuant to paragraphs (iii) and (v) above to any applicable regulators or to any other party to which the Owners may be required to forward or disclose such attestations or other documents in accordance with the Russian Oil Price Cap Measures.

(viii) The Charterers acknowledge and agrees that the Owners may request any attestations, other documents and information pursuant to this Clause 46.1(kk) and disclose the same to enable an Affiliate of the Owners to satisfy any requirement of the Russian Oil Price Measures.

#### CLAUSE 46A – INSPECTION OF VESSEL

- 46A.1** The Owners shall have the right to, at the costs and fees of the Charterers, request an inspection report in respect of the Vessel issued by a surveyor approved by the Owners annually or inspect or survey the Vessel or instruct a duly authorized surveyor to carry out such survey on their behalf:
- (a) to, up to once every calendar year (subject to provision of reasonable advance notices and without undue disruption or delay to the operation and safety of the Vessel) ascertain the condition of the Vessel and satisfy themselves that the Vessel is being properly repaired and maintained; and
  - (b) in dry-dock if the Charterers have not dry-docked the Vessel in accordance with Clause 10(g).
- 46A.2** The Owners shall have the right to, at the costs and fees of the Charterers, inspect or survey the Vessel or instruct a duly authorized surveyor to carry out such survey on their behalf at any time following the occurrence of a Potential Termination Event or Termination Event.
- 46A.3** All time used in respect of inspection, survey or repairs shall be for the Charterers' account and form part of the Charter Period.
- 46A.4** The Charterers shall also permit the Owners to inspect the Vessel's log books whenever requested and shall whenever required by the Owners furnish them with full information regarding any casualties or other accidents or damage to the Vessel.

#### CLAUSE 47 – PURCHASE OPTION

- 47.1** If the Charterers have not exercised their Purchase Option under Clause 36.14(ii)(ii), the Charterers shall have the option to purchase the Vessel on the applicable Purchase Option Date at the applicable Purchase Option Price, subject always to giving the Owners no less than three (3) months' prior written notice and provided that at the date of such prior notice and such Purchase Option Date no Termination Event has occurred which is continuing.
- 47.2** A Purchase Option Notice shall be signed by a duly authorised officer or attorney of the Charterers and, once delivered to the Owners, is irrevocable and the Charterers shall be bound to pay to the Owners the applicable Purchase Option Price on the applicable Purchase Option Date.
- 47.3** Only one Purchase Option Notice may be served throughout the duration of the Charter Period.
- 47.4** Upon the Owners' receipt in full of the applicable Purchase Option Price, the Owners shall transfer the legal and beneficial ownership of the Vessel on an "as is where is" basis (and otherwise in accordance with the terms and conditions set out at Clause 49 (*Sale of the Vessel*)) to the Charterers or their nominee approved by the Owners and shall execute a bill of sale, duly notarised and legalised at the cost of the Charterers, and a protocol of delivery and acceptance, and, at the cost and upon request of the Charterers, provide a certificate of ownership and encumbrance showing the Vessel is free from registered encumbrance created by the Owners issued by the Flag State and any other document strictly necessary to transfer the title of the Vessel to the Charterers (and to the extent required for such purposes the Vessel shall be deemed first to have been redelivered to the Owners).

**CLAUSE 48 – PURCHASE OBLIGATION**

**48.1** Subject to the other provisions of this Charter, in consideration of the Owners entering into this Charter, provided all moneys owing and payable under this Charter have been fully and irrevocably paid to the Owners, the Charterers shall on the Maturity Date, be obliged to purchase from the Owners all of the Owners' beneficial and legal right, title and interest in the Vessel and all belonging to her and the Owners and the Charterers shall perform their obligations referred to in Clause 49 (*Sale of the Vessel*) and the Charterers shall pay the Purchase Obligation Price on the Hire Payment Date of the final instalment of Charterhire payable under Clause 36.2 (together with the final instalment of Charterhire payable under Clause 36.2) (unless the Owners agree otherwise in writing and upon such terms and conditions as the Owners may deem fit in their absolute discretion).

**CLAUSE 49 – SALE OF THE VESSEL**

**49.1** All legal and beneficial interest and title in the Vessel shall be transferred to the Charterers by the Owners upon receipt by the Owners of the applicable Purchase Option Price, Purchase Obligation Price or the Termination Purchase Price (as the case may be) or the completion of the Mandatory Sale under Clause 44A (*Mandatory Sale*) on an "as is where is" basis and on the following terms and conditions:

- (a) the Charterers expressly agree and acknowledge that no condition, warranty or representation of any kind is or has been given by or on behalf of the Owners in respect of the Vessel or any part thereof, and accordingly the Charterers confirm that they have not, in entering into this Charter, relied on any condition, warranty or representation by the Owners or any person on the Owners' behalf, express or implied, whether arising by law or otherwise in relation to the Vessel or any part thereof, including, without limitation, warranties or representations as to the description, suitability, quality, merchantability, fitness for any purpose, value, state, condition, appearance, safety, durability, design or operation of any kind or nature of the Vessel or any part thereof, and the benefit of any such condition, warranty or representation by the Owners is hereby irrevocably and unconditionally waived by the Charterers to the extent permissible under applicable law, the Charterers hereby also waive any rights which they may have in tort in respect of any of the matters referred to under this Clause and irrevocably agree that (i) the Owners shall have no greater liability in tort in respect of any such matter than they would have in contract after taking account of all of the foregoing exclusions; (ii) no third party making any representation or warranty relating to the Vessel or any part thereof is the agent of the Owners nor has any such third party authority to bind the Owners thereby and (iii) notwithstanding anything contained above, nothing contained herein is intended to obviate, remove or waive any rights or warranties or other claims relating thereto which the Charterers (or their nominee acceptable to the Owners) or the Owners may have against the manufacturer or supplier of the Vessel or any third party;
- (b) the Vessel shall be free from any registered mortgages or any other liens, encumbrances or debts created or permitted to exist by the Owners (save for those mortgages, liens, encumbrances or debts created under the Leasing Documents whether by the Owners and/or the Charterers);
- (c) the applicable Purchase Option Price or the Purchase Obligation Price or the Termination Purchase Price or the Mandatory Sale Price (as the case may be) shall be paid by the Charterers to the Owners on respectively the applicable Purchase Option Date or the Maturity Date or the Termination Notice Date or the Mandatory Sale Date, together with unpaid amounts of Charterhire and other moneys owing by or accrued or due from the Charterers under this Charter on or prior to the applicable Purchase Option Date or the Maturity Date or the Termination Notice Date or the Mandatory Sale Date (as the case may be) which remain unpaid; and

- (d) upon the applicable Purchase Option Price or the Purchase Obligation Price or the Termination Purchase Price or the Mandatory Sale Price (as the case may be) and all other moneys payable under this Charter being fully and irrevocably paid to the Owners on, and in accordance with, the terms set forth in this Charter (except in the case of Total Loss) the Owners agree (at the cost of the Charterers) to enter into (i) a bill of sale, (ii) a protocol of delivery and acceptance and (iii) any other document strictly necessary to transfer the title of the Vessel to the Charterers, and the Vessel shall accordingly be deemed delivered to the Charterers on the date and time set out in such protocol of delivery and acceptance (and to the extent required for such purposes the Vessel shall be deemed first to have been redelivered to the Owners). For the avoidance of doubt, all the fees and expenses (including, without limitation, legal fees) incurred by the Owners in connection with the transfer pursuant to this Clause 49 shall be borne by the Charterers.

#### CLAUSE 50 – INDEMNITIES

**50.1** The Charterers shall upon the Owners' demand, fully indemnify, and keep indemnified and paid to the Owners any such amounts in respect of all claims, expenses, liabilities, losses, taxes, fees (including, but not limited to, any tax applied to any such amounts, any interest or penalties applied to such amounts and any vessel registration and tonnage fees) suffered or incurred by or imposed on the Owners arising from this Charter and any Leasing Document, whether prior to, during or after termination of this Charter and whether or not the Vessel is in the possession or the control of the Charterers, including, without limitation:

- (a) as a result of incorporating the Owners in the relevant jurisdiction selected by the Charterers or required for the purpose of flying the flag of the Vessel in a particular jurisdiction;
- (b) in connection with delivery, possession, performance, control, registration, repair, survey, insurance, maintenance, manufacture, purchase, financing, re-financing, ownership and operation of the Vessel by the Owners;
- (c) in connection with the prevention or release of liens or detention of or requisition, use, operation or redelivery, sale or disposal of the Vessel or any part of it;
- (d) in connection with putting the Vessel in a re-deliverable condition in accordance with this Charter;
- (e) as a consequence of any non-compliance or breach by any Obligor of any applicable tax laws or regulations or any losses caused to the Owners by any failure of the Charterers to comply with their obligations under Clause 51 (*No Set-off or Tax Deduction*) of this Charter (including where any such failure is occasioned by the applicable law preventing the Charterers from paying without deduction and/or from grossing up);
- (f) all premia and other expenses which are incurred by (i) the Owners in connection with or with a view to effecting, maintaining or renewing lessors' or innocent owners' interest insurance and lessors' or innocent owners' additional perils (pollution) insurance or any similar protective shipowner insurance that is taken out in respect of the Vessel on such terms and conditions as the Owners may from time to time impose, and/or (ii) the Owners or the Owners' Financier (if any) in connection with or with a view to effecting, maintaining or renewing a mortgagee's interest insurance and a mortgagee's additional perils (pollution) insurance that is taken out in respect of the Vessel on such terms and conditions as the Owners or the Owners' Financier (if any) may from time to time impose. In each case, the amount of the insurances referred to in this clause shall be equal to at least one hundred and twenty per cent (120%) of the Outstanding Principal at the relevant time;
- (g) all premia and expenses incurred by the Owners and/or the Owners' Financier (if any) in respect of any other insurances which the Owners and/or the Owners' Financier (if any) deem necessary and take out in respect of the Vessel, including, but without limitation to, any freight, demurrage and defence cover on such terms and conditions as the Owners may from time to time effect pursuant to Clause 38 (*Insurance*);

- (h) all other premia and expenses incurred by the Owners and/or the Owners' Financier (if any) in respect of the Insurances of the Vessel pursuant to Clause 38 (*Insurance*);
- (i) all loss or damage to the Vessel (insofar as the Owners shall not be reimbursed by the proceeds of any insurance in respect thereof) however caused occurring at any time or times before physical possession thereof is retaken by the Owners, reasonable wear and tear to the Vessel only excepted;
- (j) all losses, costs or charges incurred by the Owners by reason thereof in re-taking possession or otherwise in re-acquiring the Vessel pursuant to Clause 37 (*Possession of Vessel*);
- (k) all losses, costs, charges and expenses incurred by the Owners in collecting any Charterhire or other payments not paid on the due date under this Charter and in remedying any other failure of the Charterers to observe the terms and conditions of this Charter;
- (l) all losses, reasonable costs and expenses incurred by the Owners as a result of steps taken by the Owners under Clause 44A (*Inspection of Vessel*);
- (m) all losses, costs and expenses incurred by the Owners in connection with any proposed modifications, repairs, replacement, installation or alteration of the Vessel pursuant to the terms of this Charter;
- (n) any such losses, liabilities, costs or expenses the Owners determine will be or has been (directly or indirectly) suffered for or on account of any tax by them in respect of any Leasing Document, together with any interest, penalties, costs and expenses payable or incurred;
- (o) in connection with or following the occurrence of a Termination Event or a Potential Termination Event or any breach of any terms of any Leasing Document; and
- (p) all costs and expenses (including legal fees) incurred by the Owners in connection with the enforcement of, or the preservation of any rights under, any Leasing Document or any Security Interest created thereunder and with any proceedings instituted by or against the Owners as a consequence of entering into any Leasing Document, taking or holding any Security Interests created thereunder or enforcing those rights, including, without limitation, any losses, costs and expenses which the Owners may from time to time sustain, incur or become liable by reason of the Owners being the registered owner of the Vessel and/or being deemed by any court or authority to be an operator or controller, or in any way concerned in the operation or control, of a Vessel.

Without prejudice to its generality, this Clause covers any claims, expenses, liabilities and losses which arise, or are asserted, under or in connection with any law relating to safety at sea, the ISM Code, the ISPS Code, the MARPOL Protocol, any Environmental Law or any Sanctions or in connection with any Environmental Claim.

**50.2** Without prejudice to the above Clause 50.1, if any sum (a "**Sum**") due from an Obligor under the Leasing Documents, or any order, judgment or award given or made in relation to a Sum, has to be converted from the currency (the "**First Currency**") in which that Sum is payable into another currency (the "**Second Currency**") for the purpose of:

- (a) making or filing a claim or proof against that Obligor; or
- (b) obtaining or enforcing an order, judgment or award in relation to any litigation or arbitration proceedings,



the Charterers shall, as an independent obligation, on demand, indemnify the Owners against any cost, loss or liability arising out of or as a result of the conversion including any discrepancy between (A) the rate of exchange used to convert that Sum from the First Currency into the Second Currency and (B) the rate or rates of exchange available to that person at the time of its receipt of that Sum.

**50.3** The obligations of the Charterers under Clause 50 and in respect of any Security Interest created pursuant to the Security Documents will not be affected or discharged by an act, omission, matter or thing which would reduce, release or prejudice any of its obligations under Clause 50 or in respect of any Security Interest created pursuant to the Security Documents (without limitation and whether or not known to it or any Obligor) including:

- (a) any time, waiver or consent granted to, or composition with, any Obligor or other person;
- (b) the release of any other Obligor or any other person under the terms of any composition or arrangement with any creditor of the Obligor or any of its affiliates;
- (c) the taking, variation, compromise, exchange, renewal or release of, or refusal or neglect to perfect or delay in perfecting, or refusal or neglect to take up or enforce, or delay in taking or enforcing any rights against, or security over assets of, any Obligor or other person or any non-presentation or non-observance of any formality or other requirement in respect of any instrument or any failure to realise the full value of any security;
- (d) any incapacity or lack of power, authority or legal personality of or dissolution or change in the members or status of an Obligor or any other person;
- (e) any amendment, novation, supplement, extension, restatement (however fundamental and whether or not more onerous) or replacement of any Leasing Document or any other document or security;
- (f) any unenforceability, illegality or invalidity of any obligation of any person under any Security Document or any other document or security; or
- (g) any insolvency or similar proceedings.

**50.4** Notwithstanding anything to the contrary herein (but subject and without prejudice to Clause 33 (*Cancellation*)) and without prejudice to any right to damages or other claim which the Charterers may have at any time against the Owners under this Charter, the indemnities provided by the Charterers in favour of the Owners shall continue in full force and effect notwithstanding any breach of the terms of this Charter or termination of this Charter pursuant to the terms hereof or termination of this Charter by the Owners.

**50.5** All rights which the Charterers have at any time (whether in respect of this Charter or any other transaction) against the other Obligor or any of them shall be fully subordinated to the rights of the Owners under the Leasing Documents and until the end of this Charter and unless the Owners otherwise direct, the Charterers shall not exercise any rights which it may have (whether in respect of this Charter or any other transaction) by reason of performance by it of its obligations under the Leasing Documents or by reason of any amount becoming payable, or liability arising, under this Clause:

- (a) to be indemnified by the Guarantor;
- (b) to claim any contribution from any third party providing security for, or any other guarantor of, or the Guarantor's obligations under the Leasing Documents;
- (c) to take any benefit (in whole or in part and whether by way of subrogation or otherwise) of any rights of the Guarantor under the Leasing Documents or of any other guarantee or security taken pursuant to, or in connection with, the Leasing Documents by any of the aforesaid parties;

- (d) to bring legal or other proceedings for an order requiring the Guarantor to make any payment, or perform any obligation, in respect of any Leasing Document;
- (e) to exercise any right of set-off against the Guarantor; and/or
- (f) to claim or prove as a creditor of the Guarantor,

and if the Charterers receive any benefit, payment or distribution in relation to such rights it shall hold that benefit, payment or distribution to the extent necessary to enable all amounts which may be or become payable to the Owners by the Guarantor under or in connection with the Leasing Documents to be repaid in full on trust for the Owners and shall promptly pay or transfer the same to the Owners as may be directed by the Owners.

**50.6** The Charterers hereby irrevocably agree to indemnify and hold harmless the Owners against any claim, expense, liability or loss incurred by the Owners (and which is notified to the Charterers) in liquidating or employing deposits from the Owners' Financier or third parties to fund the acquisition of the Vessel pursuant to the MOA, on or prior to the Delivery Date.

**50.7** Notwithstanding anything to the contrary herein (but subject and without prejudice to Clause 33 (*Cancellation*)) and without prejudice to any right to damages or other claim which the Charterers may have at any time against the Owners under this Charter, the indemnities provided by the Charterers in favour of the Owners shall continue in full force and effect notwithstanding any breach of the terms of this Charter or termination of this Charter pursuant to the terms hereof or termination of this Charter by the Owners.

**CLAUSE 51 – NO SET-OFF OR TAX DEDUCTION**

**51.1** All payments of the Charterhire, the Purchase Obligation Price, the applicable Purchase Option Price, the Termination Purchase Price or and any other payment made from the Charterers to enable the Owners to pay all amounts under a Leasing Document shall be paid punctually:

- (a) without any form of set-off, cross-claim, condition or counterclaim; and
- (b) free and clear of any tax deduction or withholding unless required by law.

**51.2** Without prejudice to Clause 51.1, if the Charterers are required by law to make a tax deduction from any payment:

- (a) the Charterers shall notify the Owners as soon as they become aware of the requirement; and
- (b) the amount due in respect of the payment shall be increased by the amount necessary to ensure that the Owners receive and retain (free from any liability relating to the tax deduction) a net amount which, after the tax deduction, is equal to the full amount which they would otherwise have received.

**51.3** In this Clause “**tax deduction**” means any deduction or withholding for or on account of any present or future tax, other than a FATCA Deduction.

**CLAUSE 52 – INCREASED COSTS**

**52.1** This Clause 52 applies if the Owners notify the Charterers that they consider (acting in good faith) that as a result of:

- (a) the introduction or alteration after the date of this Charter of a law or an alteration after the date of this Charter in the manner in which a law is interpreted or applied (disregarding any effect which relates to the application to payments under this Charter of a tax on the Owners' overall net income); or

- (b) complying with any regulation (including any which relates to capital adequacy or liquidity controls or which affects the manner in which the Owners allocates capital resources to their obligations under this Charter) which is introduced, or altered, or the interpretation or application of which is altered, after the date of this Charter,

the Owners (or a parent company of them) or the Owners' Financier has incurred or will incur an **"increased cost"**.

**52.2** In this Clause 52, **"increased cost"** means, in relation to the Owners or the Owners' Financier:

- (a) an additional or increased cost incurred as a result of, or in connection with, as the case may be, (i) the Owners having entered into, or being a party to, this Charter, of funding the acquisition of the Vessel pursuant to the MOA or performing their obligations under this Charter or (ii) the Owner's Financier entering into the funding arrangements described under Clause 57.2(a);
  - (b) a reduction in the amount of any payment to the Owners under this Charter or in the effective return which such a payment represents to the Owners on their capital;
  - (c) an additional or increased cost of funding the acquisition of the Vessel pursuant to the MOA; or
  - (d) a liability to make a payment, or a return foregone, which is calculated by reference to any amounts received or receivable by the Owners under this Charter,
- and for the purposes of this Clause 52.2 the Owners may in good faith allocate or spread costs and/or losses among their assets and liabilities (or any class of their assets and liabilities) on such basis as they consider appropriate.

**52.3** Subject to the terms of Clause 52.1, the Charterers shall pay to the Owners, on the Owners' demand, the amounts which the Owners from time to time notify the Charterers to be necessary to compensate the Owners for the increased cost.

**CLAUSE 53 – FATCA**

**53.1 Defined terms.** For the purposes of this Clause 53, the following terms shall have the following meanings:

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

**"FATCA"** means:

- (a) sections 1471 to 1474 of the Code or any associated regulations;
- (b) any treaty, law or regulation of any other jurisdiction, or relating to an intergovernmental agreement between the US and any other jurisdiction, which (in either case) facilitates the implementation of any law or regulation referred to in paragraph (a) above; or
- (c) any agreement pursuant to the implementation of any treaty, law or regulation referred to in paragraphs (a) or (b) above with the IRS, the US government or any governmental or taxation authority in any other jurisdiction.

“**FATCA Deduction**” means a deduction or withholding from a payment under this Charter or the Leasing Documents required by or under FATCA.

“**FATCA Exempt Party**” means a Relevant Party that is entitled under FATCA to receive payments free from any FATCA Deduction.

“**Relevant Party**” means any of the parties to this Charter and the Leasing Documents.

“**IRS**” means the United States Internal Revenue Service or any successor taxing authority or agency of the United States government.

### 53.2 **FATCA Information.**

- (a) Subject to paragraph (c) below, each Relevant Party shall within ten (10) Business Days of a reasonable request by another Relevant Party:
- (i) confirm to the other party whether it is:
    - (A) a FATCA Exempt Party; or
    - (B) not a FATCA Exempt Party; and
  - (ii) supply to the other Relevant Party such forms, documentation and other information relating to its status under FATCA (including its applicable “passthru payment percentage” or other information required under the US Treasury Regulations or other official guidance including intergovernmental agreements) as the other Relevant Party reasonably requests for the purposes of the other Relevant Party’s compliance with FATCA.
- (b) If a Relevant Party confirms to any other Relevant Party pursuant to paragraph 53.2(a)(i) above that it is a FATCA Exempt Party and it subsequently becomes aware that it is not, or has ceased to be a FATCA Exempt Party, that Relevant Party shall notify all other Relevant Parties reasonably promptly.
- (c) Paragraph (a) above shall not oblige any Relevant Party to do anything which would or might in its reasonable opinion constitute a breach of:
- (i) any law or regulation
  - (ii) any fiduciary duty; or
  - (iii) any duty of confidentiality.
- (d) If a Relevant Party fails to confirm its status or to supply forms, documentation or other information requested in accordance with paragraph (a) above (including, for the avoidance of doubt, where paragraph (c) above applies), then such Relevant Party shall be treated for the purposes of the Leasing Documents (and payments under it) as if it is not a FATCA Exempt Party until such time as the Relevant Party in question provides the requested confirmation, forms, documentation or other information.

### 53.3 **FATCA Deduction and gross-up by Relevant Party**

- (a) If the representation made by the Charterers under Clause 45.1(p) proves to be untrue or misleading such that the Charterers are required to make a FATCA Deduction, the Charterers shall make the FATCA Deduction and any payment required in connection with that FATCA Deduction within the time allowed and in the minimum amount required by FATCA.

- (b) If the Charterers are required to make a FATCA Deduction then the Charterers shall increase the payment due from them to the Owners to an amount which (after making any FATCA Deduction) leaves an amount equal to the payment which would have been due if no FATCA Deduction had been required.
- (c) The Charterers shall promptly upon becoming aware that they must make a FATCA Deduction (or that there is any change in the rate or basis of a FATCA Deduction) notify the Owners accordingly. Within thirty (30) days of the Charterers making either a FATCA Deduction or any payment required in connection with that FATCA Deduction, the Charterers shall deliver to the Owners evidence satisfactory to the Owners that the FATCA Deduction has been made or (as applicable) any appropriate payment paid to the relevant governmental or taxation authority.

#### **53.4 FATCA Deduction by Owners**

The Owners may make any FATCA Deduction they are required by FATCA to make, and any payment required in connection with that FATCA Deduction, and the Owners shall not be required to increase any payment in respect of which they make such a FATCA Deduction or otherwise compensate the recipient for that FATCA Deduction.

#### **53.5 FATCA Mitigation.**

Notwithstanding any other provision to this Charter, if a FATCA Deduction is or will be required to be made by any party under Clause 53.3 in respect of a payment to the Owners as a result of the Owners not being a FATCA Exempt Party, the Owners shall have the right to transfer their interest in the Vessel (and this Charter) to any person nominated by the Owners and all costs in relation to such transfer shall be for the account of the Charterers.

### **CLAUSE 54 – CONFIDENTIALITY**

**54.1** The Parties agree to keep the terms and conditions of this Charter and any other Leasing Documents (the “**Confidential Information**”) strictly confidential, provided that a Party may disclose Confidential Information in the following cases:

- (a) it is already known to the public or becomes available to the public other than through the act or omission of the disclosing Party;
- (b) it is required to be disclosed under the applicable laws of any Relevant Jurisdiction, by a governmental order, decree, regulation or rule, by an order of a court, tribunal or listing exchange of the Relevant Jurisdiction, provided that the disclosing Party shall give written notice of such required disclosure to the other Party prior to the disclosure;
- (c) in filings with a court or arbitral body in proceedings in which the Confidential Information is relevant and in discovery arising out of such proceedings;
- (d) to any other party to a Leasing Document;
- (e) to (or through) whom a Party assigns or transfers (or may potentially assign or transfer) all or any of its rights and/or obligations under one or more Leasing Document (as permitted by the terms thereof), provided that such person receiving Confidential Information shall undertake that it would not disclose Confidential Information to any other party save for circumstances arising which are similar to those described under this Clause or such other circumstances as may be permitted by all Parties;
- (f) to any of the following persons on a need to know basis:
  - (i) a shareholder or an Affiliate of either Party or a party referred to in paragraph (d) (including the employees, officers and directors thereof);

- (ii) professional advisers retained by a disclosing party; or
- (iii) persons advising on, providing or considering the provision of financing to the disclosing party or an Affiliate,

provided that the disclosing party shall exercise due diligence to ensure that no such person shall disclose Confidential Information to any other party save for circumstances arising which are similar to those described under this Clause or such other circumstances as may be permitted by all Parties; or

- (g) with the prior written consent of all Parties.

#### **CLAUSE 54A – GENERAL APPLICATION OF PROCEEDS**

Any Net Trading Proceeds, Net Sales Proceeds, Total Loss Proceeds, Sale Deposit, any proceeds realised by the Owners in connection with the enforcement of the Security Documents (unless otherwise specified in the Security Documents) shall be applied in the following order of application against amounts payable under the Leasing Documents:

- (a) firstly, in or towards any amounts outstanding under the Leasing Documents other than the Termination Purchase Price (including but not limited to any costs and expenses incurred in the enforcement of the Security Documents, to the extent these are not covered under the Termination Purchase Price);
- (b) secondly, in or towards satisfaction of the Charterers' obligation to pay the Termination Purchase Price (or such portion of it that then remains unpaid) in any order of application in the amounts comprising the Termination Purchase Price as the Owners may determine; and
- (c) thirdly, upon satisfaction in full of all amounts payable to the Owners under the Leasing Documents, in payment of any surplus to the Charterers, but subject always to no actual or contingent liabilities existing at the relevant time.

#### **CLAUSE 55 – PARTIAL INVALIDITY**

If, at any time, any provision of a Leasing Document is or becomes illegal, invalid or unenforceable in any respect under any law of any jurisdiction, neither the legality, validity or enforceability of the remaining provisions under the law of that jurisdiction nor the legality, validity or enforceability of such provision under the law of any other jurisdiction will in any way be affected or impaired.

#### **CLAUSE 56 – SETTLEMENT OR DISCHARGE CONDITIONAL**

- 56.1** Any settlement or discharge under any Leasing Document between the Owners and any Obligor or any other person shall be conditional upon no security or payment to the Owners by any Obligor or any other person being set aside, adjusted or ordered to be repaid, whether under any insolvency law or otherwise.
- 56.2** If the Owners consider that an amount paid or discharged by, or on behalf of, an Obligor in purported payment or discharge of an obligation of that Obligor to the Owners under the Leasing Documents is capable of being avoided or otherwise set aside on the liquidation or administration of that Obligor or otherwise, then that amount shall not be considered to have been unconditionally and irrevocably paid or discharged for the purposes of the Leasing Documents.

#### **CLAUSE 57 – CHANGES TO THE PARTIES**

- 57.1** **Assignment or transfer by the Charterers**

The Charterers shall not assign their rights or transfer by novation any of their rights and obligations under the Leasing Documents except with the prior consent in writing of the Owners.

**57.2 Assignment or transfer by the Owners**

Subject to Clause 35 above, the Charterers acknowledge that, at any time during the Charter Period:

- (a) the Owners are entitled, without the prior consent of the Charterers, to enter into certain funding arrangements with their financier(s), (the “**Owners’ Financier**”) in relation to the acquisition of the Vessel pursuant to the MOA and the chartering of the Vessel to the charterers under this Charter, which funding arrangements may be secured, *inter alia*, by the relevant Financial Instruments;
- (b) the Owners may do any of the following as security for the funding arrangements referred to in paragraph (a) above, in each case, without the prior consent of the Charterers:
  - (i) execute a ship mortgage over the Vessel or any other Financial Instrument in favour of an Owners’ Financier;
  - (ii) assign their rights and interests to, in or in connection with this Charter and any other Leasing Document in favour of that Owners’ Financier;
  - (iii) assign their rights and interests to, in or in connection with the Insurances, the Earnings and the Requisition Compensation of the Vessel in favour of that Owners’ Financier; and
  - (iv) enter into any other document or arrangement which is necessary to give effect to such financing arrangements.

**57.3** The Charterers undertake to comply, and provide such information and documents reasonably required to enable the Owners to comply, with all such instructions or directions in regard to the employment, insurances, operation, repairs and maintenance of the Vessel as laid down in any Financial Instrument or as may be directed from to time during the currency of this Charter by the Owners’ Financier in conformity with any Financial Instrument. The Charterers further agree and acknowledge all relevant terms, conditions and provisions of each Financial Instrument (if any) and agree to acknowledge this in writing in any form that may be reasonably required by the Owners’ Financier.

**57.4** The Owners may transfer by novation (or otherwise) any of its rights and obligations under the Leasing Documents and/or sell the Vessel at any time with the consent of the Charterers (such consent not to be unreasonably withheld or delayed), provided that such consent would not be required if such transfer is made:

- (i) to another lessor or financial institution or trust, fund, leasing company or other entity which is regularly engaged in or established for the purpose of making, purchasing or investing in loans, securities or other financial assets and provided that they are not a Restricted Person or has not engaged in any activity that is in breach of Sanctions;
- (ii) to an affiliate of the Owners;
- (iii) at such time following the occurrence of a Termination Event which is continuing; or
- (iv) in accordance with the Charterers’ exercise of the applicable Purchase Option under Clause 36.14(ii)(ii) or Clause 47 or of the Purchase Obligation under Clause 48.

57.5 Following any change in the registered ownership of the Vessel permitted pursuant to Clause 57.4, this Charter would continue on identical terms (save for logical, consequential or mutually agreed amendments), and the Charterers hereby agree that they shall be liable to the aforesaid new owner of the Vessel for its performance of all obligations pursuant to this Charter after change of the registered ownership of the Vessel from the Owners to such new owner and shall procure that the Guarantor shall each execute a guarantee in favour of the new owners for the *inter alia*, obligations of the Charterers under this Charter, in substantially in the same form as the Guarantee (or such other form as the Guarantor and the new owners may agree).

57.6 The Charterers agree and undertake to enter into any such usual documents as the Owners shall require to complete or perfect the transfer of the Vessel (with the benefit and burden of this Charter) pursuant to this Clause 57, at no cost to the Charterers.

**CLAUSE 58 – MISCELLANEOUS**

58.1 The Charterers waive any rights of sovereign immunity which they or any of their assets may enjoy in any jurisdiction and subjects itself to civil and commercial law with respect to their obligations under this Charter.

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

58.3 This Charter and each Leasing Document may be executed in any number of counterparts, and this has the same effect as if the signatures on the counterparts were on a single copy of this Charter or that Leasing Document, as the case may be.

58.4 These additional clauses shall be read together with the BARECON 2001, and shall constitute a single instrument. In the case of any conflict between the provisions of these additional terms and the BARECON 2001, these additional terms shall prevail.

58.5 This Charter contains all the understandings and agreements of whatsoever kind and nature existing between the parties in respect of this Charter, the rights, interests, undertakings agreements and obligations of the parties to this Charter and shall supersede all previous and contemporaneous negotiations and agreements.

58.6 The termination of this Charter for any cause whatsoever shall not affect the right of the Owners to recover from the Charterers any money due to the Owners on or before the termination in consequence thereof and all other rights of the Owners (including, but not limited to, any rights, benefits or indemnities which are expressly provided to continue after the termination of this Charter) are reserved hereunder.

58.7 Nothing in this Charter creates, constitutes or evidences any partnership, joint venture, agency, trust or employer/employee relationship between the parties, and neither Party may make, or allow to be made any representation that any such relationship exists between the parties. Neither Party shall have the authority to act for, or incur any obligation on behalf of, the other party, except as expressly provided in this Charter.

58.8 The rights, powers and remedies provided in this Charter are cumulative and not exclusive of any rights, powers or remedies at law or in equity unless specifically otherwise stated.

58.9 The Owners may set off any matured and/or contingent obligation due from any Obligor under the Leasing Documents (to the extent beneficially owned by the Owners) against any obligation (whether matured or not) owed by the Owners to that or any other Obligor, regardless of the place of payment or currency of either obligation. If the obligations are in different currencies, the Owners may convert either obligation at a market rate of exchange in its usual course of business for the purpose of the set-off. Other than as explicitly set out in the Leasing Documents, no member of the Group may set off any matured and/or contingent obligation due from the Owners under the Leasing Documents (to the extent beneficially owned by any Obligor) against any obligation (whether matured or not) owed by any member of the Group to the Owners, regardless of the place of payment or currency of either obligation.



59.1 In this Charter the following terms shall have the meanings ascribed to them below:

“**Acceptance Certificate**” means a certificate substantially in the form set out in Schedule 1 to be signed by the Charterers at Delivery.

“**Account Bank**” means DNB Bank ASA - London Branch or such bank as may be notified to the Owners and as may be approved in writing by the Owners.

“**Account Security**” means the document creating security over the Operating Account executed or to be executed by the Charterers in favour of the Owners, in the agreed form.

“**Affiliate**” means in relation to any person, a subsidiary of that person or a Holding Company of that person or any other subsidiary of that Holding Company.

“**Anti-Money Laundering Laws**” means all applicable financial record-keeping and reporting requirements, anti-money laundering statutes (including all applicable rules and regulations thereunder) and all applicable related or similar laws, rules, regulations or guidelines, of all jurisdictions including and without limitation, the United States of America, the United Kingdom, the European Union and the People’s Republic of China (including, without limitation, Anti- Money Laundering Law of the People’s Republic of China (中华人民共和国反洗钱法) and Notice of the People’s Bank of China on Issues Concerning Enhancing Anti-Money Laundering Customer Identification Work (中国人民银行关于加强反洗钱客户身份识别有关工作的通知)) and which in each case are (a) issued, administered or enforced by any governmental agency having jurisdiction over any Obligor or the Owners; (b) of any jurisdiction in which any Obligor or the Owners conduct business; or (c) to which any Obligor or the Owners is subjected or subject to.

“**Anti-Terrorism Financing Laws**” means all applicable anti-terrorism laws, rules, regulations or guidelines of any jurisdiction, including and not limited to the United States of America or the People’s Republic of China which are: (a) issued, administered or enforced by any governmental agency, having jurisdiction over any Obligor or the Owners; (b) of any jurisdiction in which any Obligor or the Owners conduct business; or (c) to which any Obligor or the Owners are subjected or subject to.

“**Approved Management Agreement**” means the management agreement in respect of the Vessel dated 18 December 2023 executed by the Charterers as owners and the Approved Manager as commercial manager and technical manager, or such other commercial and/or technical management agreement in respect of the Vessel as may be approved by the Owners in writing.

“**Approved Manager**” means Performance Shipping Management Inc. of Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands MH96960, or any other international and reputable manager which may, with the prior written approval of the Owners, be appointed as a commercial and/or technical manager of the Vessel.

“**Approved Sub-charter**” means:

- (a) the Initial Sub-Charter; and
- (b) any other charter or employment of the Vessel which have been approved in writing by the Owners pursuant to Clause 46(o).

“**Approved Sub-charterer**” means:

- (a) the Initial Sub-Charterer; or
- (b) any other sub-charterer of the Vessel which is a party to an Approved Sub-charter which shall be approved by the Owners in writing.

“**Approved Valuer**” means Clarksons & Platou, Howe Robinson, Barry Rogliano Salles, Graig, MB Shipbroker, VesselsValue, Arrow Shipbroking Group, Braemar ACM Shipbroking, Fearnleys AS and Simpson Spence & Young or such other independent and reputable shipbroker nominated by the Charterers and approved by the Owners.

“**Breakfunding Costs**” means all breakfunding costs and expenses incurred or payable by the Owners when a repayment or prepayment under the relevant funding arrangement entered into by the Owners for the purpose of financing Purchase Price (or any part thereof) do not fall on a Hire Payment Date, a Purchase Option Date or a Termination Notice Date, as the case may be.

“**Builder**” has the meaning given to such term under the MOA.

“**Business Day**” means a day on which banks are open for business in the principal business centres of People’s Republic of China, Greece and the Flag State and

- (a) in respect of a day on which a payment is required to be made or other dealing is due to take place under this Charter in Dollars, also a day on which commercial banks are open in New York City; and
- (b) in respect of any Quotation Day or any date on which Reference Rate is to be determined, also a day which is a US Government Securities Business Day.

“**Business Ethics Law**” means any laws, regulations and/or other legally binding requirements or determinations in relation to corruption, fraud, collusion, bid-rigging or anti-trust, human rights violations (including forced labour and human trafficking) which are applicable to any Obligor or the Owners or to any jurisdiction where activities are performed and which shall include but not be limited to (i) the United Kingdom Bribery Act 2010 and (ii) the United States Foreign Corrupt Practices Act 1977 and all rules and regulations under each of (i) and (ii).

“**Buyers**” means the Owners acting in their capacity as buyer of the Vessel under the MOA.

“**Cancelling Date**” means 30 September 2026 or such later date as may be specified by the Owners and agreed by the Charterers.

“**Charterhire**” means each of, or as the context may require, all of the monthly instalments of hire payable under this Charter comprising of a Fixed Charterhire element and a Variable Charterhire element.

“**Charter Period**” means the period commencing on the Delivery Date and described in Clause 32.2 unless it is either terminated earlier or extended in accordance with the provisions of this Charter.

“**CISADA**” means the United States Comprehensive Iran Sanctions, Accountability and Divestment Act of 2010 as it applies to non-US persons.

“**Classification Society**” means the vessel classification society referred to in Box 10 (*Classification Society*) of this Charter or any other generally recognised first class classification society that is a member of IACS and approved by the Owners.

“Counterparty” has the meaning given to it in Clause 46(kk)(i)(B).

“Delivery” means the time when:

- (a) the Owners obtain title to the Vessel from the Sellers in accordance with the terms of the MOA; and
- (b) the Charterers accept delivery of the Vessel from the Owners in accordance with the terms of this Charter.

“Delivery Date” means the date on which Delivery takes place.

“Dollars”, “\$” and “US\$” mean the lawful currency for the time being of the United States of America.

“Earnings” means all moneys whatsoever which are now, or later become, payable (actually or contingently) and which arise out of the use or operation of the Vessel, including (but not limited to):

- (a) all freight, hire and passage moneys, compensation payable in the event of requisition of the Vessel for hire, remuneration for salvage and towage services, demurrage and detention moneys and damages for breach (or payments for variation or termination) of any charterparty or other contract for the employment of the Vessel; and
- (b) if and whenever the Vessel is employed on terms whereby any moneys falling within paragraph (a) are pooled or shared with any other person, that proportion of the net receipts of the relevant pooling or sharing arrangement which is attributable to the Vessel;

“Emission Allowances” means an allowance, credit, quota, permit or equivalent, representing a right of a vessel to emit a specified quantity of greenhouse gas emissions recognised by the Emission Scheme.

“Emissions Data” means the Vessel’s compliance with Emission Scheme, EU MRV and FEMREG.

“Emission Scheme” means a greenhouse gas emissions trading scheme which for the purposes of this Charter shall include the EU ETS and any other similar systems imposed by applicable lawful authorities that regulate the issuance, allocation, trading or surrendering of Emission Allowances.

“Emission Scheme Authority” means in relation to an Emission Scheme, the relevant authority administering or otherwise implementing such Emissions Scheme.

“Emission Scheme Participant” means in relation to an Emission Scheme, any person which is responsible for complying with the requirements of such Emissions Scheme.

“Environmental Approval” means any present or future permit, ruling, variance or other authorisation, consent, approval, resolution, licence, exemption or registration required under any Environmental Law.

“Environmental Claim” means:

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

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

“**Environmental Incident**” means:

- (a) any release of Environmentally Sensitive Material from the Vessel; or
- (b) any incident in which Environmentally Sensitive Material is released from a vessel other than the Vessel and which involves a collision between the Vessel and such other vessel or some other incident of navigation or operation, in either case, in connection with which the Vessel is actually liable to be arrested, attached, detained or injuncted and/or the Vessel and/or the Owners and/or the Charterers and/or the Approved Sub-charterer and/or any other operator or manager of the Vessel is at fault or otherwise liable to any legal or administrative action; or
- (c) any other incident involving the Vessel in which Environmentally Sensitive Material is released otherwise than from the Vessel and in connection with which the Vessel is actually arrested and/or where the Owners and/or the Charterers and/or the Approved Sub-charterer and/or any other operator or manager of the Vessel is at fault or otherwise liable to any legal or administrative action.

“**Environmental Law**” means any present or future law relating to pollution or protection of human health or the environment, to conditions in the workplace, to the carriage, generation, handling, storage, use, release or spillage of Environmentally Sensitive Material or to actual or threatened releases of Environmentally Sensitive Material including any law pertaining to any Emission Scheme.

“**Environmentally Sensitive Material**” means oil, oil products and any other substances (including any chemical, gas or other hazardous or noxious substance) which are (or are capable of being or becoming) polluting, toxic or hazardous.

“**Escrow Agreement**” has the meaning given to such term in the MOA.

“**ETS and Fuel EU Maritime Agreement**” shall have the meaning as defined under Clause 39.5(e).

“**ETS and Fuel EU Maritime Letter**” shall have the meaning as defined under Clause 39.5(c).

“**EU ETS**” means the European Union Emissions Trading System specifically applicable to shipping pursuant to the European Directive 2023/959 amending European Directive 2003/87/EC and Commission Implementing Regulation (EU) 2023/2599 of 22 November 2023 laying down rules for the application of Directive 2003/87/EC of the European Parliament and of the Council as regards the administration of shipping companies by administering authorities in respect of a shipping company.

“**EUMRV**” means the European Regulation 2023/957 of the European Parliament and of the Council of 10 May 2023 amending Regulation (EU) 2015/757 in order to provide for the inclusion of maritime transport activities in the EU ETS and for the monitoring, reporting and verification of emissions of additional greenhouse gases and emissions from additional ship types.

“**Extended Exclusivity Period**” has the meaning given to it under Clause 40.4(b)(ii).

“**Flag State**” means the flag state as stated in Box 5 of this Charter or such other reputable flag state as may be approved in writing by the Owners.

“**Financial Indebtedness**” means, in relation to a person (the “**debtor**”), a liability of the debtor:

- (a) for principal, interest or any other sum payable in respect of any moneys borrowed or raised by the debtor;
- (b) under any loan stock, bond, note or other security issued by the debtor;
- (c) under any acceptance credit, guarantee or letter of credit facility made available to the debtor;
- (d) under a financial lease, a deferred purchase consideration arrangement (other than deferred payments for assets or services obtained on normal commercial terms in the ordinary course of business) or any other agreement having the commercial effect of a borrowing or raising of money by the debtor;
- (e) under any foreign exchange transaction, any interest or currency swap or any other kind of derivative transaction entered into by the debtor or, if the agreement under which any such transaction is entered into requires netting of mutual liabilities, the liability of the debtor for the net amount; or
- (f) under a guarantee, indemnity or similar obligation entered into by the debtor in respect of a liability of another person which would fall within paragraphs (a) to (e) if the references to the debtor referred to the other person;

“**Financial Instruments**” means any mortgage, deed of covenant, the general assignment or such other financial security instruments as may be granted to the Owners’ Financier as security for the obligations of the Owners in relation to the financing of the acquisition of the Vessel.

“**Fixed Charterhire**” means the portion of Charterhire payable on each Hire Payment Date in an amount set out in Schedule 3.

“**Fuel EU Maritime**” or “**FEMREG**” means Fuel EU Maritime Regulation 2023/1805 dated 13 September 2023 on the use of renewable and low-carbon fuels in maritime transport, and amending Directive 2009/16/EC.

“**General Assignment**” means the general assignment in agreed form which is executed or to be executed by the Charterers in favour of the Owners in respect of the Vessel, pursuant to which the Charterers shall, *inter alia*, assign its rights in relation to (i) Insurances, Earnings and Requisition Compensation; (ii) any Approved Sub-charter and any guarantee of such Approved Sub-charter (if any) and (iii) the SBC Sellers’ warranties under the Shipbuilding Contract, in favour of the Owners.

“**Group**” means the Guarantor and its subsidiaries (whether directly or indirectly owned) from time to time.

“**Guarantee**” means a guarantee executed or to be executed by the Guarantor in favour of the Owners on or about the date hereof.

“**Guarantor**” means Performance Shipping Inc., a corporation incorporated and existing under the laws of the Republic of the Marshall Islands whose registered address is at Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands MH96960.

“**Hire Payment Date**” means each of, or as the context may require, any of:

- (a) in respect of the first Charterhire instalment, the date falling one (1) month after the Prepositioning Date provided that if such date falls after the 20<sup>th</sup> day in the relevant calendar month, the first Charterhire instalment shall be payable on the 20<sup>th</sup> day in the relevant calendar month;
- (b) in respect of each subsequent instalment of Charterhire (other than the final Charterhire instalment), the date falling one (1) month after the preceding Hire Payment Date; and
- (c) in respect of the final Charterhire instalment, the Maturity Date,

such that there is a total of one hundred and twenty (120) Hire Payment Dates during the Charter Period.

“**Hire Period**” means each consecutive period commencing from the Prepositioning Date, provided that:

- (a) the first Hire Period shall commence on the Prepositioning Date and end on the first Hire Payment Date;
- (b) each subsequent Hire Period (apart from the final Hire Period) shall be any one (1) month’s duration and shall commence on the last day of the previous Hire Period and end on the next occurring Hire Payment Date;
- (c) any Hire Period which would otherwise overrun a Hire Payment Date shall instead end on that Hire Payment Date; and
- (d) the final Hire Period shall end on the Maturity Date.

“**Holding Company**” means, in relation to a person, any other person in relation to which it is a subsidiary.

“**IAPPC**” means a valid international air pollution prevention certificate for the Vessel issued pursuant to the MARPOL Protocol.

“**Initial Exclusivity Period**” has the meaning given to it under Clause 40.4(b)(ii).

“**Initial MOA**” means the memorandum of agreement entered or to be entered into between the Charterers as seller and the Sellers as buyer executed or to be executed in respect of the sale and purchase of the Vessel.

“**Initial Sub-Charter**” means the time charter party of the Vessel entered into by the Charterers as disponent owner and the Initial Sub-Charterer as sub-charterer dated 8 March 2024.

“**Initial Sub-Charterer**” means Clearlake Shipping Pte Ltd. of Singapore.

“**Insurances**” means:

- (a) all policies and contracts of insurance, including entries of the Vessel in any protection and indemnity or war risks association, which are effected in respect of the Vessel or otherwise in relation to it whether before, on or after the date of this Charter; and
- (b) all rights and other assets relating to, or derived from, any of the foregoing, including any rights to a return of a premium and any rights in respect of any claim whether or not the relevant policy, contract of insurance or entry has expired on or before the date of this Charter;

“**Interest Rate**” means, in relation to each Hire Period and subject to Clause 36.14, the percentage rate of interest per annum which is the aggregate of (a) Margin and (b) the applicable Reference Rate for such Hire Period.

“**ISM Code**” means the International Safety Management Code (including the guidelines on its implementation), adopted by the International Maritime Organisation Assembly as Resolutions A.741 (18) and A.788 (19), as the same may be amended or supplemented from time to time (and the terms “**safety management system**”, “**Safety Management Certificate**” and “**Document of Compliance**” have the same meanings as are given to them in the ISM Code).

“**ISPS Code**” means the International Ship and Port Security Code as adopted by the Conference of Contracting Governments to the Safety of Life at Sea Convention 1974 on 13 December 2002 and incorporated as Chapter XI-2 of the Safety of Life at Sea Convention 1974, as the same may be supplemented or amended from time to time.

“**ISSC**” means an International Ship Security Certificate issued under the ISPS Code.

“**Leasing Documents**” means this Charter, the Side Letter, the Initial MOA, the MOA, the Guarantee, the Security Documents, any ETS and Fuel EU Maritime Agreement and such document as may be designated as a Leasing Document by the Owners and the Charterers from time to time.

“**Major Casualty**” means any casualty to the Vessel in respect of which the claim or the aggregate of the claims against all insurers, before adjustment for any relevant franchise or deductible, exceeds US\$500,000, or the equivalent in any other currency.

“**Manager’s Undertakings**” means the letter of undertaking, in agreed form, to be executed by the Approved Manager under which, amongst others, the Approved Manager agrees to assign their rights (if any) in Insurances in favour of the Owners as well as subordinate their rights against the Charterers to the rights of the Owners.

“**Mandatory Sale**” has the meaning given to that term in Clause 44A.2.

“**Mandatory Sale Date**” has the meaning given to that term in Clause 44A.2.

“**Mandatory Sale Price**” means, in respect of the Mandatory Sale Date, the aggregate of the aggregate of:

- (a) the Outstanding Principal as at the Mandatory Sale Date;
- (b) any accrued but unpaid Variable Charterhire, as at the Mandatory Sale Date;
- (c) any Breakfunding Costs;
- (d) any documented costs incurred and documented expenses incurred by the Owners in locating, repossessing or recovering the Vessel or collecting any payments due under this Charter or in obtaining the due performance of the obligations of the Charterers under this Charter or the other Leasing Documents and any default interest in relation thereto;

- (e) any losses, liabilities, documented costs and documented expenses (including, without limitation, legal fees) reasonably incurred by the Owners in connection with the exercise of the Mandatory Sale under Clause 44A; and
- (f) all other amounts due and outstanding under this Charter and the other Leasing Documents together with any applicable interest thereon.

“**Margin**” means 2.10% per annum.

“**Market Value**” means, in relation to the Vessel, the valuation of the Vessel shown by one

(1) valuation report and prepared:

- (a) at the cost of the Charterers and addressed to the Owners:
- (b) on a date no earlier than thirty (30) days prior to the relevant date of determination;
- (c) by an Approved Valuer nominated by the Owners;
- (d) without physical inspection of the Vessel;
- (e) on the basis of a sale for prompt delivery for cash on normal arm’s length commercial terms as between a willing seller and a willing buyer, free of any existing charter or other contract of employment or such other basis as may be agreed by the Owners; and
- (f) less an amount determined by the Owners as being an amount equal to the amount of the usual and reasonable expenses which would be reasonably likely to be incurred in connection with a sale described in paragraph (e) above after deducting expenses which would be incurred in connection with the sale of the Vessel.

“**MARPOL Carbon Intensity Regulations**” means the regulations contained in Chapters 1, 2 and 4 of Revised MARPOL Annex VI which relate to “Regulations on the Carbon Intensity of International Shipping” and Resolution MEPC.328(76) implementing the CII and any associated guidelines and/or subsequent amendments, including the Ship Energy Efficiency Management Plan (SEEMP).

“**MARPOL Protocol**” means Annex VI (Regulations for the Prevention of Air Pollution from Ships) to the International Convention for the Prevention of Pollution from Ships 1973 (as amended in 1978 and 1997).

“**Material Adverse Effect**” means, in the reasonable opinion of the Owners, a material adverse effect on:

- (a) the business, operations, property, condition (financial or otherwise) or prospects of any Obligor and their respective subsidiaries taken as a whole;
- (b) the ability of any Obligor to perform its obligations under any Leasing Document and/or any Transaction Document to which it is a party; or
- (c) the validity or enforceability of, or the effectiveness or ranking of any Security Interests granted pursuant to any of the Leasing Documents or the rights or remedies of the Owners under any of the Leasing Documents.

“**Maturity Date**” means the earlier of (a) the date falling 120 months after the Prepositioning Date and (b) the last day of the Charter Period.



“**MOA**” means the memorandum of agreement dated on or about the date of this Charter and entered into by the Sellers and the Buyers in relation to the sale and purchase of the Vessel.

“**Net Sales Proceeds**” has the meaning given to it under Clause 40.4(b)(iii).

“**Net Trading Proceeds**” has the meaning given to it under Clause 40.4(b)(i).

“**Obligor**” means any of the Charterers, the Sellers, the Guarantor, any Approved Manager and any other party providing security for the Charterers’ obligations under this Charter pursuant to a Security Document or otherwise.

“**Operating Account**” means, an account designated as an “Operating Account” in the name of the Charterers with the Account Bank or any other replacement earnings account in the name of the Charterers with any other bank which may, with the prior written consent of the Owners, be opened.

“**Original Financial Statements**” means the audited financial statements of the Guarantor for the financial year ended 31 December 2023.

“**Original Jurisdiction**” means, in relation to each Obligor or any Approved Sub-charterer, the jurisdiction under whose laws they are incorporated as at the date of this Charter.

“**Outstanding Principal**” means, as at any date (for the purposes of this definition only, the “**Relevant Date**”) the relevant amount in Schedule 3 which is stated as such under the column headed “Outstanding Principal” and corresponding to the Hire Payment Date falling immediately prior to the Relevant Date, **provided that** (i) if the Outstanding Principal is reduced in accordance with this Charter (for any reason other than payment of Charterhire), the Owners shall provide an updated Schedule 3 to the Charterers to reflect such reduction of the Outstanding Principal which new Schedule 3 shall be binding on the Parties and shall be deemed to replace the then existing Schedule 3 of this Charter and be incorporated into the Charter, and (ii) the Owners may amend and replace Schedule 3 in writing and notify the same to the Charterers (whereupon such amended Schedule 3 shall replace the original Schedule 3 and is deemed a part of this Charter *ab initio*) from time to time to reflect the Outstanding Principal calculated based on the Purchase Price.

“**Owners’ Financier**” shall have the meaning as defined under 57.2(a).

“**Party**” means any party to this Charter.

“**Payment Notice**” shall have the meaning given to such term in the MOA.

“**Permitted Security Interests**” means:

- (a) Security Interests created by a Leasing Document or a Financial Instrument;
- (b) liens for unpaid master’s and crew’s wages in accordance with the ordinary course of operation of the Vessel or in accordance with usual reputable maritime practice and not more than thirty (30) days overdue;
- (c) liens for salvage;
- (d) any other liens arising by operation of law or otherwise in the ordinary course of the operation, repair or maintenance of the Vessel provided such liens do not secure amounts more than 30 days overdue (unless the overdue amount is being contested in good faith by appropriate steps and for the payment of which adequate reserves are held and provided further that such proceedings do not give rise to a material risk of the Vessel or any interest in it being seized, sold, forfeited or lost);

- (e) any Security Interest created in favour of a plaintiff or defendant in any action of the court or tribunal before whom such action is brought as security for costs and expenses where the Charterers are prosecuting or defending such action in good faith by appropriate steps; and
- (f) Security Interests arising by operation of law in respect of taxes which are not overdue or for payment of taxes which are overdue for payment but which are being contested by the Owners or the Charterers in good faith by appropriate steps and in respect of which adequate reserves have been made.

“**Potential Termination Event**” means, an event or circumstance which, with the giving of any notice, the lapse of time and/or the satisfaction of any other condition, would constitute a Termination Event.

“**Prepositioning Date**” has the meaning ascribed to such term in the MOA.

“**Published Rate**” means Term SOFR for a tenor of one (1) month.

“**Published Rate Replacement Event**” means, in relation to a Published Rate:

- (a) the methodology, formula or other means of determining that Published Rate has, in the opinion of the Owners and the Charterers, materially changed;
- (b)
  - (i) the administrator of that Published Rate or its supervisor publicly announces that such administrator is insolvent;
  - (ii) information is published in any order, decree, notice, petition or filing, however described, of or filed with a court, tribunal, exchange, regulatory authority or similar administrative, regulatory or judicial body which reasonably confirms that the administrator of that Published Rate is insolvent,

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

- (iii) the administrator of that Published Rate publicly announces that it has ceased or will cease to provide that Published Rate permanently or indefinitely and, at that time, there is no successor administrator to continue to provide that Published Rate;
- (iv) the supervisor of the administrator of that Published Rate publicly announces that such Published Rate has been or will be permanently or indefinitely discontinued; or
- (v) the administrator of that Published Rate or its supervisor announces that that Published Rate may no longer be used; or
- (c) the administrator of that Published Rate (or the administrator of an interest rate which is a constituent element of that Published Rate) determines that that Published Rate should be calculated in accordance with its reduced submissions or other contingency or fallback policies or arrangements and either:
  - (i) the circumstance(s) or event(s) leading to such determination are not (in the opinion of the Owners) temporary;

- (ii) that Published Rate is calculated in accordance with any such policy or arrangement for a period no less than a reasonable time period as determined by the Owners; or

in the opinion of the Charterers and the Owners, that Published Rate is otherwise no longer appropriate for the purposes of calculating interest under this Charter.

“**Purchase Obligation**” means the purchase obligation referred to in Clause 48.

“**Purchase Obligation Price**” means the relevant amount in Schedule 3 which is stated as such under the column headed “Purchase Obligation Price”.

“**Purchase Option**” means the early purchase option which the Charterers are entitled to exercise pursuant to Clause 36.14(ii)(ii) or Clause 47.

“**Purchase Option Date**” means:

- (a) in the event that the Purchase Option is exercised pursuant to Clause 36.14(ii)(ii), any date specified by the Charterers in relevant Purchase Option Notice; and
- (b) in the event that the Purchase Option is exercised pursuant to Clause 47, any date after the second anniversary of the Delivery Date specified by the Charterers in the relevant Purchase Option Notice.

“**Purchase Option Fee**” means:

- (a) if the Purchase Option is exercised pursuant to Clause 36.14(ii)(ii) and on or before the second (2nd) anniversary of the Delivery Date, two per cent. (2%) of such Outstanding Principal as at the applicable Purchase Option Date;
- (b) if the Purchase Option is exercised after the second (2nd) anniversary of the Delivery Date and on or before the third (3rd) anniversary of the Delivery Date, one point five per cent. (1.5%) of such Outstanding Principal as at the applicable Purchase Option Date;
- (c) if the Purchase Option is exercised after the third (3rd) anniversary of the Delivery Date and on or before the fourth (4th) anniversary of the Delivery Date, one per cent. (1%) of such Outstanding Principal as at the applicable Purchase Option Date;
- (d) if the Purchase Option is exercised after the fourth (4th) anniversary of the Delivery Date and on or before the fifth (5th) anniversary of the Delivery Date, zero point five per cent. (0.5%) of such Outstanding Principal as at the applicable Purchase Option Date; and
- (e) if the Purchase Option is exercised after the fifth (5th) anniversary of the Delivery Date, zero per cent (0%) of such Outstanding Principal as at the applicable Purchase Option Date.

“**Purchase Option Notice**” means the prior written notice served by the Charterers to the Owners pursuant to Clause 36.14(ii)(ii) or Clause 47.1 in relation to the applicable Purchase Option.

“**Purchase Option Price**” means the aggregate of:

- (a) the Outstanding Principal as at the applicable Purchase Option Date;

- (b) the applicable Purchase Option Fee;
- (c) any accrued but unpaid Variable Charterhire as at the applicable Purchase Option Date;
- (d) any Breakfunding Costs;
- (e) any costs and expenses incurred by the Owners (and the Owners' Financier (if any)) in locating, repossessing or recovering the Vessel or collecting any payments due under this Charter or in obtaining the due performance of the obligations of the Charterers under this Charter or the other Leasing Documents and any default interest in relation thereto;
- (f) any losses, liabilities, costs and expenses (including, without limitation, legal fees) incurred by the Owners in connection with the exercise of the applicable Purchase Option; and
- (g) all other amounts due and outstanding under this Charter and the other Leasing Documents together with any applicable interest thereon.

“**Purchase Price**” has the meaning ascribed to such term in the MOA.

“**Qualifying Voyage**” means the period between the Russian Oil Product being lifted or loaded onto the Vessel whether at the loading port or from another vessel, or otherwise, and its discharge, whether at a discharge port or onto another vessel, or otherwise.

“**Quotation Day**” means in relation to a Hire Period for which an Interest Rate is to be determined, two (2) US Government Securities Business Days before the first day of that Hire Period unless market practice differs in the relevant syndicated loan market in which case the Quotation Day will be determined by the Owners in accordance with that market practice (and if quotations would normally be given on more than one day, the Quotation Day will be the last of those days).

“**Reference Rate**” means, in respect of a Hire Period, subject to Clauses 36.13 and 36.14:

- (a) the applicable Term SOFR for a period of one (1) month as of the relevant Quotation Day; or
- (b) as otherwise determined pursuant to Clause 36.12,

and if, in either case, that rate is less than zero, the Reference Rate shall be deemed to be zero.

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

“**Replacement Reference Rate**” means a reference rate which is:

- (a) formally designated, nominated or recommended as the replacement for a Published Rate by;
  - (i) the administrator of that Published Rate (provided that the market or economic reality that such reference rate measures is the same as that measured by that Published Rate); or

(ii) any Relevant Nominating Body;

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

- (b) in the opinion of the Owners and the Charterers, generally accepted in the international or any relevant domestic syndicated loan markets as the appropriate successor or alternative to a Published Rate; or
- (c) in the opinion of the Owners and the Charterers, an appropriate successor or alternative to a Published Rate.

“**Relevant Jurisdiction**” means, in relation to each Obligor or any Approved Sub-charterer:

- (a) its Original Jurisdiction;
- (b) any jurisdiction where any property owned by it and charged under a Leasing Document is situated;
- (c) any jurisdiction where it conducts its business; and
- (d) any jurisdiction whose laws govern the perfection of any of the Leasing Documents entered into by it creating a Security Interest;

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

“**Restricted Countries**” means those countries or territories subject to country-wide or territory-wide Sanctions and/or trade embargoes or whose government is the target of Sanctions, in particular but not limited to pursuant to the U.S.’s Office of Foreign Asset Control of the U.S. Department of Treasury (“**OFAC**”) including at the date of this Charter, but without limitation, Iran, Cuba, Iran, North Korea, Syria and Crimea and Venezuela and any additional countries or territories based on respective country-wide or territory-wide Sanctions being imposed by OFAC or any of the regulative bodies referred to in the definition of Restricted Persons.

“**Restricted Person**” means any person who is the subject of Sanctions (whether designated by name or by reason of being included in a class of persons to whom the applicable Sanctions apply in accordance with their terms) or against whom Sanctions are directed, including, without limitation, as a result of being (a) owned or controlled directly or indirectly by any person which is a designated target of Sanctions, or (b) organized under the laws of, or a citizen or resident of, any Restricted Country, or otherwise a target of Sanctions.

“**Russian Oil Price Cap Measures**” means the Russian oil price cap restrictions and requirements imposed by law or regulation of the United Kingdom, the Council of the European Union and the United States of America and any other similar restrictions on the supply or delivery or maritime transportation of Russian Oil Products applicable to any person as amended from time to time.

“**Russian Oil Products**” means oil and oil products falling within commodity codes 2709 or 2710 which originate in or are consigned from Russia.

“**Sale Deposit**” has the meaning given to it under Clause 40.4(b)(ii).

“**Sale Notice**” has the meaning given to it under Clause 40.4(b)(ii).

“**Sanctions**” means any sanctions (including US “secondary sanctions”), embargoes, freezing provisions, prohibitions or other restrictions relating to trading, doing business, investment, exporting, financing or making assets available (or other activities similar to or connected with any of the foregoing):

- (a) imposed, administered, enacted or enforced by law or regulation of the United Kingdom, the Council of the European Union, the People’s Republic of China, the United Nations or its Security Council or the US (including, but not limited to, “secondary sanctions” imposed by the US), the Hong Kong SAR, the Flag State or any government, official institution or agency of any of the foregoing, whether or not any Obligor is legally bound to comply with the foregoing; or
- (b) otherwise imposed by any law or regulation binding on any Obligor or to which an Obligor is subject.

“**Sanctions Advisory**” means the Sanctions Advisory for the Maritime Industry, Energy and Metals Sectors, and Related Communities issued May 14, 2020 by the US Department of the Treasury, Department of State and Coast Guard, as may be amended or supplemented, and any similar future advisory.

“**SBC Sellers**” has the meaning given to such term in the MOA.

“**Security Documents**” means each of the Account Security, the General Assignment, the Shares Security Deed, the Manager’s Undertaking, and any other security documents granting a Security Interest in respect of the obligations of the Charterers under or in connection with this Charter.

“**Security Interest**” means:

- (a) a mortgage, charge (whether fixed or floating) or pledge, any maritime or other lien or any other security interest of any kind;
- (b) the security rights of a plaintiff under an action *in rem*; or
- (c) any other right which confers on a creditor or potential creditor a right or privilege to receive the amount actually or contingently due to it ahead of the general unsecured creditors of the debtor concerned; however this paragraph (c) does not apply to a right of set off or combination of accounts conferred by the standard terms of business of a bank or financial institution;

“**Sellers**” means Mustique Shipping Company Inc. of the Republic of the Marshall Islands whose registered address is at Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands MH96960 acting in their capacity as seller of the Vessel under the MOA.

“**Shares Security Deed**” means the shares security deed and ancillaries thereto in the agreed form executed or to be executed, *inter alia*, by the Guarantor in favour of the Owners over all the shares held by the Guarantor in the Charterers.

“**Shipbuilding Contract**” has the meaning given to such term under the MOA.

“**Shipbuilding Contract Delivery Instalment**” has the meaning given to such term under the MOA.

“**Side Letter**” means the side letter to be dated on or about the date of this Charter and entered into by the Owners and the Charterers in respect of this Charter.

“**Sub-charter**” means, as the context requires, any Approved Sub-charter, any other sub-charter or other form of contract for employment in respect of the Vessel to be entered into by the Charterers (as disponent owners) and any other Sub-charterer, whether or not already in existence.

“**Sub-charterer**” means any charterer under a Sub-charter.

“**Swap Losses**” means the amount (if any) payable by the Owners to their counterparty under any interest rate swap arrangement entered into by the Owners in connection with the hedging of their interest rate swap exposure in respect of the Leasing Documents, in relation to an unwinding of the whole or part of any interest rate swap transaction entered between the Owners and such counterparty under such interest rate swap arrangement(s).

“**Term SOFR**” means the term SOFR reference rate administered by CME Group Benchmark Administration Limited (or any other person which takes over the administration of that rate) for the relevant period published (before any correction, recalculation or republication by the administrator) by CME Group Benchmark Administration Limited (or any other person which takes over the publication of that rate).

“**Termination Bunker Value**” has the meaning given to such term in Clause 40.8.

“**Termination Notice Date**” shall have the meaning as defined under Clause 44.2.

“**Termination Event**” means any event described in Clause 44.

“**Termination Fee**” means two per cent. (2%) of the Outstanding Principal provided that the Termination Purchase Price becomes payable in accordance with Clause 40.9 or Clause 44.2 (*Termination Events*).

“**Termination Purchase Price**” means, in respect of any date (for the purposes of this definition only, the “**Relevant Date**”), the aggregate of:

- (a) the Outstanding Principal as at the Relevant Date;
- (b) any accrued but unpaid Variable Charterhire, as at the Relevant Date;
- (c) Termination Fee as at the Relevant Date (if applicable);
- (d) any Breakfunding Costs;
- (e) any Swap Losses;
- (f) any documented direct costs, losses, liabilities and expenses incurred by the Owners as a result of the early termination of this Charter including but not limited to any legal costs, any agency or broker fees incurred in attempting to re-charter or otherwise dispose of the Vessel;
- (g) any liabilities, costs and expenses incurred by the Owners (and the Owners’ Financier (if any)) in maintaining, locating, repossessing, berthing, insuring, maintaining or recovering the Vessel or collecting any payments due under this Charter or in obtaining the due performance of the obligations of the Charterers under this Charter or the other Leasing Documents and any default interest in relation thereto; and

- (h) aside from the amounts described under paragraphs (a) to (g) above, and without double recovery, any other moneys due and owing under the Leasing Documents at the Relevant Date (including but not limited to insurance premiums, indemnity amounts and any default interest accruing under Clause 36.9 which are due and owing),

**LESS** the Termination Bunker Value, but only if:

- (i) the Vessel has been redelivered to Owners' full possession and control in accordance with Clause 40 (*Termination, Redelivery and Total Loss*) and the Vessel is (A) subsequently sold (in which case the bunkers on board at redelivery shall form part of the sale proceeds of the Vessel) or (B) chartered out and only to the extent and in respect of any amount actually received by the Owners in relation to the bunkers on board at redelivery;
- (ii) the bunkers on board at redelivery belong to the Charterers and not any other party; and
- (iii) the Charterers provide evidence that they have paid the relevant bunker supplier (or the Approved Sub-charterer, if applicable) for such bunkers in full.

**"Third Party Manager"** means each or, as the context may require, any Approved Manager which is not an Affiliate of the Charterers.

**"Total Loss"** means:

- (a) in the case of an actual loss of the Vessel, the date on which it occurred or, if that is unknown, the date when the Vessel was last heard of;
- (b) in the case of a constructive, compromised, agreed or arranged total loss of the Vessel, the earlier of:
- (i) the date on which a notice of abandonment is given to the insurers; and
- (ii) the date of any compromise, arrangement or agreement made by or on behalf of the Owners with the insurers in which the insurers agree to treat the Vessel as a Total Loss;
- (c) in the case of any expropriation, confiscation, requisition or acquisition of the Vessel whether for full consideration, a consideration less than its proper value, a nominal consideration or without any consideration, which is effected by any government or official authority or by any person or persons claiming to be or to represent a government or official authority (excluding a requisition for hire for a fixed period not exceeding 1 year without any right to an extension), on the date on which the expropriation, confiscation, requisition or, as the case may be, the acquisition of the Vessel is completed by delivery of the Vessel to the relevant government or official authority or the person or persons claiming to be or to represent the relevant government or official authority unless it is redelivered within sixty(60) days to the full control of the Owners or the Charterers; and
- (d) in the case of any arrest, condemnation, capture, seizure or detention of the Vessel (including any hijacking, act of piracy or theft), unless it is redelivered within one hundred twenty (120) days to the full control of the Owners or the Charterers, the date falling on the expiration of such days.

**"Total Loss Payment Date"** has the meaning given to that term in Clause 40.9.



“**Total Loss Proceeds**” means the proceeds of any policy or contract of insurance or any Requisition Compensation in each case arising in respect of a Total Loss.

“**Transaction Documents**” means collectively:

- (a) the Approved Management Agreement;
- (b) the Shipbuilding Contract; and
- (c) any Approved Sub-charter,

and “**Transaction Document**” means each or any of them, as the context may require.

“**US Government Securities Business Day**” means any day other than:

- (a) a Saturday or a Sunday; and
- (b) a day on which the Securities Industry and Financial Markets Association (or any successor organisation) recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in US Government securities.

“**US Tax Obligor**” means (a) a person which is resident for tax purposes in the United States of America or (b) a person some or all of whose payments under the Leasing Documents are from sources within the United States for United States federal income tax purposes.

“**Variable Charterhire**” has the meaning ascribed to it in Clause 36.2(b).

“**Vessel**” means one (1) product tanker with hull number H1596 to be registered under the Flag State under construction by the Builder pursuant to the terms of the Shipbuilding Contract.

**59.2** In this Charter:

“**agreed form**” means, in relation to a document, such document in a form agreed in writing between the Owners and the Charterers and, if required by the Owners in their sole discretion, the Owners’ Financier;

“**asset**” includes every kind of property, asset, interest or right, including any present, future or contingent right to any revenues or other payment;

“**company**” includes any partnership, joint venture and unincorporated association;

“**consent**” includes an authorisation, consent, approval, resolution, licence, exemption, filing, registration, notarisation and legalisation;

“**contingent liability**” means a liability which is not certain to arise and/or the amount of which remains unascertained;

“**continuing**” means, in relation to any Termination Event, a Termination Event which has not been waived by the Owners and in relation to any Potential Termination Event, a Potential Termination Event which has not been waived by the Owners or remedied to the satisfaction of the Owners;

“**control**” over a particular company means the power (whether by way of ownership of shares, proxy, contract, agency or otherwise) to:

- (a) cast, or control the casting of, more than 51 per cent, of the maximum number of votes that might be cast at a general meeting of such company; or
- (b) appoint or remove all, or the majority, of the directors or other equivalent officers of such company; or
- (c) give directions with respect to the operating and financial policies of such company with which the directors or other equivalent officers of such company are obliged to comply;

“**days**” means each running day in a calendar year; “**document**” includes a deed; also a letter, fax or telex;

“**expense**” means liabilities, obligations, losses, damages, penalties, fines, fees, claims, actions, proceedings, judgement, order or other sanction, lien, salvage, general average, suits, costs, expenses and disbursements, including reasonable legal fees and expenses, of whatsoever kind and nature;

“**law**” includes any order or decree, any form of delegated legislation, any treaty or international convention and any regulation or resolution of the Council of the European Union, the European Commission, the United Nations or its Security Council;

“**legal or administrative action**” means any legal proceeding or arbitration and any administrative or regulatory action or investigation;

“**liability**” includes every kind of debt or liability (present or future, certain or contingent), whether incurred as principal or surety or otherwise;

“**months**” shall be construed in accordance with Clause 59.3;

the Owners’ “**cost of funds**” in relation to the Outstanding Principal or any part thereof is a reference to the average cost (determined either on an actual or a notional basis) which the Owners would incur if they were to fund or finance, from whatever source(s) they may reasonably select, an amount equal to the amount of the Outstanding Principal or any part thereof for a period equal in length to the Hire Period of the Outstanding Principal or any part thereof;

“**person**” includes any company; any state, political sub-division of a state and local or municipal authority; and any international organisation;

“**policy**”, in relation to any insurance, includes a slip, cover note, certificate of entry or other document evidencing the contract of insurance or its terms;

“**protection and indemnity risks**” means the usual risks covered by a protection and indemnity association which is a member of the International Group of P&I Clubs including pollution risks, extended passenger cover and the proportion (if any) of any sums payable to any other person or persons in case of collision which are not recoverable under the hull and machinery policies by reason of the incorporation in them of clause 6 of the International Hull Clauses (1/11/02 or 1/11/03), clause 8 of the Institute Time Clauses (Hulls)(1/10/83) or clause 8 of the Institute Time Clauses (Hulls) (1/11/1995) or the Institute Amended Running Down Clause (1/10/71) or any equivalent provision;

“**regulation**” includes any regulation, rule, official directive, request or guideline whether or not having the force of law of any governmental, intergovernmental or supranational body, agency, department or regulatory, self-regulatory or other authority or organisation;

“**subsidiary**” has the meaning given in Clause 59.4;

“**tax**” includes any present or future tax, duty, impost, levy or charge of any kind which is imposed by any state, any political sub-division of a state or any local or municipal authority (including any such imposed in connection with exchange controls), and any connected penalty, interest or fine but excludes any tax in respect of the Owner’ income under the laws of jurisdiction of the Owners’ incorporation.

**59.3 Meaning of “month”.** A period of one or more “months” ends on the day in the relevant calendar month numerically corresponding to the day of the calendar month on which the period started (“**the numerically corresponding day**”), but:

- (a) on the Business Day preceding the numerically corresponding day if the numerically corresponding day is not a Business Day; or
- (b) on the last Business Day in the relevant calendar month, if the period started on the last Business Day in a calendar month or if the last calendar month of the period has no numerically corresponding day;

and “**month**” and “**monthly**” shall be construed accordingly.

**59.4 Meaning of “subsidiary”.** A company (S) is a subsidiary of another company (P) if:

- (a) a majority of the issued shares in S (or a majority of the issued shares in S which carry unlimited rights to capital and income distributions) are directly owned by P or are indirectly attributable to P; or
- (b) P has direct or indirect control over a majority of the voting rights attaching to the issued shares of S; or
- (c) P has the direct or indirect power to appoint or remove a majority of the directors of S; or
- (d) P otherwise has the direct or indirect power to ensure that the affairs of S are conducted in accordance with the wishes of P; or
- (e) and any company of which S is a subsidiary is a parent company of S.

**59.5** In this Charter:

- (a) references to a Leasing Document or any other document being in the form of a particular appendix or to any document referred to in the recitals include references to that form with any modifications to that form which the Owners approve;
- (b) references to, or to a provision of, a Leasing Document or any other document are references to it as amended or supplemented, whether before the date of this Charter or otherwise;
- (c) references to, or to a provision of, any law include any amendment, extension, re- enactment or replacement, whether made before the date of this Charter or otherwise; and
- (d) words denoting the singular number shall include the plural and vice versa.

**59.6 Headings.** In interpreting a Leasing Document or any provision of a Leasing Document, all clauses, sub-clauses and other headings in that and any other Leasing Document shall be entirely disregarded.

SCHEDULE 1 ACCEPTANCE CERTIFICATE

**SRI LANKA SHIPPING COMPANY INC.** (the “Charterers”) hereby acknowledges that at \_\_\_\_\_ hours on \_\_\_\_\_, there was delivered to, and accepted by, the Charterers the Vessel known as m.t. “[●]”, registered in the name of **HUICAN (TIANJIN) SHIPPING LEASING CO., LTD.** (the “Owners”) under the flag of the [●] with IMO number [●] under a bareboat charter dated \_\_\_\_\_ (the “Charter”) and made between the Owners and the Charterers and that Delivery (as defined in the Charter) thereupon took place and that, accordingly, the Vessel is and will be subject to all the terms and conditions contained in the Charter.

The Charterers warrant that the representations and warranties made by them in Clause 45 of the Charter remain correct and that no Termination Event (as defined in the Charter) has occurred and is continuing at the date of this Acceptance Certificate.

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Name:  
Title:  
for and on behalf of  
**SRI LANKA SHIPPING COMPANY INC.**  
Date:

SCHEDULE 2

CONDITIONS PRECEDENT

PART A

The following are the documents referred to in Clause 34.2(g)(i):

**1 Corporate Authority**

1.1 A copy of the constitutional documents of each Obligor.

1.2 If required, a copy of the resolutions of the board of directors (or equivalent) of each such Obligor:

- (a) approving the terms of, and the transactions contemplated by, the Leasing Documents to which it is a party and resolving that it execute the Leasing Documents to which it is a party;
- (b) authorising a specified person or persons to execute the Leasing Documents to which it is a party on its behalf; and
- (c) authorising a specified person or persons, on its behalf, to sign and/or dispatch all documents and notices to be signed and/or dispatched by it under, or in connection with, the Leasing Documents to which it is a party.

1.3 If required, an original of the power of attorney of any party to a Leasing Document authorising a specified person or persons to execute the Leasing Documents to which it is a party.

1.4 If required, a specimen of the signature of each person authorised by the resolution referred to in paragraph 1.2 above.

1.5 If required, a copy of the resolutions signed by all the holder(s) of the issued shares of any Obligor (except the Sellers and the Guarantor), approving the terms of, and the transactions contemplated by such Leasing Document.

1.6 A certificate of an officer of each Obligor to which it is a party to a Leasing Document to a Leasing Document certifying that each copy document relating to it specified in this Schedule 2 Part A is correct, complete and in full force and effect as at a date no earlier than the date of this Charter.

**2 Leasing Documents**

2.1 Duly executed copies of each Leasing Document (other than the General Assignment, the Manager's Undertaking, the Shares Security Deed and the Account Security) and of each document to be delivered under each of them.

2.2 Duly executed copies (but undated) of the General Assignment, the Manager's Undertaking, the Shares Security Deed and the Account Security, and of each document to be delivered under each of them, except for the acknowledgment by the Account Bank under the Account Security and the acknowledgments by the Initial Sub-Charterer and the SBC Sellers under the General Assignment.

2.3 Evidence that the Operating Account has been opened.

**3 Commercial Invoice**

3.1 A commercial invoice for the Vessel stating the Purchase Price in the form and substance acceptable to the Owners to be received by the Owners not later than three (3) Business Days prior to the Prepositioning Date.

**4 Vessel Documents**

4.1 A copy of an executed Approved Management Agreement establishing that the Vessel will, as from the Delivery Date, be managed by the Approved Manager.

4.2 A copy of the Document of Compliance of the Approved Manager in respect of technical management of the Vessel.

4.3 A copy of the Vessel's class certificate evidencing that the Vessel maintains such classification (free of all overdue recommendations and conditions) as is acceptable to the Owners.

4.4 Copies of the Vessel's Safety Management Certificate (together with any other details of the applicable safety management system which the Owners require) and of any other documents required under the ISM Code and the ISPS Code (including without limitation an ISSC and IAPPC).

4.5 Confirmation from the Builder that the Vessel has been free of encumbrances and liens during the construction period.

**5 Legal opinions**

5.1 An agreed form legal opinion by English legal advisers to the Owners on such matters on the laws of England in relation to the documents listed in paragraphs 2.1 and 2.2 of Part A of this Schedule, in form and substance acceptable to the Owners.

5.2 Agreed forms of legal opinions by lawyers appointed by the Owners on such matters relating to the documents listed in paragraphs 2.1 and 2.2 of Part A of this Schedule, concerning the laws of the Republic of the Marshall Islands and such other relevant jurisdictions as the Owners may require, in form and substance acceptable to the Owners.

**6 Vessel Insurances**

6.1 Evidence that the Vessel is or will be on Delivery insured in the manner required under Clause 38.1.

6.2 In respect of the Vessel, agreed form of letters of undertaking and certificates of entry (as the case may be) relating to insurances as set out in Clause 38 acknowledged by the relevant insurer, insurance broker, protection and indemnity association or war risks association (as the case may be).

6.3 In respect of the Vessel, an insurance report by an insurance advisor appointed by the Owners (but at the cost of the Charterers) in an agreed form acceptable to the Owners.

**7 Initial Sub Charter**

7.1 A copy of the duly executed Initial Sub-Charter.

7.2 Evidence to the satisfaction of the Owners that the Initial Sub-Charterer agrees to pay the charterhire and other amounts due to be paid under the Initial Sub-Charter to the Operating Account throughout the Charter Period.

**8 Others**

- 8.1 A copy of the executed Escrow Agreement.
- 8.2 A copy of a letter issued by the SBC Sellers stating that all amounts due and payable to the SBC Sellers under the Shipbuilding Contract (other than the Shipbuilding Contract Delivery Instalment) have been paid and that no other disputes or pending claims exist under the Shipbuilding Contract;
- 8.3 A copy of the SBC Sellers' notice under the Shipbuilding Contract requesting payment of the Shipbuilding Contract Delivery Instalment.
- 8.4 Evidence that all fees, costs and expenses then due from the Charterers to the Owners under the Leasing Documents have been paid to and received by, or will be paid to and received by, the Owners.
- 8.5 Evidence that any process agent referred to under the Leasing Documents has accepted its appointment.
- 8.6 Copies of the Original Financial Statements.
- 8.7 Such evidence relating to an Obligor as the Buyers may reasonably require for their (or their financiers) to be able to satisfy each of their "know your customer" or similar identification procedures in relation to the Leasing Documents.
- 8.8 A copy of any other consents, approvals, authorisation or other document, opinion or assurance which the Buyers consider to be reasonably desirable in connection with the entry into and performance of the transactions contemplated by any of the documents listed in paragraph 2 of Part A of this Schedule or for the validity and enforceability of such documents.
- 8.9 Such other information and documents as the Owners may reasonably require by giving notice to the Charterers.



## PART B

The following are the documents referred to in Clause 34.2(g)(ii):

### 1 Bringdown Certificates

- 1.1 If required, a certificate of an officer of each Obligor to which it is a party to a Leasing Document to a Leasing Document certifying that each copy document relating to it specified in this Schedule 2 Part A is correct, complete and in full force and effect as at a date no earlier than the Delivery Date.

### 2 Security Documents

- 2.1 Duly executed and dated copies of each of the Leasing Documents and of each document to be delivered under each of them referred to in paragraph 2.2 of Schedule 2 Part A.

### 3 Vessel Documents in relation to Title

- 3.1 Documentary evidence that the Vessel:

- (a) has been delivered by the SBC Sellers to the Charterers pursuant to the terms of the Shipbuilding Contract, where such documents shall include, in particular:
- (i) the original notarized and if required, legalised copies of the bill of sale and builder's certificate duly executed by the SBC Sellers (and where executed by an attorney of the SBC Sellers, together with such original notarized power of attorneys of the SBC Sellers); and
  - (ii) the original protocol of delivery and acceptance duly executed by the SBC Sellers and the Charterers;
- (b) any other document required to be delivered by the SBC Sellers to the Charterers (in their capacity as buyers) on delivery under the terms of the Shipbuilding Contract;
- (c) has been delivered by the Charterers to the Sellers pursuant to the terms of the Initial MOA, where such documents shall include, in particular:
- (i) the bill of sale in a form recordable in the Flag State, transferring title of the Vessel by the Charterers to the Sellers and stating that the Vessel is free from all mortgages, encumbrances and liens (whether maritime or otherwise) or any other debts whatsoever, duly notarially attested and legalised or apostilled as may be required by the Flag State; and
  - (ii) the original (if required by the Flag State) or a copy of the protocol of delivery and acceptance duly executed by the Charterers and the Sellers;
- (d) is or will be definitively and permanently registered in the name of the Owners under the Flag State, in the absolute and unencumbered ownership of the Owners, where such documents shall include, in particular:
- (i) a certificate or transcript or an email confirmation issued by the competent authorities of the Flag State on the date of Delivery evidencing the Sellers' ownership of the Vessel and that the Vessel is free from registered encumbrances and mortgages;

- (ii) the bill of sale in a form recordable in the Flag State, transferring title of the Vessel by the Sellers to the Owners and stating that the Vessel is free from all mortgages, encumbrances and maritime liens (whether maritime or otherwise) or any other debts whatsoever, duly notarially attested and legalised or apostilled as may be required by the Flag State;
- (iii) the original (if required by the Flag State) or a copy of the protocol of delivery and acceptance duly executed by the Sellers and the Owners; and
- (iv) any additional documents as may be required by the competent authorities of the Flag State for the purpose of registering the Vessel in the name of the Owners on the Delivery Date.

**4 Initial Sub-Charter**

- 4.1 Evidence to the satisfaction of the Owners that the Vessel has been delivered to and accepted by the Initial Sub-Charterer under the Initial Sub Charter on the Delivery Date.

**5 Others**

- 5.1 Evidence that any fees, costs and expenses then due from the Charterers to the Owners under the Leasing Documents have been paid to and received by, or will be paid to and received by, the Owners, on Delivery of the Vessel.
- 5.2 Such other documents as the Owners may reasonably require by giving notice to the Charterers.

## PART C

The following are the documents referred to in Clause 34.2(g)(iii):

### 1 Legal opinions

Not later than three (3) Business Days after the Delivery Date, issued signed copies of the legal opinions referred to in paragraphs 5.1 and 5.2 of Schedule 2 Part A.

### 2 Security Documents

To the extent not already provided under Part A and Part B of Schedule 2, duly executed acknowledgment by the Account Bank under the Account Security and acknowledgments by the Initial Sub-Charterer and the SBC Sellers under the General Assignment within the time prescribed under the Account Security and General Assignment respectively.

### 3 Insurances

- (a) Not later than five (5) Business Days after the Delivery Date, receipt of copies of the executed letters of undertaking and certificates of entry (as the case may be) relating to insurances as set out in Clause 38 acknowledged by the relevant insurer, insurance broker, protection and indemnity association or war risks association (as the case may be), each in the agreed form under paragraph 6.2 of Schedule 2 Part A.
- (b) Not later than ten (10) Business Days after the Delivery Date, the signed insurance report in the form agreed under paragraph 6.3 of Schedule 2 Part A.

### 4 Transcript of Registry

- (a) Transcript of Registry issued by the competent authorities of the Flag State on the Delivery Date evidencing the Owners' ownership of the Vessel.
- 5 Not later than fifteen (15) days after the Delivery Date, originals of the documents required under paragraphs 1.2, 1.3, 1.4, 1.5, 1.6 and 2.1 of Part A and paragraph 1.1 of Part B.

SCHEDULE 3

Hire Payment Date	Outstanding Principal (USD)	Fixed Charterhire (USD)	Purchase Obligation Price (USD)
	45,391,500.00		
1 <sup>st</sup> Hire Payment Date	45,180,000.00	211,500.00	N/A
2 <sup>nd</sup> Hire Payment Date	44,968,500.00	211,500.00	N/A
3 <sup>rd</sup> Hire Payment Date	44,757,000.00	211,500.00	N/A
4 <sup>th</sup> Hire Payment Date	44,545,500.00	211,500.00	N/A
5 <sup>th</sup> Hire Payment Date	44,334,000.00	211,500.00	N/A
6 <sup>th</sup> Hire Payment Date	44,122,500.00	211,500.00	N/A
7 <sup>th</sup> Hire Payment Date	43,911,000.00	211,500.00	N/A
8 <sup>th</sup> Hire Payment Date	43,699,500.00	211,500.00	N/A
9 <sup>th</sup> Hire Payment Date	43,488,000.00	211,500.00	N/A
10 <sup>th</sup> Hire Payment Date	43,276,500.00	211,500.00	N/A
11 <sup>th</sup> Hire Payment Date	43,065,000.00	211,500.00	N/A
12 <sup>th</sup> Hire Payment Date	42,853,500.00	211,500.00	N/A
13 <sup>th</sup> Hire Payment Date	42,642,000.00	211,500.00	N/A
14 <sup>th</sup> Hire Payment Date	42,430,500.00	211,500.00	N/A
15 <sup>th</sup> Hire Payment Date	42,219,000.00	211,500.00	N/A
16 <sup>th</sup> Hire Payment Date	42,007,500.00	211,500.00	N/A
17 <sup>th</sup> Hire Payment Date	41,796,000.00	211,500.00	N/A
18 <sup>th</sup> Hire Payment Date	41,584,500.00	211,500.00	N/A
19 <sup>th</sup> Hire Payment Date	41,373,000.00	211,500.00	N/A

20th Hire Payment Date	41,161,500.00	211,500.00	N/A
21st Hire Payment Date	40,950,000.00	211,500.00	N/A
22nd Hire Payment Date	40,738,500.00	211,500.00	N/A
23rd Hire Payment Date	40,527,000.00	211,500.00	N/A
24th Hire Payment Date	40,315,500.00	211,500.00	N/A
25th Hire Payment Date	40,104,000.00	211,500.00	N/A
26th Hire Payment Date	39,892,500.00	211,500.00	N/A
27th Hire Payment Date	39,681,000.00	211,500.00	N/A
28th Hire Payment Date	39,469,500.00	211,500.00	N/A
29th Hire Payment Date	39,258,000.00	211,500.00	N/A
30th Hire Payment Date	39,046,500.00	211,500.00	N/A
31st Hire Payment Date	38,835,000.00	211,500.00	N/A
32nd Hire Payment Date	38,623,500.00	211,500.00	N/A
33rd Hire Payment Date	38,412,000.00	211,500.00	N/A
34th Hire Payment Date	38,200,5011.00	211,500.00	N/A
35th Hire Payment Date	37,989,000.00	211,500.00	N/A
36th Hire Payment Date	37,777,500.00	211,500.00	N/A
37th Hire Payment Date	37,566,000.00	211,500.00	N/A
38th Hire Payment Date	37,354,500.00	211,500.00	N/A
39th Hire Payment Date	37,143,000.00	211,500.00	N/A
40th Hire Payment Date	36,931,500.00	211,500.00	N/A
41st Hire Payment Date	36,720,000.00	211,500.00	N/A

42nd Hire Payment Date	36,508,500.00	211,500.00	N/A
43rd Hire Payment Date	36,297,000.00	211,500.00	N/A
44th Hire Payment Date	36,085,500.00	211,500.00	N/A
45th Hire Payment Date	35,874,000.00	211,500.00	N/A
46th Hire Payment Date	35,662,500.00	211,500.00	N/A
47th Hire Payment Date	35,451,000.00	211,500.00	N/A
48th Hire Payment Date	35,239,500.00	211,500.00	N/A
49th Hire Payment Date	35,028,000.00	211,500.00	N/A
50th Hire Payment Date	34,816,500.00	211,500.00	N/A
51st Hire Payment Date	34,605,000.00	211,500.00	N/A
52nd Hire Payment Date	34,393,500.00	211,500.00	N/A
53rd Hire Payment Date	34,182,000.00	211,500.00	N/A
54th Hire Payment Date	33,970,500.00	211,500.00	N/A
55th Hire Payment Date	33,759,000.00	211,500.00	N/A
56th Hire Payment Date	33,547,500.00	211,500.00	N/A
57th Hire Payment Date	33,336,000.00	211,500.00	N/A
58th Hire Payment Date	33,124,500.00	211,500.00	N/A
59th Hire Payment Date	32,913,000.00	211,500.00	N/A
60th Hire Payment Date	32,701,500.00	211,500.00	N/A
61st Hire Payment Date	32,490,000.00	211,500.00	N/A
62nd Hire Payment Date	32,278,500.00	211,500.00	N/A
63rd Hire Payment Date	32,067,000.00	211,500.00	N/A

64th Hire Payment Date	31,855,500.00	211,500.00	N/A
65th Hire Payment Date	31,644,000.00	211,500.00	N/A
66th Hire Payment Date	31,432,500.00	211,500.00	N/A
67th Hire Payment Date	31,221,000.00	211,500.00	N/A
68th Hire Payment Date	31,009,500.00	211,500.00	N/A
69th Hire Payment Date	30,798,000.00	211,500.00	N/A
70th Hire Payment Date	30,586,500.00	211,500.00	N/A
71st Hire Payment Date	30,375,000.00	211,500.00	N/A
72nd Hire Payment Date	30,163,500.00	211,500.00	N/A
73rd Hire Payment Date	20,952,000.00	211,500.00	N/A
74th Hire Payment Date	29,740,500.00	211,500.00	N/A
75th Hire Payment Date	29,529,000.00	211,500.00	N/A
76th Hire Payment Date	29,317,500.00	211,500.00	N/A
77th Hire Payment Date	29,106,000.00	211,500.00	N/A
78th Hire Payment Date	28,894,500.00	211,500.00	N/A
79th Hire Payment Date	28,683,000.00	211,500.00	N/A
80th Hire Payment Date	28,471,500.00	211,500.00	N/A
81st Hire Payment Date	28,260,000.00	211,500.00	N/A
82nd Hire Payment Date	28,048,500.00	211,500.00	N/A
83rd Hire Payment Date	27,837,000.00	211,500.00	N/A
84th Hire Payment Date	27,625,500.00	211,500.00	N/A
85th Hire Payment Date	27,414,000.00	211,500.00	N/A

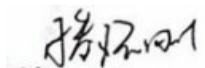
86th Hire Payment Date	27,202,500.00	211,500.00	N/A
87th Hire Payment Date	26,991,000.00	211,500.00	N/A
88th Hire Payment Date	26,779,500.00	211,500.00	N/A
89th Hire Payment Date	26,568,000.00	211,500.00	N/A
90th Hire Payment Date	26,356,500.00	211,500.00	N/A
91st Hire Payment Date	26,145,000.00	211,500.00	N/A
92nd Hire Payment Date	25,933,500.00	211,500.00	N/A
93rd Hire Payment Date	25,722,000.00	211,500.00	N/A
94th Hire Payment Date	25,510,500.00	211,500.00	N/A
95th Hire Payment Date	25,299,000.00	211,500.00	N/A
96th Hire Payment Date	25,087,500.00	211,500.00	N/A
97th Hire Payment Date	24,876,000.00	211,500.00	N/A
98th Hire Payment Date	24,664,500.00	211,500.00	N/A
99th Hire Payment Date	24,453,000.00	211,500.00	N/A
100th Hire Payment Date	24,241,500.00	211,500.00	N/A
101st Hire Payment Date	24,030,000.00	211,500.00	N/A
102nd Hire Payment Date	23,818,500.00	211,500.00	N/A
103rd Hire Payment Date	23,607,000.00	211,500.00	N/A
104th Hire Payment Date	23,395,500.00	211,500.00	N/A
105th Hire Payment Date	23,184,000.00	211,500.00	N/A
106th Hire Payment Date	22,972,500.00	211,500.00	N/A
107th Hire Payment Date	22,761,000.00	211,500.00	N/A



108th Hire Payment Date	22,549,500.00	211,500.00	N/A
109th Hire Payment Date	22,338,000.00	211,500.00	N/A
110th Hire Payment Date	22,126,500.00	211,500.00	N/A
111th Hire Payment Date	21,915,000.00	211,500.00	N/A
112th Hire Payment Date	21,703,500.00	211,500.00	N/A
113th Hire Payment Date	21,492,000.00	211,500.00	N/A
114th Hire Payment Date	21,280,500.00	211,500.00	N/A
115th Hire Payment Date	21,069,000.00	211,500.00	N/A
116th Hire Payment Date	20,857,500.00	211,500.00	N/A
117th Hire Payment Date	20,646,000.00	211,500.00	N/A
118th Hire Payment Date	20,434,500.00	211,500.00	N/A
119th Hire Payment Date	20,223,000.00	211,500.00	N/A
120 <sup>th</sup> Hire Payment Date	0	211,500.00	20,011,500.00

OWNERS

SIGNED BY )  
 for and on behalf of )  
**HUICAN(TITANJIN) SHIPPING LEASING CO., LTD.** )  
 in the presence of )  
 Witness' signature: )  
 Witness' name: )  
 Witness' address: )

  
 TENG Huaigang


9/F, No. 1 Building, No.99 East  
 Jialingjiang Street, Nanjing, Jiangsu  
 Province, P.R. China



Zhang Xinhang  
 Attorney-in-fact

CHARTERERS

SIGNED BY )  
 attorney-in-fact )  
 for and on behalf of )  
**SRI LANKA SHIPPING COMPANY INC.** )  
 in the presence of )  
 Witness's signature: )  
 Witness's name: )  
 Witness' address: )

  
 JAMES STAVE-LORENTZEN  
 KROUPLIMEN GATE 5  
 0251 OSLO  
 NORWAY



Andreas Nikolaos  
 Michalopoulos

EXECUTION VERSION

Dated 4 March 2025

**PERFORMANCE SHIPPING INC.**  
as Guarantor

-and-

**HUICAN (TIANJIN) SHIPPING LEASING CO., LTD.**  
as Owner

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**GUARANTEE**

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relating to a Bareboat Charter in respect of one (1) product tanker with hull number H1596

dated 24 October 2024

**WATSON FARLEY**  
&  
**WILLIAMS**

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INDEX

Clause		Page
1	INTERPRETATION	1
2	GUARANTEE	2
3	LIABILITY AS PRINCIPAL AND INDEPENDENT DEBTOR	3
4	EXPENSES	5
5	ADJUSTMENT OF TRANSACTIONS	5
6	PAYMENTS	5
7	INTEREST	6
8	ENFORCEMENT	6
9	REPRESENTATIONS AND WARRANTIES	6
10	UNDERTAKINGS	8
11	FINANCIAL COVENANTS	11
12	JUDGMENTS AND CURRENCY INDEMNITY	13
13	SET-OFF	13
14	SUPPLEMENTAL	13
15	ASSIGNMENT	15
16	NOTICES	15
17	INVALIDITY OF LEASING DOCUMENTS	16
18	CONFIDENTIALITY	16
19	INCORPORATION OF BAREBOAT CHARTER PROVISIONS	17
20	GOVERNING LAW AND ARBITRATION	17
	SCHEDULE 1 FORM OF COMPLIANCE CERTIFICATE	19
	EXECUTION PAGE	20

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THIS GUARANTEE is made on 4 March 2025.

**BETWEEN**

- (1) **PERFORMANCE SHIPPING INC.**, a corporation incorporated and existing under the laws of the Republic of the Marshall Islands with registration number 38911 whose registered address is at Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands MH96960 (the “**Guarantor**”); and
- (2) **HUICAN (TIANJIN) SHIPPING LEASING CO., LTD.**, a corporation incorporated under the laws of the People’s Republic of China and whose registered office is Room 202, No. 6262, Aozhou Road, (Dongjiang Comprehensive Free Trade Zone), Tianjin Pilot Free Trade Zone (No. 10214, Dongjiang Business Secretary Service Co., Ltd. Free Trade Zone) (the “**Owner**”, which expression includes its successors and assigns).

**BACKGROUND**

- (A) By a memorandum of agreement dated 4 March 2025 (as amended and supplemented from time to time, the “**Initial MOA**”) and made between (i) Sri Lanka Shipping Company Inc. (the “**Bareboat Charterer**”) as sellers and (ii) Mustique Shipping Company Inc. of the Republic of the Marshall Islands (the “**Sellers**”) as buyers, the Bareboat Charterer has agreed to sell and deliver and the Sellers has agreed to purchase and accept the legal and beneficial title of the Vessel pursuant to the terms and conditions contained therein.
- (B) By a memorandum of agreement dated 24 October 2024 (as amended and supplemented from time to time, the “**MOA**”) and made between (i) the Sellers as sellers and (ii) the Owner as buyers, the Sellers has agreed to sell and deliver and the Owner has agreed to purchase and accept the legal and beneficial title of the Vessel pursuant to the terms and conditions contained therein.
- (C) By a bareboat charterparty dated 24 October 2024 (with all its annexes and side letters and as further amended and supplemented from time to time, collectively, the “**Bareboat Charter**”) and made between (i) the Bareboat Charterer as bareboat charterers and (ii) the Owner as owners, the Owner has agreed to bareboat charter the Vessel to the Bareboat Charterer pursuant to the terms and conditions contained therein.
- (D) It is one of the conditions precedent to the chartering of the Vessel by the Owner to the Bareboat Charterer under the Bareboat Charter that the Guarantor enters into this Guarantee.
- (E) This Guarantee is the Guarantee referred to in the Bareboat Charter.

**IT IS AGREED** as follows:

**1 INTERPRETATION**

**1.1 Defined expressions.** Words and expressions defined in the Bareboat Charter shall have the same meanings when used in this Guarantee unless the context otherwise requires.

**1.2 Construction of certain terms.** In this Guarantee:

“**bankruptcy**” includes a liquidation, receivership or administration and any form of suspension of payments, arrangement with creditors or reorganisation under any corporate or insolvency law of any country.

“**Compliance Certificate**” means a certificate in the form set out in Schedule 1 (*Form of Compliance Certificate*) or in any other form agreed between the Guarantor and the Owner.

“**FATCA**” means:

- (a) sections 1471 to 1474 of the Code or any associated regulations;
- (b) any treaty, law or regulation of any other jurisdiction, or relating to an intergovernmental agreement between the US and any other jurisdiction, which (in either case) facilitates the implementation of any law or regulation referred to in paragraph (a) above; or
- (c) any agreement pursuant to the implementation of any treaty, law or regulation referred to in paragraphs (a) or (b) above with the IRS, the US government or any governmental or taxation authority in any other jurisdiction.

“**FATCA Deduction**” means a deduction or withholding from a payment under this Guarantee required by or under FATCA.

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

“**IRS**” means the United States Internal Revenue Service or any successor taxing authority or agency of the United States government.

“**Party**” means a party to this Guarantee.

“**Secured Liabilities**” means all present and future obligations and liabilities (whether actual or contingent and whether owed jointly or severally or in any other capacity whatsoever) of the Bareboat Charterer to the Owner under or in connection with any Leasing Documents or any judgment relating to any Leasing Documents and for this purpose, there shall be disregarded any total or partial discharge of these liabilities, or variation of their terms, which is effected by, or in connection with, any bankruptcy, liquidation, arrangement or other procedure under the insolvency laws of any country.

“**Security Period**” means the period commencing on the date hereof and ending on the date on which the Owner is satisfied that the Secured Liabilities have been irrevocably and unconditionally paid and discharged in full in accordance with the terms of the Bareboat Charter and the other Leasing Documents.

## 2 **GUARANTEE**

### 2.1 **Guarantee and indemnity.** The Guarantor unconditionally and irrevocably:

- (a) guarantees the due payment of all amounts payable by the Bareboat Charterer under or in connection with the Leasing Documents (or any of them) to which it is a party;
- (b) guarantees the punctual performance by the Bareboat Charterer of all its obligations under or in connection with the Leasing Documents (or any of them) to which it is a party;
- (c) undertakes to pay to the Owner, immediately on the Owner’s demand as if it was the principal obligor, any such amount which is not paid by the Bareboat Charterer when due and payable under or in connection with the Leasing Documents (or any of them) to which the Bareboat Charterer is a party; and
- (d) undertakes to fully indemnify, as an independent and primary obligation, the Owner immediately on its demand in respect of all claims, expenses, liabilities, costs and losses which are made or brought against or incurred by the Owner as a result of or in connection with any obligation or liability of the Bareboat Charterer under the Leasing Documents to which the Bareboat Charterer is a party and/or any obligation or liability guaranteed by the Guarantor being or becoming unenforceable, invalid, void or illegal; and the amount recoverable under this indemnity shall be equal to the amount which the Owner would otherwise have been entitled to recover under the Leasing Documents to which the Bareboat Charterer is a party.

**2.2 No limit on number of demands.** The Owner may serve more than one demand under Clause 2.1 (*Guarantee and indemnity*).

**2.3 Guarantee of whole amount.**

This Guarantee shall be construed and take effect as a guarantee of all amounts due to the Owner under the Leasing Documents (or any of them) to which the Bareboat Charterer is a party.

**3 LIABILITY AS PRINCIPAL AND INDEPENDENT DEBTOR**

**3.1 Principal and independent debtor.** The Guarantor shall be liable under this Guarantee as a principal and independent debtor and accordingly it shall not have, as regards this Guarantee, any of the rights or defences of a surety.

**3.2 Waiver of defences.** The obligations of the Guarantor under this Guarantee and in respect of any Leasing Document will not be affected or discharged by an act, omission, matter or thing which, but for this Clause 3.2 (*Waiver of defences*), would reduce, release or prejudice any of its obligations under this Guarantee or in respect of any Security Interest created or intended to be created by any of the Leasing Documents (without limitation and whether or not known to it or the Owner) including without limitation:

- (a) any time, waiver or consent granted to, or composition with, the Bareboat Charterer or other person;
- (b) the release of any other Obligor or any other person under the terms of any composition or arrangement with any creditor of any member of the Group;
- (c) the taking, variation, compromise, exchange, renewal or release of, or refusal or neglect to perfect or delay in perfecting, take up or enforce, any rights against, or security over assets of, the Bareboat Charterer or other person or any non-presentation or non-observance of any formality or other requirement in respect of any instrument or any failure to realise the full value of any security;
- (d) any incapacity or lack of power, authority or legal personality of or dissolution or change in the members or status of the Bareboat Charterer or any other person;
- (e) any amendment, novation, supplement, extension, restatement (however fundamental and whether or not more onerous) or replacement of any Leasing Document or any other document or security;
- (f) any unenforceability, illegality or invalidity of any obligation of any person under any Leasing Document or any other document or security; or
- (g) any insolvency or similar proceedings.

**3.3 Reinstatement.** If any discharge, release or arrangement (whether in respect of the obligations of the Bareboat Charterer or any security for those obligations or otherwise) is made by the Owner in whole or in part on the basis of any payment, security or other disposition which is avoided or must be restored in insolvency, liquidation, administration or otherwise, without limitation, then the liability of the Guarantor under this Guarantee will continue or be reinstated as if the discharge, release or arrangement had not occurred.

**3.4 Immediate recourse.** The Guarantor waives any right it may have of first requiring the Owner to proceed against or enforce any other rights or security or claim payment from any person (including without limitation to commence any proceedings under any Leasing Document or to enforce any Security Interest) before claiming or commencing proceedings under this Guarantee. This waiver applies irrespective of any law or any provision of a Leasing Document to the contrary.

**3.5 Appropriations**

Until all amounts which may be or become payable by the Bareboat Charterer under or in connection with the Leasing Documents have been irrevocably paid in full, the Owner (or any trustee or agent on its behalf) may:

- (a) refrain from applying or enforcing any other moneys, security or rights held or received by the Owner (or any trustee or agent on its behalf) in respect of those amounts, or apply and enforce the same in such manner and order as it sees fit (whether against those amounts or otherwise) and the Guarantor shall not be entitled to the benefit of the same; and
- (b) hold in an interest-bearing suspense account any moneys received from the Guarantor or on account of the Guarantor's liability under this Guarantee.

**3.6 Deferral of Guarantor's rights**

All rights which the Guarantor at any time has (whether in respect of this Guarantee, a mortgage or any other transaction) against the Bareboat Charterer, any other Obligor or their respective assets shall be fully subordinated to the rights of the Owner under the Leasing Documents and until the end of the Security Period and unless the Owner otherwise directs, the Guarantor will not exercise any rights which it may have (whether in respect of any Leasing Document to which it is a party or any other transaction) by reason of performance by it of its obligations under the Leasing Documents or by reason of any amount being payable, or liability arising, under this Guarantee:

- (a) to be indemnified by an Obligor;
- (b) to claim any contribution from any third party providing security for, or any other guarantor of, any Obligor's obligations under the Leasing Documents;
- (c) to take the benefit (in whole or in part and whether by way of subrogation or otherwise) of any rights of the Owner under the Leasing Documents or of any other guarantee or security taken pursuant to, or in connection with, the Leasing Documents by the Owner;
- (d) to bring legal or other proceedings for an order requiring any Obligor to make any payment, or perform any obligation, in respect of which the Guarantor has given a guarantee, undertaking or indemnity under Clause 2.1 (*Guarantee and indemnity*);
- (e) to exercise any right of set-off against any Obligor; and/or
- (f) to claim or prove as a creditor of any Obligor in competition with the Owner.

If the Guarantor receives any benefit, payment or distribution in relation to such rights it shall hold that benefit, payment or distribution to the extent necessary to enable all amounts which may be or become payable to the Owner by the Obligor under or in connection with the Leasing Documents to be repaid in full on trust for the Owner and shall promptly pay or transfer the same to the Owner, for application in accordance with clause 54A of the Bareboat Charter.



3.7 **Additional security.** This Guarantee is in addition to and is not in any way prejudiced by any other guarantee or security now or subsequently held by the Owner.

3.8 **Guarantor Intent.**

Without prejudice to the generality of Clause 3.2 (*Waiver of defences*), the Guarantor expressly confirms that it intends that this Guarantee and any Security Interest created by it under any Leasing Document shall extend from time to time to any (however fundamental) variation, increase, extension or addition of or to any of the Leasing Documents.

4 **EXPENSES**

4.1 **Costs of preservation of rights, enforcement etc.** The Guarantor shall pay to the Owner on its demand the amount of all expenses (including, without limitation, out of pocket expenses and legal fees) incurred by the Owner in connection with the enforcement of, or the preservation of any rights under this Guarantee or any other Leasing Document, including any advice, claim or proceedings relating to this Guarantee or any other Leasing Document.

4.2 **Fees and expenses payable under Leasing Documents.** Clause 4.1 (*Costs of preservation of rights, enforcement etc.*) is without prejudice to the Guarantor's liabilities in respect of the Bareboat Charterer's obligations under clause 41 (*fees and expenses*) of the Bareboat Charter and under similar provisions of any other Leasing Documents.

5 **ADJUSTMENT OF TRANSACTIONS**

5.1 **Reinstatement of obligation to pay.** The Guarantor shall pay to the Owner on its demand any amount which the Owner is required, or agrees, to pay pursuant to any claim by, or settlement with, a trustee in bankruptcy of any other Obligor on the ground that any Leasing Document to which that Obligor is a party, or a payment by that Obligor relating to any Leasing Document, was invalid or on any similar ground.

6 **PAYMENTS**

6.1 **Method of payments.** Any amount due under this Guarantee shall be paid:

- (a) in immediately available funds;
- (b) to such account as the Owner may from time to time notify to the Guarantor;
- (c) without any form of set-off, cross-claim or condition; and
- (d) free and clear of any tax deduction or withholding for or on account of any tax payable except a tax deduction or withholding which the Guarantor is required by law to make.

6.2 **Grossing-up for taxes.** If the Guarantor is required by law to make a tax deduction, the amount due to the Owner shall be increased by the amount necessary to ensure that the Owner receives and retains a net amount which, after the tax deduction, is equal to the full amount that it would otherwise have received.

6.3 In this Clause "**tax deduction**" means any deduction or withholding for or on account of any present or future tax, other than a FATCA Deduction.

6.4 **Indemnity and evidence of payment of taxes.**

- (a) The Guarantor shall fully indemnify the Owner on the Owner's demand in respect of all claims, expenses, liabilities and losses incurred by the Owner by reason of any failure of the Guarantor to make any tax deduction or by reason of any increased payment not being made on the due date for such payment in accordance with Clause 6.2 (*Grossing-up for taxes*).

- (b) Within twenty (20) Business Days after making tax deduction, the Guarantor shall deliver to the Owner any receipts, certificates or other documentary evidence satisfactory to the Owner that the tax had been paid to the appropriate taxation authority.

## 7 INTEREST

- 7.1 **Accrual of interest.** Any amount due under this Guarantee shall carry interest following the date on which the Owner demands payment of it until it is actually paid, unless interest on that same amount also accrues under the relevant Leasing Document.
- 7.2 **Calculation of interest.** Interest under this Guarantee shall be calculated and accrue in the same way as interest under clause 36.9 of the Bareboat Charter, as applicable.
- 7.3 **Guarantee extends to interest payable under Leasing Documents.** For the avoidance of doubt, it is confirmed that this Guarantee covers all interest payable under the Leasing Documents.

## 8 ENFORCEMENT

- 8.1 **No requirement to commence proceedings against any other Obligor.** The Owner will not need to commence any proceedings under, or enforce any Security Interest created by any other Leasing Document before claiming or commencing proceedings under this Guarantee.
- 8.2 **Conclusive evidence of certain matters.** As against the Guarantor:
- (a) any judgment or order of a court in any Relevant jurisdiction or award of an arbitration tribunal in London in connection with Bareboat Charter; and
- (b) any statement or admission of the Bareboat Charterer in connection with the Bareboat Charter,
- shall be binding and conclusive as to all matters of fact and law to which it relates.
- 8.3 **Suspense account.** The Owner may, for the purpose of claiming or proving in an insolvency of the Bareboat Charterer, place any sum received or recovered under or by virtue of this Guarantee on a separate interest bearing suspense or other nominal account without applying it in satisfaction of the Bareboat Charterer's or Guarantor's obligations under any Leasing Document.

## 9 REPRESENTATIONS AND WARRANTIES

- 9.1 **General.** The Guarantor represents and warrants to the Owner, as at the date of this Guarantee and throughout the Security Period, as follows.
- 9.2 **Status.**
- (a) The Guarantor is duly incorporated and validly existing and, if applicable, in good standing under the laws of the Republic of the Marshall Islands.
- (b) The Guarantor is not a US Tax Obligor and has not established a place of business in the United States of America.
- 9.3 **Corporate power.** The Guarantor has the corporate capacity, and has taken all corporate actions and obtained all consents, approvals, authorisations, licenses or permits necessary for it:
- (a) to execute this Guarantee or any other Leasing Document to which it is a party; and

- (b) to make all the payments contemplated by, and to comply with and perform its obligations under this Guarantee or any other Leasing Document to which it is a party.
- 9.4 Consents in force.** All the consents, approvals, authorisations, licenses or permits referred to in Clause 9.3 (*Corporate power*) remain in force and nothing has occurred which makes any of them liable to revocation.
- 9.5 Legal validity.** This Guarantee and the other Leasing Documents to which it is a party constitute the Guarantor's legal, valid and binding obligations enforceable against the Guarantor in accordance with their terms subject to any relevant insolvency laws affecting creditors' rights generally.
- 9.6 No third party Security Interests.** Without limiting the generality of Clause 9.5 (*Legal validity*), at the time of the execution and delivery of this Guarantee and any other Security Document to which the Guarantor is a party:
- (a) the Guarantor will have the right to create all the Security Interests which the Security Document purports to create; and
- (b) no third party will have any Security Interest (except for Permitted Security Interests) or any other interest, right or claim over, in or in relation to any asset to which any such Security Interest, by its terms, relates.
- 9.7 No conflicts.** The entry into and performance by the Guarantor of this Guarantee and the other Leasing Document to which it is a party and the transactions contemplated by, each Leasing Document to which it is a party do not and will not conflict with:
- (a) any law or regulation applicable to it; or
- (b) the constitutional documents of the Guarantor; or
- (c) any agreement or instrument binding upon it or constitute a default or termination event (however described) under any such agreement or instrument.
- 9.8 No withholding taxes.** All payments which the Guarantor is liable to make under this Guarantee and the other Leasing Documents to which it is a party may be made without deduction or withholding for or on account of any tax payable under any laws of its jurisdiction of incorporation.
- 9.9 No default.** No Termination Event or Potential Termination Event is continuing or might reasonably be expected to result from the entry into and performance of this Guarantee or any other Leasing Document.
- 9.10 Information.** All information which has been provided in writing by or on behalf of the Guarantor to the Owner in connection with any Leasing Document satisfies the requirements of Clause 10.2 (*Information provided to be accurate*); all audited and unaudited accounts which have been so provided satisfies the requirements of Clause 10.4 (*Form of financial statements*); and there has been no material adverse effect in the financial position or state of affairs of the Guarantor from that disclosed in the latest of those accounts.
- 9.11 No litigation.** No legal or administrative action involving the Guarantor which involves claim(s) amounting in aggregate to more than US\$5,000,000 or which has or is likely to have a Material Adverse Effect (other than those publicly known and available prior to the execution of this Guarantee and the Bareboat Charter) has been commenced or taken.

**9.12 Sanction.**

- (a) The Guarantor and each other Obligor and their respective Affiliates, and as at the date of this Guarantee, their respective directors, officers, employees and agents are in compliance with all Sanctions laws.
- (b) Neither the Guarantor nor any other Obligors or their respective Affiliates, and as at the date of this Guarantee, none of their respective directors, officers, employees or agents:
  - (i) is a Restricted Person;
  - (ii) is owned or controlled by or acting directly or indirectly on behalf of or for the benefit of a Restricted Person;
  - (iii) owns or controls, or is or becomes an Affiliate of, a Restricted Person;
  - (iv) has a Restricted Person serving as a director, officer or an employee; or
  - (v) has received notice or is aware of any claim, action, suit, proceedings or investigations against any of them with respect of Sanctions.

**9.13 Anti-Money Laundering and other Laws.** The Guarantor and each other Obligor is not in breach of Anti-Money Laundering Laws, Anti-Terrorism Financing Laws and/or Business Ethics Laws and each Obligor has instituted and maintained systems, controls, policies and procedures designed to:

- (i) prevent and detect incidences of bribery and corruption, money-laundering and terrorism financing; and
- (ii) promote and achieve compliance with Anti-Money Laundering Laws, Anti-Terrorism Financing Laws and Business Ethics Laws.

**9.14 Choice of law.** The choice of governing law as stated in this Guarantee or each other Leasing Document to which the Guarantor is a party and the agreement by the relevant parties thereto to refer disputes to the relevant courts or tribunals as stated in such document are valid and binding against such parties.

**9.15 Pari passu.** The obligations of the Guarantor under this Guarantee and each other Leasing Document to which Guarantor is a party, are the direct, general and unconditional obligations of the Guarantor and rank at least *pari passu* with all other present and future unsecured and unsubordinated creditors of it save for any obligation which is mandatorily preferred by law and not by virtue of any contract.

**9.16 Provisions of Leasing Documents.** The Guarantor is fully familiar with and agrees with all provisions of the Leasing Documents to which the Bareboat Charterer is a party.

**9.17 No waiver.** No oral or written statement has been made to the Guarantor by or on behalf of the Owner which could be construed as a waiver of any provisions of this Guarantee or a statement of intention not to enforce this Guarantee in accordance with its terms.

**10 UNDERTAKINGS**

**10.1 General.** The Guarantor undertakes with the Owner to comply with the following provisions of this Clause 10 (*Undertakings*) at all times during the Security Period, except as the Owner may otherwise permit.

**10.2 Information provided to be accurate.** All financial and other information which is provided in writing by or on behalf of the Guarantor under or in connection with this Guarantee will be true and not misleading and will not omit any material fact or consideration.

**10.3 Provision of financial statements.** The Guarantor will send to the Owner:

- (a) as soon as possible, but in no event later than one hundred and eighty (180) days after the end of each financial year of the Guarantor, the audited annual financial statements of the Guarantor; and
- (b) as soon as possible, but in no event later than ninety (90) days after the end of each half year of the Guarantor, the unaudited semi-annual financial statements of the Guarantor.

**10.4 Form of financial statements.** All accounts (audited and unaudited) delivered under Clause 10.3 (*Provision of financial statements*) will:

- (a) be prepared in accordance with all applicable laws and generally accepted accounting principles consistently applied;
- (b) give a true and fair view of (if audited) or fairly representing (if unaudited) the state of affairs of the Guarantor at the date of those accounts and of their profit for the period to which those accounts relate;
- (c) fully disclose or provide for all significant liabilities of the Guarantor and its subsidiaries; and
- (d) if not in the English language, be accompanied by an English translation duly certified as to its correctness.

**10.5 Shareholder and creditor notices.** The Guarantor will, after the occurrence of a Termination Event or a Potential Termination Event, provide the Owner copies of all notices and minutes relating to any of its extraordinary shareholders' meeting which are despatched to the Guarantor's shareholders or creditors or any class of them.

**10.6 Consents.** The Guarantor will maintain in force and promptly obtain or renew, and will, upon the request of the Owner, promptly send certified copies to the Owner of, all consents required:

- (a) for the Guarantor to perform its obligations under this Guarantee and any other Leasing Document to which it is a party; and
  - (b) for the validity or enforceability of this Guarantee and any other Leasing Document to which it is a party,
- and the Guarantor will comply with the terms of all such consents.

**10.7 Maintenance of Security Interests.** The Guarantor will:

- (a) at its own cost, do all that it reasonably can to ensure that any Leasing Document to which it is a party validly creates the obligations and the Security Interests which it purports to create; and
- (b) without limiting the generality of paragraph (a) above, at its own cost, promptly register, file, record or enrol any Leasing Document to which it is a party with any court or authority in all Relevant Jurisdictions, pay any stamp duty, registration or similar tax in all Relevant Jurisdictions in respect of any Leasing Document to which it is a party, give any notice or take any other step which, is or has become necessary or desirable for any such Leasing Document to which it is a party to be valid, enforceable or admissible in evidence or to ensure or protect the priority of any Security Interest which it creates.

- 10.8 Notification of litigation.** The Guarantor will provide, and will procure that each other Obligor (other than the Third Party Manager) and will use their best endeavours to procure that the Third Party Manager provides, the Owner, prior to the occurrence of a Termination Event, at the Owner's reasonable request and after the occurrence of a Termination Event, from time to time, with details of any legal, arbitral or administrative action, proceedings or investigations involving the Guarantor or such other Obligor as soon as such action is instituted or it becomes apparent to the Guarantor that it is likely to be instituted.
- 10.9 Notification of default.** The Guarantor will notify the Owner as soon as practicable the Guarantor has become aware of:
- (a) the occurrence of a Termination Event or a Potential Termination Event; or
  - (b) any matter which indicates that a Termination Event or a Potential Termination Event may have occurred,
- and will thereafter keep the Owner fully up-to-date with all developments.
- 10.10 Maintenance of status.** The Guarantor will maintain its separate corporate existence as a corporation and remain in good standing under the laws of the Republic of the Marshall Islands.
- 10.11 Negative Pledge.** The Guarantor shall procure that the Bareboat Charterer will not, create, assume or permit to exist any Security Interest of any kind over any of the Bareboat Charterer's assets present or future except for Permitted Security Interests.
- 10.12 Pari passu.** The Guarantor shall procure that its liabilities under this Guarantee will rank at least pari passu with all its other present and future unsecured liabilities, except for liabilities which are mandatorily preferred by law.
- 10.13 No disposal of assets, change of business.** The Guarantor:
- (a) shall not make any substantial change to the nature of its business or its corporate structure from that existing at the date of this Guarantee; and
  - (b) shall procure that the Bareboat Charterer will not sell, transfer, lease (other than in relation to the chartering of the Vessel under an Approved Sub-charter) or otherwise dispose any of its assets, whether by one transaction or a number of transactions, whether related or not, except in the usual course of its trading operations.
- 10.14 No payment of dividend.** The Guarantor shall not declare, make or pay, and shall procure that the Bareboat Charterer will not declare, make or pay, any dividend or other distribution (or interest on any unpaid dividend or other distribution) (whether in cash or in kind) on or in respect of its authorised and issued shares (including any class of its share) following the occurrence of a Termination Event which is continuing or which would result in a Termination Event.
- 10.15 No merger etc.** The Guarantor shall not, and shall procure that no other Obligor will, enter into any form of merger, demerger, sub-division, amalgamation or other reorganisation, consolidation, corporate reconstruction or change of ownership.
- 10.16 Sanctions.** The Guarantor shall comply, and shall procure that each other Obligor complies, with all laws and regulations in respect of Sanctions, and in particular, they shall and shall procure that each of the other Obligors implement and maintain in effect policies and procedures designed to promote and ensure compliance by them and their respective directors, officers and employees with Sanctions laws and regulations implemented from time to time.
- 10.17 Compliance with Anti-Money Laundering Laws and other Laws.**

The Guarantor:

- (a) shall, and shall procure that each other Obligor will, promptly notify the Owner in writing immediately upon being aware of any non-compliance, by any of its respective officers, directors, employees, consultants, agents or intermediaries, with any laws and regulations relating to Sanctions, Anti-Money Laundering Laws, Anti-Terrorism Financing Laws and/or Business Ethics Laws, whereupon it shall, and shall procure that each other Obligor take all necessary steps to dismiss and remove such officer, director, employee, consultant, agent or intermediary with immediate effect; and
- (b) shall, and shall procure that each other Obligor shall:
  - (i) comply with all Anti-Money Laundering Laws, Anti-Terrorism Financing Laws and Business Ethics Laws; and
  - (ii) maintain systems, controls, policies and procedures designed to promote and ensure ongoing compliance by it and its respective directors, officers and employees with Anti-Money Laundering Laws, Anti-Terrorism Financing Laws and Business Ethics Laws; and
- (c) procure the Bareboat Charterer not use, or permit or authorise any person to directly or indirectly use the Purchase Price or lend, invest, contribute or otherwise make available the Purchase Price to or for any other person for any purpose or otherwise in a manner which would result in a violation of Anti-Money Laundering Laws, Anti-Terrorism Financing Laws or Business Ethics Laws.

**10.18 FATCA.** The Guarantor shall not, and shall procure that the Bareboat Charterer will not become a US Tax Obligor, and they have not established a place of business in the United Kingdom or the United States of America.

**10.19 No change of control.** Save for the Owner's prior written consent, they shall ensure that no Change of Control shall occur.

**10.20 Most favoured nation.** The Guarantor shall promptly notify the Owner of the terms of any financial covenants given from time to time by the Guarantor or any of its subsidiaries to their banks or other financiers, and if the Owner considers that those terms are more favourable to those banks or financiers than those set out in Clause 11 below, then the Guarantor shall provide amended financial covenants on equivalent terms to those deemed by the Owner to be more favourable and acceptable to the Owner.

## **11 FINANCIAL COVENANTS**

**11.1 Financial covenants.** The Guarantor shall ensure that, at all times throughout the Security Period:

- (a) **Minimum liquidity.** an aggregate amount of (a) Cash and (b) Cash Equivalents not less than the higher of:
  - (i) US\$9,000,000 for a total five (5) Fleet Vessels plus US\$500,000 per Fleet Vessel (over and above five (5) Fleet Vessels), if any; and
  - (ii) 7.5% of the Total Debt.
- (b) **Minimum working capital.** the Working Capital greater than zero dollars; and
- (c) **Minimum Equity Ratio.** a Value Adjusted Equity Ratio at a minimum of 35%.

Whereby:

“**Cash**” means, at any date of determination under this Guarantee, the aggregate value of the Guarantor and its subsidiaries credit balances on any deposit, savings or current account and cash in hand to which the Guarantor and/or its subsidiaries (as applicable) have free, immediate and direct access but excluding any such credit balances and cash subject to Security Interest (other than Permitted Security Interest) at any time.

“**Cash Equivalents**” means, at any date of determination under this Guarantee, the aggregate value of the Group’s:

- (i) certificates of deposit of, or overnight bank deposits with, any commercial bank whose short-term securities are rated at least A-2 by Standard and Poor’s Rating Group and P-3 by Moody’s Investor Services, Inc. having maturities of six (6) months or less from the date of acquisition;
- (ii) commercial paper of, or money market accounts or funds with or issued by, an issuer rated at least A-2 by Standard & Poor’s Ratings Group and P-3 by Moody’s Investor Services, Inc. and having an original tenor of six (6) months or less; and
- (iii) medium term fixed or floating rate notes of an issuer rated at least AA- by Standard & Poor’s Rating Group and/or Aa3 by Moody’s Investor Services, Inc. at the time of acquisition and having a remaining term of six (6) months or less from the date of acquisition,

but excluding any of those assets subject to a Security Interest (other than Permitted Security Interest) at any time;

“**Fleet Market Value**” means in relation to a Fleet Vessel, the market value of such Fleet Vessel determined by a valuation to be provided by the Guarantor or the Bareboat Charterer and acceptable to the Owner on the basis of a charter-free sale for prompt delivery for cash at arm’s length on normal commercial terms as between a willing seller and a willing buyer and at the cost of the Guarantor and the Bareboat Charterer.

“**Fleet Vessels**” means all of the vessels (including, but not limited to, the Vessel) from time to time wholly owned (whether directly or indirectly) by the Guarantor and, in the singular, means any of them.

“**Total Debt**” means, at any time during the Security Period, the aggregate amount of the Financial Indebtedness all the members of the Group at that time as shown in the most recent financial reports accounts delivered or to have been delivered to the Owner pursuant to Clause 10.3 (*Provision of financial statements*).

“**Value Adjusted Equity Ratio**” means the amount of the Guarantor’s total shareholders’ equity as reflected in the most recent financial reports accounts delivered or to have been delivered to the Owner pursuant to Clause 10.3 (*Provision of financial statements*) adjusted by the difference between the Fleet Market Value and the book value of the Fleet Vessels divided by market value adjusted total assets, as evidenced by the most recent financial reports accounts delivered or to have been delivered to the Owner pursuant to Clause 10.3 (*Provision of financial statements*).

“**Working Capital**” means the consolidated current assets minus the consolidated current liabilities (next year’s instalment on long-term debt and subordinated shareholder loans shall be excluded from the current liabilities).

## 11.2 Compliance Certificate.

- (a) The Guarantor shall supply to the Owner, a Compliance Certificate setting out (in reasonable detail) computations as to compliance with Clause 11.1 (*Financial covenants*) together with:



- (i) the audited annual financial statements of the Guarantor to be provided to the Owner in accordance with Clause 10.3(a) (*Provision of financial statements*); and/or
- (ii) the unaudited semi-annual financial statements of the Guarantor to be provided to the Owner in accordance with Clause 10.3(b) (*Provision of financial statements*).

(b) Each Compliance Certificate shall be signed by an officer of the Guarantor.

## 12 JUDGMENTS AND CURRENCY INDEMNITY

**12.1 Judgments relating to Leasing Documents.** This Guarantee shall cover any amount payable by the Bareboat Charterer under or in connection with any judgment relating to any Leasing Document.

**12.2 Currency indemnity.** If any sum (a “**Sum**”) due from the Guarantor to the Owner under this Guarantee or under any order, award or judgment given or made in relation to a Sum, has to be converted from the currency (the “**First Currency**”) in which that Sum is payable into another currency (the “**Second Currency**”) for the purpose of:

(a) making or filing a claim or proof against the Guarantor; or

obtaining or enforcing an order, judgment or award in relation to any litigation or arbitration proceedings, the Guarantor shall, as an independent obligation, on demand, indemnify the Owner against any cost, loss or liability arising out of or as a result of the conversion including any discrepancy between (A) the rate of exchange used to convert that Sum from the First Currency into the Second Currency and (B) the rate or rates of exchange available to that person at the time of its receipt of that Sum.

## 13 SET-OFF

**13.1 Application of credit balances.** The Owner may, following the occurrence of a Termination Event which is continuing, without prior notice:

(a) apply any balance (whether or not then due) which at any time stands to the credit of any account in the name of the Guarantor at any office in any country of either an Affiliate of the Owner or the Owner’s Financiers in or towards satisfaction of any sum then due from the Guarantor to the Owner under this Guarantee and any other Leasing Document; and

(b) for that purpose:

- (i) break, or alter the maturity of, all or any part of a credit balance of the Guarantor;
- (ii) convert or translate all or any part of any credit balance into Dollars; and
- (iii) enter into any other transaction or make any entry with regard to any credit balance which the Owner considers appropriate.

**13.2 Existing rights unaffected.** The Owner shall not be obliged to exercise any of its rights under Clause 13.1 (*Application of credit balances*); and those rights shall be without prejudice and in addition to any right of set-off, combination of accounts, charge, lien or other right or remedy to which the Owner is entitled (whether under the general law or any document).

## 14 SUPPLEMENTAL

**14.1 Continuing guarantee.** This Guarantee shall remain in force as a continuing security at all times from the date of this Guarantee up to the last day of the Security Period.

- 14.2 Rights cumulative, non-exclusive.** The Owner's rights under and in connection with this Guarantee are cumulative, may be exercised as often as appears expedient and shall not be taken to exclude or limit any right or remedy conferred by law.
- 14.3 No impairment of rights under Guarantee.** If the Owner omits to exercise, delays in exercising or invalidly exercises any of its rights under this Guarantee, that shall not impair that or any other right of the Owner under this Guarantee.
- 14.4 Severability of provisions.** If any provision of this Guarantee is or subsequently becomes void, illegal, unenforceable or otherwise invalid, that shall not affect the validity, legality or enforceability of its other provisions.
- 14.5 Guarantee not affected by other security.** This Guarantee shall not impair, nor be impaired by, any other guarantee, any Security Interest or any right of set-off or netting or to combine accounts which the Owner may now or later hold in connection with the Leasing Documents.
- 14.6 Guarantor bound by Bareboat Charter.** The Guarantor is fully familiar with, and agrees to all the provisions of the Bareboat Charter and the other Leasing Documents to which it is not a party.
- 14.7 Applicability of provisions of Guarantee to other Security Interests.** Any Security Interest which the Guarantor creates (whether at the time at which it signs this Guarantee or at any later time) to secure any liability under this Guarantee shall be a principal and independent security, and Clauses 3 (*Liability as principal and independent debtor*) and 17 (*Invalidity of Leasing Documents*) shall, with any necessary modifications, apply to it, notwithstanding that the document creating the Security Interest neither describes it as a principal or independent security nor includes provisions similar to Clauses 3 (*Liability as principal and independent debtor*) and 17 (*Invalidity of Leasing Documents*).
- 14.8 Applicability of provisions of Guarantee to other rights.** Clauses 3 (*Liability as principal and independent debtor*) and 17 (*Invalidity of Leasing Documents*) shall also apply to any right of set-off or netting or to combine accounts which the Guarantor creates by an agreement entered into at the time of this Guarantee or at any later time (notwithstanding that the agreement does not include provisions similar to Clauses 3 (*Liability as principal and independent debtor*) and 17 (*Invalidity of Leasing Documents*)), being an agreement referring to this Guarantee.
- 14.9 Third party rights.** A person who is not a party to this Guarantee has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce or to enjoy the benefit of any term of this Guarantee.
- 14.10 Counterpart.** This Guarantee may be executed in any number of counterparts, and this has the same effect as if the signatures on the counterparts were on a single copy of this Guarantee.
- 14.11 Immunity.** The Guarantor waives any rights of sovereign immunity which it or any of its assets may enjoy in any jurisdiction and subjects itself to civil and commercial law with respect to their obligations under this Guarantee.
- 14.12 FATCA Information.**
- (a) Subject to paragraph (c) below, each Party shall, within ten (10) Business Days of a reasonable request by the other Party:
- (i) confirm to the other Party whether it is:
- (A) a FATCA Exempt Party; or

(B) not a FATCA Exempt Party; and

(ii) supply to the other Party such forms, documentation and other information relating to its status under FATCA (including its applicable “passthru payment percentage” or other information required under the US Treasury Regulations or other official guidance including intergovernmental agreements) as the other Party reasonably requests for the purposes of the other Party’s compliance with FATCA.

(b) If a Party confirms to the other Party pursuant to paragraph 14.12(a)(i) above that it is a FATCA Exempt Party and it subsequently becomes aware that it is not, or has ceased to be a FATCA Exempt Party, that Party shall notify the other Party reasonably promptly.

(c) Paragraph (a) above shall not oblige any Party to do anything which would or might in its reasonable opinion constitute a breach of:

(i) any law or regulation;

(ii) any fiduciary duty; or

(iii) any duty of confidentiality.

(d) If a Party fails to confirm its status or to supply forms, documentation or other information requested in accordance with paragraph (a) above (including, for the avoidance of doubt, where paragraph (c) above applies), then such Party shall be treated for the purposes of the Leasing Documents (and payments under it) as if it is not a FATCA Exempt Party until such time as the Party in question provides the requested confirmation, forms, documentation or other information.

## 15 ASSIGNMENT

**15.1 Assignment or transfer Guarantor.** The Guarantor shall not assign any of its rights or transfer by novation of its rights and obligations under this Guarantee.

**15.2 Assignment by Owner.** The Owner may assign or transfer its rights under and in connection with this Guarantee to the same extent as it may do so under the Bareboat Charter.

## 16 NOTICES

**16.1 Notices.** Any notice, certificate, demand or other communication to be served, given made or sent under or in relation to this Guarantee shall be in English and in writing and (without prejudice to any other valid method or giving making or sending the same) shall be deemed sufficiently given or made or sent if sent by registered post, fax or by email to the following respective addresses:

(A) to the Owner: c/o  
Jiangsu Financial Leasing Co., Ltd.  
Address: 9/F, No.1 Building, No.99 East Jialingjiang Street,  
Nanjing, Jiangsu Province, P.R. China  
Attention: ZHANG Xinhang/TENG Huaigang  
  
Email: /

(B) to the Guarantor: c/o  
Performance Shipping Management Inc.  
Address: 373 Syngrou Ave. & 2-4 Ymittou str.  
17564, Palaio Faliro, Athens, Greece  
Email:

or, if a party hereto changes its address or fax number, to such other address or fax number as that party may notify to the other.

**16.2** Any such communication shall be deemed to have reached the party to whom it was addressed (a) when delivered (in case of a registered letter), or (b) when actually received in readable form (in case of an email). A notice or other such communication received on a non-working day or after 5.00 p.m. in the place of receipt shall be deemed to be served on the next following working day in such place.

**16.3 Validity of demands.** A demand under this Guarantee shall be valid notwithstanding that it is served:

- (a) on the date on which the amount to which it relates is payable by the Bareboat Charterer under a Leasing Document;
- (b) at the same time as the service of a Termination Notice under clause 44.2 of the Bareboat Charter;

and a demand under this Guarantee may refer to all amounts payable under or in connection with a Leasing Document without specifying a particular sum or aggregate sum.

## **17 INVALIDITY OF LEASING DOCUMENTS**

**17.1 Invalidity of Leasing Documents.** In the event of:

- (a) any Leasing Document now being or later becoming, with immediate or retrospective effect, void, illegal, unenforceable or otherwise invalid for any other reason whatsoever, whether of a similar kind or not; or
- (b) without limiting the scope of paragraph (a), a bankruptcy or insolvency of the Bareboat Charterer, the introduction of any law or any other matter resulting in the Bareboat Charterer being discharged from liability under any Leasing Document, or any Leasing Document ceasing to operate (for example, by interest ceasing to accrue),

this Guarantee shall cover any amount which would have been or become payable under or in connection with a Leasing Document if such Leasing Document had been and remained entirely valid, legal and enforceable, or such Obligor had not suffered bankruptcy or insolvency, or any combination of such events or circumstances, as the case may be, and such Obligor had remained fully liable under it for liabilities whether invalidly incurred or validly incurred but subsequently retrospectively invalidated; and references in this Guarantee to amounts payable by the Obligor under or in connection with a Leasing Document shall include references to any amount which would have so been or become payable as aforesaid.

## **18 CONFIDENTIALITY**

The Parties agree to keep the terms and conditions of this Guarantee (the “**Confidential Information**”) strictly confidential, provided that a Party may disclose Confidential Information in the following cases:

- (a) it is already known to the public or becomes available to the public other than through the act or omission of the disclosing Party;
- (b) it is required to be disclosed under the applicable laws of any Relevant Jurisdiction or by a governmental order, decree, regulation or rule, by an order of a court, tribunal or listing exchange of the Relevant Jurisdiction, provided that the disclosing Party shall give written notice of such required disclosure to the other Party prior to the disclosure;

- (c) in filings with a court or arbitral body in proceedings in which the Confidential Information is relevant and in discovery arising out of such proceedings;
- (d) to any other party to a Leasing Document;
- (e) to (or through) whom a Party assigns or transfers (or may potentially assign or transfer) all or any of its rights and/or obligations under one or more Leasing Document (as permitted by the terms thereof), provided that such person receiving Confidential Information shall undertake that it would not disclose Confidential Information to any other party save for circumstances arising which are similar to those described under this Clause or such other circumstances as may be permitted by all Parties;
- (f) to any of the following persons on a need to know basis:
  - (i) a shareholder or an affiliate of either Party or a party referred to in paragraph (d) (including the employees, officers and directors thereof);
  - (ii) professional advisers retained by a disclosing party; or
  - (iii) persons advising on, providing or considering the provision of financing to the disclosing party or an affiliate,provided that the disclosing party shall exercise due diligence to ensure that no such person shall disclose Confidential Information to any other party save for circumstances arising which are similar to those described under this Clause 18 or such other circumstances as may be permitted by all Parties; or
- (g) with the prior written consent of all Parties.

## **19 INCORPORATION OF BAREBOAT CHARTER PROVISIONS**

**19.1** The following provisions of the Bareboat Charter apply to this Guarantee as if they were expressly incorporated therein with any necessary modifications:

clause 42 (*no waiver of rights*); and

clause 51 (*no set-off or tax deduction*).

**19.2** Clause 19.1 (*Incorporation of Bareboat Charter provisions*) is without prejudice to the application to this Guarantee of any provision of the Bareboat Charter which, by its terms, applies or relates to this Guarantee.

## **20 GOVERNING LAW AND ARBITRATION**

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

**20.2** This Guarantee shall be governed by and construed in accordance with English law and any dispute arising out of or in connection with this Guarantee shall be referred to arbitration in London in accordance with the Arbitration Act 1996 or any statutory modification or reenactment thereof save to the extent necessary to give effect to the provisions of this Clause. The seat of the arbitration shall be England, even where the hearing takes place outside England.

- 20.3** The arbitration shall be conducted in accordance with the London Maritime Arbitrators Association (LMAA) Terms current at the time when the arbitration proceedings are commenced.
- 20.4** The reference shall be to three arbitrators, one to be appointed by each party and the third, subject to the provisions of the LMAA Terms, by the two so appointed. A party wishing to refer a dispute to arbitration shall appoint its arbitrator and send notice of such appointment in writing to the other party requiring the other party to appoint its own arbitrator within 14 calendar days of that notice and stating that it will appoint its arbitrator as sole arbitrator unless the other party appoints its own arbitrator and gives notice that it has done so within the 14 days specified. If the other party does not appoint its own arbitrator and give notice that it has done so within the 14 days specified in the notice, the party referring a dispute to arbitration may, without the requirement of any further prior notice to the other party, appoint its arbitrator as sole arbitrator and shall advise the other party accordingly. The award of a sole arbitrator shall be binding on both parties as if the arbitrator had been appointed by agreement.
- 20.5** Nothing herein shall prevent the parties agreeing in writing to vary these provisions to provide for the appointment of a sole arbitrator.
- 20.6** In cases where neither the claim nor any counterclaim exceeds the sum of US\$100,000 (or such other sum as the parties may agree) the arbitration shall be conducted in accordance with the LMAA Small Claims Procedure current at the time when the arbitration proceedings are commenced. In cases where the claim or any counterclaim exceeds the sum agreed for the LMAA Small Claims Procedure and neither the claim nor the counterclaim exceeds the sum of US\$400,000 (or such other sum as the parties may agree) the parties may further agree that the arbitration shall be conducted in accordance with the LMAA Intermediate Claims Procedure current at the time when the arbitration proceedings and commenced. Where the reference is to three arbitrators the procedure for making appointments shall be in accordance with the procedure for full arbitration stated above.

**THIS GUARANTEE** has been executed and delivered as a deed on the date stated at the beginning of this Guarantee.

**SCHEDULE 1  
FORM OF COMPLIANCE CERTIFICATE**

To: **HUCAN (TIANJIN) SHIPPING LEASING CO., LTD.**

From:  
**PERFORMANCE SHIPPING INC.**

Date: \_\_\_\_\_

Dear Sirs

1. We refer to a guarantee dated \_\_\_\_\_ (**"Guarantee"**) issued by us in favour of you.
2. This is the Compliance Certificate referred to under Clause 11.2 of the Guarantee. Terms defined in the Guarantee have the same meaning when used in this Compliance Certificate unless given a different meaning in this Compliance Certificate.
3. We enclose with this certificate a copy of the [audited annual financial statements of the Guarantor for the financial year ended on \_\_\_\_\_] / [unaudited semi-annual financial statements of the Guarantor for the financial half year ended on \_\_\_\_\_].
4. The accounts referred to in paragraph 3 above (i) have been prepared in accordance with all applicable laws and accounting principles consistently applied, (ii) give a true and fair view of the state of affairs of the Bareboat Charterer, the Guarantor and the Group at the date of the accounts and (iii) fully disclose or provide for all significant liabilities of the Bareboat Charterer, the Guarantor and the Group.
5. We also enclose copies of the valuations of all the Fleet Vessels which were used in calculating the Fleet Market Value, as at \_\_\_\_\_ and our calculations of the financial covenants set out in Clause 11.1 of the Guarantee.
6. We represent and warrant that no Termination Event or Potential Termination Event has occurred as at the date of this Compliance Certificate except for the following matter or event (*set out all material details or matters or events*).
7. In addition, we confirm compliance with the financial covenants set out in Clause 11.1 of the Guarantee for the 12 months ending as at the date to which the enclosed accounts are prepared.
8. We certify that, based on the calculations enclosed herein, as at \_\_\_\_\_:
  - (a) The (a) Cash and (b) Cash Equivalents are \_\_\_\_\_;
  - (b) the Working Capital is \_\_\_\_\_; and
  - (c) the Value Adjusted Equity Ratio is \_\_\_\_\_.
9. This Compliance Certificate shall be governed by, and construed in accordance with, English law.

Signed: \_\_\_\_\_

**PERFORMANCE SHIPPING INC.**

**GUARANTOR**

**EXECUTED AND DELIVERED AS A DEED**  
for and on behalf of  
**PERFORMANCE SHIPPING INC.**  
acting by Andreas Nikolaos Michalopoulos  
its attorney-in-fact  
and witnessed by:

)  
)  
)  
)  
)  
)



/s/ Aikaterini Oikonomea  
Witness' Name: Aikaterini Oikonomea  
Witness' address: 373 Syngros Ave, 17564,  
Palatio Faliro, Athens  
Greece

**OWNER**

**EXECUTED AND DELIVERED AS A DEED**  
for and on behalf of  
**HUICAN (TIANJIN) SHIPPING LEASING CO., LTD.**  
acting by  
its legal representative  
and witnessed by:

)  
)  
)  
)  
)  
)

Witness' Name:  
Witness' Address:



GUARANTOR

**EXECUTED AND DELIVERED AS A DEED** )  
 for and on behalf of )  
**PERFORMANCE SHIPPING INC.** )  
 acting by )  
 its attorney-in-fact )  
 and witnessed by: )

\_\_\_\_\_  
 Witness' Name:  
 Witness' address:

OWNER

**EXECUTED AND DELIVERED AS A DEED** )  
 for and on behalf of )  
**HUICAN (TIANJIN) SHIPPING LEASING CO., LTD.** )  
 acting by )  
 its legal representative )  
 and witnessed by: )

/s/ Tao Yanhua  
 \_\_\_\_\_  
 Witness Name: Tao Yanhua  
 Witness' Address:



Zhang Xinhang

**BARECON 2017**  
STANDARD BAREBOAT CHARTER PARTY

PART I

1. Place and date <b>05 March 2025</b>	
2. Owners (Cl. 1) (i) Name: <b>T.A.C.K. SHIPPING, S.A. guaranteed by Kowa Kaiun Co., Ltd.</b>  (ii) Place of registered office: <b>World Trade Center, 53<sup>rd</sup> Street, Urbanizacion Marbella, 5<sup>th</sup> Floor, Suite 502, Panama City, Republic of Panama</b>  (iii) Law of registry: <b>Panama</b>	3. Charterers (Cl. 1) (i) Name: <b>GUADELOUPE SHIPPING COMPANY INC. guaranteed by Performance Shipping Inc.</b>  (ii) Place of registered office: <b>Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, The Marshall Islands MH 96960</b>  (iii) Law of registry: <b>The Republic of the Marshall Islands</b>
4. Vessel (Cl. 1 and 3) (i) Name: <b>HULL H1597 "P. MARSEILLE"</b> (ii) IMO Number: <b>1057218</b> (iii) Flag State: <b>Marshall Islands or Liberia</b> (iv) Type: <b>LR2 Tanker</b>	(v) GT/NT: (vi) Summer DWT: (vii) When/where built: <b>Shanghai Waigaoqiao Shipbuilding</b> (viii) Classification Society: <b>IACS classification society in Charterer's option</b>
5. Date of last special survey by the Vessel's Classification Society <b>N/A</b>	6. Validity of class certificate (state number of months to apply) (i) Delivery (Cl. 3): <b>N/A</b> (ii) Redelivery (Cl. 10): <b>minimum 3 months</b>
7. Latent Defects (state number of months to apply) (Cl. 1,3) <b>N/A</b>	8. Port or place of delivery (Cl. 3) <b>As per MOA Clause 5</b>
9. Delivery notices (Cl. 4) <b>N/A</b>	10. Time for delivery (Cl. 4) <b>As per MOA Clause 5</b>
11. Cancelling date (Cl. 4,5) <b>31 October 2026</b>	12. Port or place of redelivery (Cl.10) <b>Worldwide range, safely afloat at an accessible safe berth or anchorage at a safe port or place (excluding war risk areas in accordance with the terms of the Vessel's Insurances), in Charterers' option.</b>
13. Redelivery notices (Cl. 10) <b>Thirty (30) and twenty (20), fifteen (15), seven (7), and three running days' approximate notices and two (2) running days' definite notice</b>	14. Trading limits (Cl. 11) <b>World Wide trading within institute Warranty Limits (IWL), provided that, Charterers shall be permitted to trade outside of IWL if they pay any applicable premium and/or expenses. North Korea, Russia and any other states or regions sanctioned by UN, USA, EU, UK or Japan shall be excluded. If Charterers call at a state which results in a breach of sanctions applicable to the Charterers and/or the Vessel then Charterers to undertake to indemnify Owners in accordance with Clause 22 and</b>



	<b>Clause 51.</b>
15. Bunker fuels, unused oils and greases (optional, state if (a) (actual net price), or (b) (current net market price) to apply) (Cl. 9) N/A	16. Charter period (Cl. 2) <b>8 years from Delivery</b>
17. Charter hire (state currency and amount) (Cl. 2,10 and 15) (i) Charter hire: <b>A: Fixed part: USD 6,850 per day; plus</b> <b>B: Floating part: (1M CME TERM SOFR +2.05% Margin) x No of days/360 x Loan Outstanding</b> <b>Margin as per line 44</b> <b>Loan Outstanding as per Clause 49</b>  (ii) Charter hire for optional period: N/A	18. Optional period and notice (Cl. 2) (i) State extension period in months: N/A (ii) State when declarable: N/A
19. Rate of interest payable (Cl. 15(g)) <b>1 month CME TERM SOFR plus 2.05 percentage points per annum</b>	20. Owners' bank details (state beneficiary and bank account) (Cl. 15) <b>The Nishi-Nippon City Bank Ltd.</b>  <b>Branch Code:</b> <b>SWIFT Code:</b> <b>USD Account No :</b> <b>Account Name:</b> <b>Beneficiary:</b>
21. New class and other regulatory requirements (Cl. 13(b)) (i) State if 13(b)(i) or (ii) to apply: <b>Clause 13(b)(I) to apply</b> (ii) Threshold amount (AMT): N/A (iii) Vessel's expected remaining life in years on the Delivery Date: N/A	
22. Mortgage(s), if any (state if 16(a) or (b) to apply; if 16 (b) applies state date of Financial Instrument and name of Mortgagee(s)/Place of business) (Cl. 1, 16) <b>First priority ship mortgage in favor of the Nishi-Nippon City Bank Ltd. Japan</b>	
23. Insured Total Loss value (Cl. 17) <b>See Clause 47</b>	24. Insuring party (state if Cl. 17(b) (Charterers to insure) or Cl. 17(c) (Owners to insure) to apply) <b>Clause 17(b)</b> <b>And See Clause 47</b>
25. Performance guarantee (state amount and entity) (Cl. 27) (optional) <b>See Clause 43</b>	
26. Dispute Resolution (state 33(a), 33(b), 33(c) or 33(d); if 33(c) is agreed, state Singapore or English law; if 33(d) is agreed, state governing law and place of arbitration) (Cl. 33) <b>(a) English law, London arbitration</b>	
27. Newbuilding Vessel (indicate with "yes" or "no" whether PART III applies and if "yes", complete details below) (optional) <b>No</b>	

- (i) Name of Builders:  
(ii) Hull number:  
(iii) Date of newbuilding contract:  
(iv) Liquidated damages for physical defects or deficiencies (state party):  
(v) Liquidated damages for delay in delivery (state party):

28. Purchase Option (indicate with "yes" or "no" whether PART IV applies) (optional)  <b>No, see however Clause 45</b>	29. Bareboat Charter Registry (indicate with "yes" or "no" whether PART V applies and if "yes", complete details below) (optional) <b>No</b> (i) Underlying Registry: <b>N/A</b> (ii) Bareboat Charter Registry: <b>N/A</b>
30. Notice to Owners (state full style details for serving notices) (Cl. 34) <b>c/o Kowa Kaiun Co., Ltd.</b> <b>470-1 Oaza Nagashima,</b> <b>Kaminoseki-cho, Kumage-gun,</b> <b>Yamaguchi, Japan</b>  <b>Email:</b>  <b>Attention: Takayuki Hanada</b>	31. Notice to Charterers (state full style details for serving notices) (Cl. 34) <b>GUADELOUPE SHIPPING COMPANY INC.</b> <b>c/o PERFORMANCE SHIPPING MANAGEMENT INC.</b> <b>373 Syngrou Ave. &amp; 2-4 Ymittou str., 17564, Palaio Faliro, Athens, Greece</b>  <b>Email:</b>  <b>Attention: Mr. Andreas Nikolaos</b> <b>Michalopoulos</b>

It is mutually agreed that this Charter Party shall be performed subject to the conditions contained in this Charter Party which shall include PART I, and PART II *and Rider Clauses 39-54*. In the event of a conflict of conditions, the provisions of PART I shall prevail over those of PART II *and Rider Clauses 39-54* to the extent of such conflict but no further. It is further mutually agreed that PART III and/or PART IV and/or PART V shall only apply and only form part of this Charter Party if expressly agreed and stated in BOX 27, 28 and 29. If PART III and/or PART IV and/or PART V applies, it is further agreed that in the event of a conflict of conditions, the provisions of PART I and PART II shall prevail over those of PART III and/or PART IV and/or PART V to the extent of such conflict but nor further.

<b>T.A.C.K. SHIPPING, S.A.</b> Signature (Owners)  Name: Takayuki Hanada Title: Representative Director / Treasurer	<b>GUADELOUPE SHIPPING COMPANY INC.</b> Signature(Charterers)  /s/ Andreas Nikolaos Michalopoulos Name: Andreas Nikolaos Michalopoulos Title: Director / Attorney-in-fact
<b>Kowa Kaiun Co., Ltd.</b> Signature (Guarantor)  Name: Takayuki Hanada Title: Executive Director	<b>Performance Shipping Inc.</b> Signature (Guarantor)  /s/ Andreas Nikolaos Michalopoulos Name: Andreas Nikolaos Michalopoulos Title: Director / Chief Executive Officer



0 **1. Definition**

1  
2 In this Charter Party:

3  
4 “Banking Day” means a day on which banks are open in the places stated in Boxes 30 and 31, *New York, Tokyo, London, Athens, Shanghai* and, for payments in US dollars, in New York.

5  
6  
7 “Builder” means *Shanghai Waigaoqiao Shipbuilding Company Limited, a corporation organized and existing under the laws of the People’s Republic of China, having its registered office at 3001 Zhouhai Road, Pudong New District, Shanghai 200137, the People’s Republic of China*

8  
9  
10  
11 “Building Contract” means *the ship building contract dated 18 December 2023 (as amended by Addendum no.1 dated 18 December 2023) made between the Construction Seller and the Sellers as buyer.*

12  
13  
14 “Charterers” means the party identified in Box 3.

15  
16 “Charterers’ Event of Default” has the meaning given to it in Clause 31(a) and a Charterers’ Event of Default is “continuing” if such Charterers’ Event of Default has not been remedied by the Charterers or waived by the Owners.

17  
18  
19 “Compulsory Acquisition” has the meaning given to it in Clause 30(b).

20  
21  
22 “Construction Seller” means together (i) the Builder and (ii) *China Shipbuilding Trading Company Limited, a company incorporated and existing under the laws of the People’s Republic of China, having its registered office at 56(Yi), Zhongguancun Nan Da Jie, Beijing 100044, the People’s Republic of China.*

23  
24  
25  
26 “Crew” means the Master, officers and ratings and any other personnel employed on board the Vessel.

27  
28 “Delivery Date” means *the date of delivery of the Vessel by the Owners to the Charterers under this Charter Party.*

29  
30  
31 “Financial Instrument” means the mortgage, deed of covenant or other such financial security instrument as identified in Box 22.

32  
33  
34 “Fixed Hire” means *the fixed part of the Charter Hire identified in Box 17(i)(A).*

35  
36 “Flag State” means the flag state in Box 4 or such other flag state to which the Charterers may have re-registered the Vessel with the Owners’ consent during the Charter Period.

37  
38  
39 “Guarantees” has the meaning ascribed to it in Clause 43

40  
41 ~~“Latent Defect” means a defect which could not be discovered on such an examination as a reasonably careful skilled person would make.~~

42  
43  
44 “Margin” means *2.05% per annum.*

45  
46 “MOA” means *the Memorandum of Agreement entered into between the Owners (as buyers) and the Charterers (as sellers) dated 05 March 2025.*

47  
48  
49 “Mortgagee” means *The Nishi-Nippon City Bank Ltd.*

50  
51  
52 “Outstanding Principal” means *at any relevant time the aggregate of the amount of \$45,000,000 less the aggregate Fixed Hire which has at any relevant time been received by the Owners in accordance with this Charter Party.*



54  
55 "Owners" means the party identified in Box 2.

56  
57 *"Parties" means the Owners and the Charterers.*

58  
59 *"Permitted Liens" means:*

60  
61 *(i) any liens for unpaid master's and crew's wages in accordance with first class ship ownership and*  
62 *management practice and not being enforced through arrest; or*

63  
64 *(ii) general average and salvage not being enforced through arrest; or*

65  
66 *(iii) liens in favour of suppliers, necessities and other similar liens arising by operation of law or in the*  
67 *ordinary course of trading, operation, repair or maintenance of the Vessel, such liens not being enforced*  
68 *through arrest and not as a result of failure of payment by the Charterers, their agents or any sub-*  
69 *charterers of the Vessel; or*

70  
71 *(iv) any security interest created by any security documents granted by the Charterers in relation to the*  
72 *Vessel; or*

73  
74 *(v) any liens created by or on the instructions or with the prior consent of the Owners.*

75  
76 *"Purchase Option" has the meaning ascribed to it in Clause 45*

77  
78 *"Owners' Put Option" has the meaning ascribed to it in Clause 46.*

79  
80 *"QEL" has the meaning ascribed to it in Clause 43*

81  
82 "Total Loss" means an actual, constructive, compromised, agreed or arranged total loss of the Vessel under  
83 the insurances.

84  
85 *"Variable Hire" means the floating part of the Charter Hire identified In Box 17(i)(B).*

86  
87 "Vessel" means the vessel described in Box 4 including its equipment, machinery, boilers, fixtures and fittings.

88  
89 **2. Charter Period**

90  
91 The Owners have agreed to let and the Charterers have agreed to hire the Vessel for the period stated in  
92 Box 16 ("Charter Period"). *The Charter Period shall commence simultaneously with delivery of the Vessel by*  
93 *the Charterers as sellers to the Owners as buyers under the MOA and subject to the terms and conditions of*  
94 *this Charter Party shall end on the date falling eight (8) years from the Delivery Date.*

95  
96 ~~The Charterers shall have the option to extend the Charter Period by the period stated in Box 18(i) at the rate~~  
97 ~~stated in Box 17(ii), which option shall be exercised by written notice to the Owners latest as stated in Box~~  
98 ~~18(ii).~~

99  
100 Subject to the terms and conditions herein provided, during the Charter Period the Vessel shall be in the full  
101 possession and at the absolute disposal for all purposes of the Charterers and under their complete control  
102 in every respect.

103  
104 **3. Delivery *See Clause 39, 40 and 41***

105  
106 ~~(not applicable when Part III applies, as stated in Box 27).~~



108  
109 ~~(a) The Owners shall deliver the Vessel in a seaworthy condition and in every respect ready for service under~~  
110 ~~this Charter Party and in accordance with the particulars stated in Boxes 4 to 6.~~

111  
112 ~~If the Charterers have inspected the Vessel prior to delivery, the Vessel shall be delivered by the Owners in~~  
113 ~~the same condition as at the time of inspection, fair wear and tear excepted.~~

114  
115 The Vessel shall be delivered by the Owners and taken over by the Charterers at the port or place stated in  
116 Box 8 at such readily accessible safe berth or mooring as the Charterers may direct.

117  
118 ~~(b) The Vessel shall be properly documented on delivery in accordance with the laws and regulations of the Flag~~  
119 ~~State and the requirements of the Classification Society stated in Box 4. The Vessel upon delivery shall have~~  
120 ~~her survey cycles up to date and class certificates valid and unextended for at least the number of months~~  
121 ~~stated in Box 6(i) free of any conditions or recommendations. If Box 6(i) is not filled in, then six (6) months~~  
122 ~~shall apply.~~

123  
124 ~~(c) Without prejudice to the Charterer's rights with respect to any breach by the Owners of (i) this Charter Party~~  
125 ~~or (ii) any laws and/or sanctions, the delivery of the Vessel by the Owners and the taking over of the Vessel~~  
126 ~~by the Charterers shall constitute a full performance by the Owners of all the Owners' obligations under this~~  
127 ~~Clause, and thereafter the Charterers shall not be entitled to make or assert any claim against the Owners on~~  
128 ~~account of any conditions, representations or warranties expressed or implied with respect to the Vessel but~~  
129 ~~the Owners shall be liable for the cost of but not the time for repairs or renewals arising out of Latent Defects~~  
130 ~~in the Vessel existing at the time of delivery under this Charter Party, provided such Latent Defects manifest~~  
131 ~~themselves within the number of months after delivery stated in Box 7. If Box 7 is not filled in, then twelve (12)~~  
132 ~~months shall apply.~~

133  
134 **4. Time for Delivery *See Clause 39***

135  
136 ~~(not applicable when Part III applies, as stated in Box 27)~~

137  
138 The Vessel shall not be delivered before the date stated in Box 10 without the Charterers' consent and the  
139 Owners shall exercise due diligence to deliver the Vessel not later than the date stated in Box 11.

140  
141 The Owners shall keep the Charterers informed of the Vessel's itinerary for voyage leading up to delivery  
142 and shall serve the Charterers with the number of days approximate/definite notice of the Vessel's delivery  
143 stated in Box 9. Following the tender of any such notices the Owners shall give or allow to be given to the  
144 Vessel only such further employment orders as are reasonably expected when given to allow delivery to  
145 occur by the date noticed.

146  
147 **5. Cancelling *See Clause 39***

148  
149 ~~(not applicable when Part III applies, as stated in Box 27)~~

150  
151 ~~(a) Should the Vessel not be delivered by the cancelling date stated in Box 11, the Charterers shall have the~~  
152 ~~option of cancelling this Charter Party.~~

153  
154 ~~(b) If it appears that the Vessel will be delayed beyond the cancelling date, the Owners may, as soon as they are~~  
155 ~~in a position to state with reasonable certainty the day on which the Vessel should be ready, serve notice thereof~~  
156 ~~to the Charterers asking whether they will exercise their option of cancelling, and the option must then be~~  
157 ~~declared within three (3) Banking Days after receipt by the Charterers of such notice. If the Charterers do~~  
158 ~~not then exercise their option of cancelling, the new date of readiness as notified shall be substituted~~  
159 ~~for the cancelling date stated in Box 11 for the purpose of this Clause 5 (Cancelling).~~

160  
161 ~~(c) Cancellation under this Clause 5 (Cancelling) shall be without prejudice to any claim the Charterers may~~



162 otherwise have against the Owners under this Charter Party.

163  
164 **6. Familiarisation**

165  
166 ~~(a) The Charterers shall have the right to place a maximum of two (2) representatives on board the Vessel at~~  
167 ~~their sole risk and expense for a reasonable period prior to the delivery of the Vessel.~~

168  
169 The Charterers and the Charterers' representatives shall sign the Owners' usual letter of indemnity prior to  
170 embarkation.

171  
172 (b) The Owners shall have the right to place a maximum of two (2) representatives on board the Vessel at their  
173 sole risk and expense ~~for a reasonable period at a convenient port for a maximum of (60) days~~ prior to  
174 *expected date of* redelivery of the Vessel *subject to not causing any disruption to the Vessel's itinerary or*  
175 *operations.*

176  
177 The Owners and the Owners' representatives shall sign the Charterers' usual letter of indemnity prior to  
178 embarkation.

179  
180 (c) Such representatives shall be on board for the purpose of familiarisation and in the capacity of observers only,  
181 *and they shall not interfere in any respect with the operation of the Vessel and follow the Master's instructions.*  
182 *The Owners representatives while onboard shall be allowed use of the Vessel's communication systems while*  
183 *on board but such use shall never interfere with the Vessel's operation. Charterer shall cooperate with Owners*  
184 *representatives reasonable comments, requests and questions which they may have for familiarisation*  
185 *purpose. Costs for communication to be settled by Owners upon redelivery. This clause shall not apply if the*  
186 *Charterers exercise their Purchase Option as set out in Clause 45 or the Owners exercise their Put Option as*  
187 *set out in Clause 46.*

188  
189 **7. Surveys on Delivery and Redelivery See Clause 42**

190  
191 ~~(a) The Owners and Charterers shall each appoint and pay for their respective surveyors for the purpose of~~  
192 ~~determining and agreeing in writing the condition of the Vessel at the time of delivery and redelivery hereunder.~~  
193 ~~The Owners shall bear all the Vessel's expenses related to the on-hire survey including loss of time, if any.~~  
194 ~~The Charterers shall bear all the Vessel's expenses related to the off-hire survey including loss of time, if any.~~

195  
196 (b) ~~Divers' inspection on delivery/re-delivery~~

197  
198 The Charterers shall have the option at delivery and the Owners shall have the option at redelivery, at their  
199 respective time, cost and expense, to arrange for an underwater inspection by a diver approved by the  
200 Classification Society, in the presence of a Classification Society surveyor, to determine the condition of the  
201 rudder, propeller, bottom and other underwater parts of the Vessel. *Not earlier than 45 days or later than 30*  
202 *days or if not possible then as soon as the Vessel becomes available before re-delivery of the Vessel, the*  
203 *Owners and the Charterers shall jointly agree upon the appointment of a surveyor for the purpose of*  
204 *determining the condition of the Vessel at the time of re-delivery hereunder. The surveyor, whose decision*  
205 *shall be final and binding on both parties, shall report in writing, specifying all items, if any, which have not*  
206 *been properly maintained in accordance with the terms and conditions of the Charter and the work required*  
207 *to correct such deficiencies. The costs of such a surveyor shall be equally shared between the parties. In the*  
208 *event that the parties are not able to agree upon a single surveyor, each shall appoint their own and the two*  
209 *surveyors so appointed shall conduct a joint survey of the Vessel. In such an event each party shall pay their*  
210 *own appointed surveyor's costs. The survey shall be carried out at the point of re-delivery and in Charterers*  
211 *time. Any works required as a result of such survey shall be carried out by Charterers prior to their re-delivery*  
212 *of the Vessel. Charterers shall have the option to pay a compensation based on the surveyors' assessment*  
213 *to the Owners for any works required instead of performing the required works before redelivery (unless the*  
214 *required works are class affecting). In the event that two surveyors so appointed disagree, the matter shall*  
215 *be referred to arbitration in accordance with Clause 33. This clause shall not apply if the Charterers exercise*





216 *their Purchase Option as set out in Clause 45 or the Owners exercise their Put Option as set out in Clause*  
217 *46.*

218  
219 **8. Inventories**

220  
221 ~~A complete inventory of the Vessel's equipment, outfit, spare parts and consumable stores on board the~~  
222 ~~Vessel shall be made by the parties on delivery and redelivery of the Vessel.~~

223  
224 **9. Bunker fuels, oils and greases**

225  
226 *On redelivery, Owners to pay for all bunkers, fuels and unused lubrication and hydraulic oils and greases in*  
227 *storage tanks and unopened drums in accordance with, either:*

228  
229 *(a) Charterers' last invoice price paid (not to be older than 6 months); or otherwise*

230  
231 *(b) if such invoices are not available on account of the Vessel being employed on sub time charter, the sub-*  
232 *time charter prices; or otherwise*

233  
234 *(c) the current market price prevailing at the port of redelivery (or, if unavailable, at the nearest bunkering*  
235 *port).*

236  
237 ~~The Charterers and the Owners, respectively, shall at the time of delivery and redelivery take over and pay~~  
238 ~~for all bunker fuels and unused lubricating and hydraulic oils and greases in storage tanks and unopened~~  
239 ~~drums at:~~

240  
241 ~~(a)\* The actual price paid (excluding barging expenses) as evidenced by invoices or vouchers.~~

242  
243 ~~(b)\* The current market price (excluding barging expenses) at the port and date of delivery/redelivery of the Vessel~~  
244 ~~or, if unavailable, at the nearest bunkering port.~~

245  
246 ~~\*Subclauses (a) and (b) are alternatives; state alternative agreed in Box 15 is not filled in, then~~  
247 ~~subclause (a) shall apply.~~

248  
249 **10. Redelivery**

250  
251 At the expiration of the Charter Period the Vessel shall be redelivered by the Charterers and taken over by  
252 the Owners at the port or place stated in Box 12 ~~at such readily accessible safe berth or mooring as the~~  
253 ~~Owners Charterers may direct (acting reasonably).~~

254  
255 The Charterers shall keep the Owners informed of the Vessel's itinerary for the voyage leading up to  
256 redelivery and shall serve the Owners with the number of days approximate/definite notices of the Vessel's  
257 redelivery stated in Box 13.

258  
259 The Charterers warrant that they will not permit the Vessel to commence a voyage (including any preceding  
260 ballast voyage) which cannot reasonably be expected to be completed in time to allow redelivery of the  
261 Vessel within the Charter Period and in accordance with the notices given. Notwithstanding the above, should  
262 the Charterers fail to redeliver the Vessel within the Charter Period, the Charterers shall pay the daily  
263 equivalent to the rate of hire stated in Box 17(i) applicable at the time ~~plus ten (10) per cent~~ or the market  
264 rate, whichever is the higher, for the number of days by which the Charter Period is exceeded. Such payment  
265 of enhanced hire rate shall be without prejudice to any claims the Owners may have against the Charterers  
266 in this respect.

267 All other terms, conditions and provisions of this Charter Party shall continue to apply.

268  
269 Subject to the provisions of Clause 13 (Maintenance and Operation), the Vessel shall be redelivered to the



270 Owners in the same condition and class as that in which it was delivered, fair wear and *tear* not affecting  
271 class excepted.

272  
273 The Vessel upon redelivery shall have her survey cycles up to date and class certificates valid and  
274 unextended for at least the number of months agreed in Box 6(ii) free of any conditions or recommendations  
275 *by the Classification Society or the relevant authorities at the time of redelivery. If Box 6(1) is not filled in,*  
276 *then six (6) months shall apply.*

277  
278 All plans, drawings and manuals (excluding ISM/ISPS manuals) and maintenance records shall remain on  
279 board and accessible to the Owners upon redelivery. Any other technical documentation regarding the Vessel  
280 which may be in the Charterers' possession shall promptly after redelivery be forwarded to the Owners at  
281 their expense, if they so request. The Charterers may keep the Vessel's log books but the Owners shall have  
282 the right to make copies of the same.

283  
284 *This clause shall not apply if the Charterers exercise their Purchase Option in Clause 45 of this Charter Party*  
285 *or the Owners exercise their Put Option in Clause 46 in which event a Protocol of Delivery and Acceptance*  
286 *will be signed.*

## 287 11. Trading Restrictions

288  
289 The Vessel shall be employed in lawful trades for the carriage of lawful merchandise within the trading limits  
290 stated in Box 14.

291  
292 The Charterers undertake not to employ the Vessel or allow the Vessel to be employed otherwise than in  
293 conformity with the terms of the contracts of insurance (including any warranties expressed or implied therein)  
294 without first obtaining the consent of the insurers to such employment and complying with such requirements  
295 as to additional premium or otherwise as the insurers may require. *In case insurers' consent is required,*  
296 *Charterers will notify the Owners in writing, which notification may be by way of copying in the Owners in the*  
297 *Charterers' relevant notice to the insurers prior to the intended entry into such area, and, upon reasonable*  
298 *request by the Owners, furnishing the Owners with the proof of extension of the insurance coverages*  
299 *practically obtainable within a reasonable period from such request.*

300  
301 The Charterers will not do or permit to be done anything which might cause any breach or infringement of  
302 the laws and regulations of the Flag State, or of the places where the Vessel trades.

303  
304 Notwithstanding any other provisions contained in this Charter Party it is agreed that nuclear fuels or  
305 radioactive products or waste are specifically excluded from the cargo permitted to be loaded or carried under  
306 this Charter Party. This exclusion does not apply to radio-isotopes used or intended to be used for any  
307 Industrial, commercial, agricultural, medical or scientific purposes provided the Owners' prior approval has  
308 been obtained to loading thereof.

## 309 12. Contracts of Carriage

310  
311 (a) The Charterers ~~are~~ *shall use reasonable commercial efforts* to procure that all documents issued during  
312 the Charter Period evidencing the terms and conditions agreed in respect of carriage of goods shall contain  
313 a paramount clause which shall incorporate the *Hague or* Hague-Visby Rules unless any other legislation  
314 relating to carrier's liability for cargo is compulsorily applicable in the trade. The documents shall also  
315 contain the New Jason Clause and the Both-to-Blame Collision Clause.

316  
317 (b) ~~The Charterers are to procure that all passenger tickets issued during the Charter Period for the carriage~~  
318 ~~of passengers and their luggage under this Charter Party shall contain a paramount clause which shall~~  
319 ~~incorporate the Athens Convention Relating to the Carriage of Passengers and their Luggage by sea, 1974,~~  
320 ~~and any protocol thereto, unless any other legislation relating to carrier's liability for passengers and their~~  
321 ~~luggage is compulsorily applicable in the trade.~~



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13. Maintenance and Operation

(a) Maintenance

*During the Charter Period the Vessel shall be in the full possession and at the absolute disposal for all purposes of the Charterers and under their complete control in every respect, unless Charter's Default occurred.* The Charterers shall properly maintain the Vessel in a good state of repair, in efficient operating condition and in accordance with good commercial maintenance practice and, at their own expense, maintain the Vessel's Class with the Classification Society stated in Box 4 and all necessary certificates. *The Charterers shall have the option to change the Vessel's Classification Society to any JAGS classification society but time and cost to be for Charterers' account.*

(b) New Class and Other Regulatory Requirements

(i)\* ~~In the event of any structural changes or new equipment becoming necessary for the continued operation of the vessel by reason of new class requirements or by compulsory legislation ("Requires Modification") all such costs shall be for the Charterers' account.~~  
*In the event of any improvement deemed necessary by the Charterers in connection with the operation of the Vessel, or structural changes or new equipment being necessary for the continued operation of the Vessel by reason of new class requirements or by compulsory legislation, the cost of compliance shall be for the Charterers' account. Notwithstanding the foregoing, Charterers are allowed to make improvements to the Vessel provided cost of the same to be for Charterers account.*

~~(ii)\* In the event of any structural changes or new equipment becoming necessary for the continued operation of the Vessel by reason of a Required Modification, the costs shall be apportioned as follows:~~

~~(1) if the costs of the Required Modification are less than the amount stated in Box 21(ii), such costs shall be for the Charterers' account;~~

~~(2) if the costs of the Required Modification are greater than the amount stated in Box 21(ii), the charterers' portion of costs shall be apportioned using the formula below, all costs other than the Charterers' portion of costs shall be for the Owners' account.~~

~~AMT=agreed amount stated in Box 21(ii)~~

~~GRM=cost of Required Modification.~~

~~MEL=modification's expected life in years~~

~~VEL=the Vessel's expected remaining life in years stated in Box 21(iii)~~

~~RPY=remaining Charter period in years~~

~~(i) If the Required Modification is expected to last for the remaining life of the Vessel, then;~~

~~Charterers' portion of costs = CRM/VEL x RPY~~

~~(ii) If the Requires Modification is not expected to last for the remaining life of the Vessel, then:~~

~~Charterers' portion of costs = CRM/MEL x RPY~~

~~Subclauses 13(b)(i) and 13(b)(ii) are alternatives, state alternative agreed in Box 21(i). If Box 21(i) is not filled in, then subclause 13(b)(i) shall apply.~~



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(c) Financial Security

The Charterers shall maintain financial security or responsibility in respect of third party liabilities as required by any government, including federal, state or municipal or other division or authority thereof, to enable the Vessel, without penalty or charge, lawfully to enter, remain at, or leave any port, place, territorial or contiguous waters of any country, state or municipality in performance of this Charter Party without any delay. This obligation shall apply whether or not such requirements have been lawfully imposed by such government or division or authority thereof. The Charterers shall make and maintain all arrangements by bond or otherwise as may be *reasonably* necessary to satisfy such requirements at the Charterers' sole expense and the Charterers shall indemnify the Owners against all *direct* consequences whatsoever (including loss of time) for any failure or inability to do so.

(d) Operation of the Vessel

The Charterers shall at their own expense crew, victual, navigate, operate, supply, fuel, maintain and repair the Vessel during the Charter Period and they shall be responsible for all costs and expenses whatsoever relating to their use and operation of the Vessel, including any taxes and fees. The Crew shall be the servants of the Charterers for all purposes whatsoever, even if for any reason appointed by the Owners.

(e) Information to Owners

The Charterers shall keep the Owners advised of the *intended* employment, planned dry-docking and major repairs of the Vessel, as reasonably required by the Owners.

(f) Flag and Name of Vessel

*The Owners have no right to change the name or flag of the Vessel during the Charter Period. During the Charter Period, the Charterers shall have the liberty to paint the Vessel in their own colours, install and display their funnel insignia and fly their own house flag. The Charterers shall also have the liberty, with the Owners' prior written consent, which shall not be unreasonably withheld or delayed, to change the flag and/or the name of the Vessel during the Charter Period by providing 30 days prior notice to the Owners and such expense shall be for Charterer's account. In case Charterers do not exercise their Purchase Option as set out in Clause 45 or the Owners do not exercise their Put Option as set out in Clause 46, painting and re-painting, instalment and re-instalment, registration and re-registration at re-delivery, if required by the Owners, shall be at the Charterers' expense and time. Any annual tonnage tax plus Agency fee and tonnage tax arising as a result of a flag change undertaken by the Charterers shall be for the account of the Charterers during the Charter period. Change of flag (including Bareboat flag registration) during charter period to be accepted/agreed by Owners and Charterers which to be Charterers' Account (which agreement not to be unreasonably withheld or delayed). Any cost and fee for initial registration of title to the Vessel and legal documentation cost for documenting the lease and security to be Charterers' account; however such cost not to exceed USD15,000.*

(g) Changes to the Vessel

*Subject to subclause 13(b) (New Class and Other Regulatory Requirements), the Charterers shall make no structural or substantial changes to the Vessel without the Owner's prior written approval. If the Owner's agree to such changes, the Charterers shall, if the Owners so require, restore the Vessel, prior to redelivery of the Vessel, to its former condition.*

*Subclause 13(b) notwithstanding, Charterers are permitted to make improvements to the Vessel provided cost of same to be for Charterers' account.*

*Charterers to inform to the Owners any changes or improvement occurred and to provide any documents or*



432 *certificate for such changes or improvement.*

433  
434 (h) Use of the Vessel's Outfit and Equipment

435  
436 The Charterers shall have the use of all outfit, equipment and spare parts on board the Vessel at the time of  
437 delivery, provided the same or their substantial equivalent shall be returned to the Owners on redelivery in  
438 the same good order and condition as on delivery ~~as the inventory (see Clause 8 (inventories)),~~ ordinary  
439 wear and tear excepted. The Charterers shall from time to time during the Charter Period replace such  
440 equipment that ~~become~~ *becomes* unfit for use. The Charterers shall procure that all repairs to or replacement  
441 of any damaged, worn or lost parts or equipment will be effected in such manner (both as regards  
442 workmanship and quality of materials, including spare parts) as not to *materially* diminish the value of the  
443 Vessel.

444  
445 The Charterers have the right to fit additional equipment at their expense and risk but the Charterers shall  
446 remove such equipment at the end of the Charter Period if requested by the Owners (*acting reasonably*). Any  
447 hired equipment on board the Vessel at the time of delivery shall be kept and maintained by the Charterers  
448 ~~and the Charterers shall assume the obligations and liabilities of the Owners under any lease contracts in~~  
449 ~~connection therewith and shall reimburse the Owners for all expenses incurred in connection therewith, also~~  
450 ~~for any new hired equipment required in order to comply with any regulations.~~

451  
452 (i) Periodical Dry-Docking

453  
454 The Charterers shall dry-dock the Vessel and clean and paint her underwater parts whenever the same may  
455 be necessary, but not less than once every sixty (60) calendar months or such other period as may be required  
456 by the Classification Society or Flag State.

457  
458 **14. Inspection during the Charter Period**

459  
460 *Not more than once in each calendar year during the Charter Period,* the Owners shall have the right ~~at any~~  
461 ~~time~~ after giving reasonable notice to the Charterers (*provided that such inspection shall not delay or interfere*  
462 *with the Vessel's operation and/or trading and/or loading or unloading*) to inspect the Vessel or instruct a duly  
463 authorised surveyor to carry out such inspection on their behalf to ascertain its condition and satisfy  
464 themselves that the Vessel is being properly repaired and maintained or for any other *reasonable* commercial  
465 reason they consider necessary (provided it does not unduly interfere with the commercial operation of the  
466 Vessel). *The Owners' representative and the surveyor shall sign the Charterers usual letter of indemnity prior*  
467 *to embarkation.*

468  
469 The fees for such inspections shall be paid for by the Owners. All time used in respect of inspection shall be  
470 for the Charterers' account and form part of the Charter Period.

471  
472 The Charterers shall also permit the Owners to inspect the Vessel's class records, log books, certificates,  
473 maintenance and other records ~~whenever requested and shall whenever required by the Owners when~~  
474 ~~reasonably required upon the Owners' request and shall furnish them the Owners~~ with full information  
475 regarding any casualties or other accidents or damage to the Vessel *as may be requested by the Owners.*

476  
477 **15. Hire**

478  
479 (a) The Charterers shall pay hire due to the Owners punctually in accordance with the terms of this Charter Party.

480  
481 (b) The Charterers shall pay to the Owners for the hire of the Vessel ~~a lump sum in the amount~~ *the rate* stated in  
482 Box 17(i) which shall be payable not later than ~~monthly every thirty (30) running days~~ in advance, the first lump  
483 sum being payable on the *Delivery* Date and ~~hour of the Vessel's delivery to the Charterers~~ *subsequent sums*  
484 *falling due at consecutive monthly periods on the corresponding calendar day thereafter (each such day the*  
485 *"Hire Payment Date").* Hire shall be paid continuously throughout the Charter Period, *subject to the terms of*



486 *this Charter Party. Each payment of Fixed Hire shall be deemed to have been applied on receipt by the*  
487 *Owners towards reducing the Outstanding Principal.*

- 489 (c) Payment of hire shall be made to the Owners' bank account stated in Box 20.

490  
491 All payments of ~~Charter~~ hire and any other payments due under this Charter shall be made without any set-  
492 off whatsoever and free and clear of any withholding or deduction for, or on account of, any present or future  
493 income, freight, stamp or other taxes, levies, imposts, duties, fees, charges, restrictions or conditions of any  
494 nature unless required by law. If the Charterers are required by any authority in any country to make any  
495 withholding or deduction from any such payment, the sum due from the Charterers in respect of such payment  
496 will be increased to the extent necessary to ensure that, after the making of such withholding or deduction the  
497 Owners receive a net sum equal to the amount which it would have received had no such deduction or  
498 withholding been required to be made. *If tax regulations change during the Charter Period, the Owners shall*  
499 *notify the Charterers as soon as they become aware and will provide reasonable co-operation in order to*  
500 *avoid any additional expenses to Charterers. However, where there is a failure to make punctual payment of*  
501 *hire due to oversight, negligence, errors or omissions on the part of the Charterers or their bankers, the*  
502 *Owners shall give the Charterers five (5) Banking Days to rectify the failure, and when so rectified within five*  
503 *(5) Banking Days following the Owners' notice, the payment shall stand as regular and punctual. Failure by*  
504 *the Charterers to pay hire within five (5) Banking Days of their receiving the Owners' notice as provided herein,*  
505 *shall entitle the Owners to withdraw the Vessel from the service of the Charterers and terminate the Charter*  
506 *without further notice.*

- 508 (d) If the Charterers fail to make punctual payment of hire due, the Owners shall give the Charterers ~~three~~<sup>five</sup>  
509 (35) Banking Days written notice to rectify the failure, and when so rectified within those ~~three~~<sup>five</sup> (35) Banking  
510 Days following the Owners' notice, the payment shall stand as punctual.

511  
512 Failure by the Charterers to pay hire due in full within ~~three~~<sup>five</sup> (35) Banking Days of their receiving a *written*  
513 notice from Owners shall entitle the Owners, without prejudice to any other rights or claims the Owners may  
514 have against the Charterers, to terminate this Charter Party at any time thereafter, as long as hire remains  
515 outstanding.

- 517 (e) If the Owners choose not to exercise any of the rights afforded to them by this Clause in respect of any  
518 particular late payment of hire, or a series of late payments of hire, under the Charter Party, this shall not be  
519 construed as a waiver of their right to terminate the Charter Party.

- 521 (f) Any delay in payment of hire shall entitle the Owners to interest at the rate per annum as agreed in Box 19. ~~If~~  
522 ~~Box 19 has not been filled in the one month Interbank offered rate in London (LIBOR or its successor) for the~~  
523 ~~currency state in Box 17, as quoted on the date when the hire fell due, increased by three (3) per cent, shall~~  
524 ~~apply.~~

- 526 (g) Payment of interest due under Subclause 15(g) shall be made within seven (7) running days of the date of  
527 the Owners' invoice specifying the amount payable or, in the absence of an invoice, at the time of the next  
528 Hire Payment Date.

- 529  
530 (h) Final payment of hire, if for a period of less than ~~thirty (30) running days~~ *one calendar month*, shall be  
531 calculated proportionally according to the number of days and hours remaining before redelivery *to the*  
532 *Owners or delivery by the Owners to the Charters should Charterers exercise the Purchase Option or Owners*  
533 *exercise the Put Option and advance payment to be effected accordingly.*

- 535 (i) *The Charterer may prepay the BBC Hire with at least two (2) month prior written notice to the Owners. Such*  
536 *prepayment (the "Prepayment Amount") shall be in multiples of USD 1,000,000 (United States Dollars one*  
537 *million) and shall be maximum only two times per annum. Any such prepayments shall be applied against the*  
538 *Outstanding Charter Hire Principal under this Charter Party and the fixed portion of BBC Hire (as referred as*  
539 *"Fixed Rate" in Box 17 of Part I hereof) shall be recalculated (and reduced pro rata over the remaining BBC*



540 *Period) with effect from the next month. The amounts of the Purchase Option Prices, Owners Put Option prices*  
541 *and Minimum Insured Value shall be correspondingly recalculated (and reduced) according to the*  
542 *Outstanding Charter Hire Principal after application of such Prepayment Amount. Each such prepayment of*  
543 *the Charter Hire shall be permitted only if the Owner/Mortgagee and the Charterer shall mutually agree to the*  
544 *amount of the remaining Charter Hire, Purchase Option Price, Owners Put Option Price and Minimum Insured*  
545 *Value so recalculated.*

- 547 (j) *Any moneys required under this Agreement to be paid by the Charterers to the Owners or any of them shall*  
548 *be validly paid, if paid to the Owners' bank account stated in Box 20, and by such payment to the Owners*  
549 *bank account stated in Box 20 any payor shall be validly released from its obligation to make such payment.*

550  
551 **16. Mortgage**

552 (only to apply if Box 22 has been appropriately filled in)

- 553  
554  
555 ~~(a)\* The Owners warrant that they have not effected any mortgage(s) of the Vessel and that they shall not effect~~  
556 ~~any mortgage(s) without the prior consent of the charterers, which shall not be unreasonably withheld.~~

- 558 (b)\* *Subject to the provisions of any quiet enjoyment letter (including, for the avoidance of doubt, the QEL), the*  
559 *Vessel chartered under this Charter Party is financed by a mortgage according to the Financial Instrument.*  
560 *The Charterers undertake upon the written request of the Owners to ~~comply, and~~ provide such customary*  
561 *information and documents relating to the Vessel and/or the Charterers as may be reasonably required to*  
562 *enable the Owners to comply with all such instructions or directions in regard to the employment, insurances*  
563 *operation, repairs and maintenance of the Vessel as laid down in the Financial Instrument (which Owners*  
564 *warrant are always in conformity with, and shall not impose any additional obligations on Charterers, with*  
565 *regards to employment, insurance, operation, repairs and maintenance provisions of this Charter Party) or*  
566 *as may be directed from time to time during the currency of the Charter Party by the mortgagee(s) in*  
567 *conformity with the Financial Instrument, including the display or posting of such notices as the Mortgagees*  
568 *may require. The Charterers confirm that, for this purpose, they have acquainted themselves with all relevant*  
569 *terms, conditions and provisions of the Financial Instrument and agree to acknowledge this in writing in any*  
570 *form that may be required by the mortgagee(s). The Financial Instrument shall secure an amount of up to the*  
571 *Outstanding Principal and shall be enforceable by the Mortgagee only if there has occurred and is continuing*  
572 *a Charterers' Event of Default under this Charter Party. The Owners warrant that they have not effected any*  
573 *mortgage(s) other than stated in Box 22 and that they shall not agree to any amendment of the mortgage(s)*  
574 *referred to in Box 22 or effect any other mortgage(s) without the prior consent of the Charterers, which shall*  
575 *not be unreasonably withheld.*

576  
577 \*(Optional, Subclauses 16(a) and 16(b) are alternatives; indicate alternative agreed in Box 22)

578  
579 **17. Insurance *See also Clause 47***

- 580  
581 (a) General

582  
583 ~~(i) The value of the Vessel for hull and machinery (including increased value) and war risks insurance is the~~  
584 ~~sum stated in Box 23, or such other sum as the parties may from time to time agree in writing. The party~~  
585 ~~insuring the Vessel shall do so on such terms and conditions and with such insurers as the other party shall~~  
586 ~~approve in writing, which approve shall not be unreasonably withheld, and shall name the other party as co~~  
587 ~~assured.~~

588  
589 (ii) [Notwithstanding that the Parties are co-assured], these insurance provisions shall neither exclude nor  
590 discharge liability between the Owners and the Charterers under this Charter Party, but are intended to secure  
591 payment of the loss insurance proceeds as a first resort to make good the Owners' loss. If such payment is  
592 made to the Owners it shall be treated as satisfaction (but not exclusion or discharge) of the Charterers  
593 liability towards the Owners. For the avoidance of doubt, such payment is no bar to a claim by the Owners



594 and/or their insurers against the Charterers to seek indemnity by way of subrogation

595  
596 (iii) Nothing herein shall prejudice any right of recovery of the Owners or the Charterers (or their insurers)  
597 against third parties.

598  
599 (b)\* Charterers to Insure

600  
601 (i) During the Charter Period the Vessel shall be kept insured by the Charterers at their expense against hull  
602 and machinery, war, and protection and indemnity risks (and any risks against which it is compulsory to insure  
603 for the operation of the Vessel, including maintaining financial security in accordance with subclause 13(c)  
604 (Financial Security)).

605  
606 (ii) Such insurances shall be arranged by the Charterers to protect the interests of the Owners and the  
607 Charterers and the mortgagee(s) (if any), and the Charterers shall be at liberty to protect under such  
608 insurances the interests of any ~~managers~~ *manager* they may appoint.

609  
610 (iii) The Charterers shall upon the *written* request of the Owners, provide information and *promptly* execute  
611 such *customary* documents as may be *reasonably* required to enable the Owners to comply with the insurance  
612 provisions of the Financial Instrument, *provided that such documents are not prejudicial to the Charterers'*  
613 *interests.*

614  
615 ~~(e)\* Owners to Insure~~

616  
617 ~~(i) During the Charter Period the Vessel shall be kept insured by the Owners at their expense against hull and~~  
618 ~~machinery and war risks. The Charterers shall progress claims for recovery against any third parties for the~~  
619 ~~benefit of the Owners' and the Charterers' respective interests~~

620  
621 ~~(ii) During the Charter Period the Vessel shall be kept insured by the Charterers at their expense against~~  
622 ~~Protection and Indemnity risk (and any risks against which it is compulsory to insure for the operation of the~~  
623 ~~Vessel, including maintaining financial security in accordance with subclause 13(c) (Financial Security)~~

624  
625 ~~(iii) In the event that any act or negligence of the Charterers prejudices any of the insurances herein provided,~~  
626 ~~the Charterers shall pay to the Owners all losses and indemnify the Owners against all claims and demands~~  
627 ~~which would otherwise have been covered by such insurances.~~

628  
629 ~~\*Subclauses 17(b) and 17(c) are alternatives, state alternative agreed in Box 24. If Box 24 is not filled in, then~~  
630 ~~subclause 17(b) (Charterers to Insure) shall apply.~~

631  
632 ~~18. Repairs~~

633  
634 ~~(a) Subject to the provisions of any Financial Instrument, and the approval of the Owners, the Charterers shall~~  
635 ~~effect all the insured repairs, and undertake settlement of all miscellaneous expenses in connection with such~~  
636 ~~repairs as well as all insured charges, expenses and liabilities~~

637  
638 ~~To the extent of coverage under the insurances provided for under the provisions of subclause 17(c) (Owners~~  
639 ~~to Insure), the Charterers shall be reimbursed under the Owners' insurances for such expenditures upon~~  
640 ~~presentation of accounts.~~

641  
642 ~~(b) The Charterers shall remain responsible for and effect repairs and settlement of costs and expenses incurred~~  
643 ~~thereby in respect of repairs not covered by the insurances and/o not exceeding any deductibles provided for~~  
644 ~~in the insurances.~~

645  
646 ~~(c) All time used for repairs under the provisions of subclauses 18(a) and 18(b) and for repairs of Latent Defects~~  
647 ~~according to Clause 3 (Delivery) above including any deviation, shall be for the Charterer's account and shall~~





648 ~~form part of the Charter Period.~~

649 **19. Total loss**

- 651 (a) The Charterers shall be liable to the Owners by way of damages if the Vessel becomes a Total Loss. ~~Subject~~  
652 ~~to the provisions of any Financial Instrument~~; if the Vessel becomes a Total Loss, all insurance payments for  
653 such loss shall be paid *in accordance with Clause 47* to the Owners *(or the Mortgagees as assignees thereof)*  
654 who shall distribute the monies between the Owners *(or the Mortgagees as assignees thereof)* and the  
655 Charterers *in accordance with Clause 47* ~~according to their respective interests, which (distribution) shall~~  
656 ~~satisfy and discharge the Charterers' liability to the Owners under the terms hereof.~~ The Charterers undertake  
657 to notify the Owners and the mortgagee(s), if any, of any occurrences in consequence of which the Vessel is  
658 likely to become a Total Loss.
- 660 (b) Notwithstanding any other clause herein, it is recognised that the Charterers have a continuing obligation to  
661 protect and preserve the Vessel as an asset of the Owners. The Charterers shall have a continuing duty after  
662 the termination of the Charter Party to preserve and present claims on behalf of Owners and Charterers and/or  
663 any subrogated insurers against any third party held responsible for the Total Loss during the Charter Period  
664 and account for any recovery achieved.
- 666 (c) The Owners or the Charterers, as the case may be, shall upon the request of the other ~~p~~PParty *(acting*  
667 *reasonably)*, promptly execute such documents as may be required to enable the other ~~p~~PParty to abandon  
668 the Vessel to the insurers and claim a constructive total loss.

670 **20. Lien**

672 The Owners shall have a lien upon all cargoes, hires and freights (including deadfreight and demurrage)  
673 belonging or due to the Charterers or any sub-charterers, *or to the extent permitted by law or equity*, for any  
674 amounts due under this Charter Party and the Charterers shall have a lien on the Vessel for all monies paid  
675 in advance and not earned. *The Owners and the Charterers shall provide the amount of any such lien upon*  
676 *the other ~~p~~PParty's reasonable request, provided that such request shall not be made by either ~~p~~PParty more*  
677 *than twice in any calendar year during the Charter Period*

679 **21. Non-Lien**

681 The Charterers will not suffer, nor permit to be continued, any lien or encumbrance incurred by them or their  
682 agents, which might have priority over the title and interest of Owners in the Vessel *(other than any Permitted*  
683 *Liens)*.

685 **22. Indemnity**

- 687 (a) The Charterers shall indemnify the Owners against any *direct and proven* loss, damage or expense arising  
688 out of or in relation to the operation of the Vessel by the Charterers, and against any lien of whatsoever nature  
689 arising out of an event occurring during the Charter Period *(other than a Permitted Lien)*. This shall include  
690 indemnity for any *direct and proven* loss, damage or expense arising out of or in relation to any international  
691 convention which may impose liability upon the Owners *or sanctions implemented by the United Nations,*  
692 *European Union, United States of America or United Kingdom or Japan.*
- 694 (b) Without prejudice to the generality of the foregoing, the Charterers agree to indemnify the Owners against all  
695 direct *and proven* consequences or liabilities arising from the Master, officers or agents signing bills of lading  
696 or other documents.
- 698 (c) If the Vessel is arrested or otherwise detained for any reason whatsoever other than those covered in  
699 subclause (d), the Charterers shall at their own expense take all reasonable steps to secure that within a  
700 reasonable time the Vessel is released, including the provision of bail.



- 702  
703 (d) If the Vessel is arrested or otherwise detained by reason of a claim or claims against the Owners *and/or any*  
704 *other company or other entity which belongs to the same group of companies of which the Owners are part,*  
705 *or which is otherwise associated or related to, or affiliated with, the Owners,* the Owners shall at their own  
706 expense take all reasonable steps to secure that within a reasonable time the Vessel is released, including  
707 the provision of bail. *If within a 45 days period after such arrest or detainment, the Vessel is not so released,*  
708 *the Charterers may, at their option but without obligation to do so, take all necessary steps to obtain such*  
709 *release, and all expenses of the Charterers in connection therewith shall be reimbursed by the Owners on*  
710 *demand, and the Owners shall take reasonable steps to minimise any costs to the Charterer arising out of*  
711 *any such arrest.*

712  
713 In such circumstances the Owners shall indemnify the Charterers against any loss, damage or expense  
714 incurred by the Charterers (including hire paid under this Charter Party) as a direct consequence of such  
715 arrest or detention.

- 716  
717 (e) *The indemnities of the Charterers under this Clause 22 shall not extend to events occurring after the end of*  
718 *Charter Period, but as to any event occurring before the end of the Charter Period shall continue in full force*  
719 *and effect notwithstanding the termination of the chartering of the Vessel under this Charter Party for any*  
720 *reason until four (4) years from the early termination of this Charter or the end of the Charter Period or the*  
721 *sale of the Vessel by the Owners to any person, provided that if, prior to the expiry of the aforesaid period of*  
722 *four (4) years, any event or dispute arises in respect of which the Owners are to be indemnified under this*  
723 *Clause 22, the indemnities of the Charterers under this Clause 22 shall continue in full force and effect until*  
724 *the Owners have been fully indemnified in accordance with this Clause 22.*
- 725  
726 (f) *The Owners will notify the Charterers as soon as they become aware of any claim against the Owners which*  
727 *may give rise to indemnification under this Clause 22. The Owners will not settle any claims or discharge any*  
728 *court judgments in respect of any claim unless it has first negotiated with the Charterers in good faith for a*  
729 *reasonable period of time, provided that the Owners may settle any claim or discharge any court judgment if*  
730 *failure so to do would give rise to substantial losses or damages for, or reputational damage to, the Owners.*
- 731  
732 (g) *The Owners will not, and the Charterers will, be responsible for the conduct of any claim or potential claim that*  
733 *may give rise to an indemnity liability of the Charterers under this Clause 22 and the Charterers may be entitled*  
734 *(at their own cost and expense) to take such actions as they may reasonably deem fit to defend or avoid*  
735 *liability under any such claim or take action against any third party in respect of liability under any such claim.*
- 736  
737 (h) *The Charterer to undertake to the Owner and the Owner's Financiers to protect, cover, compensate for any*  
738 *claim, damage and loss caused by oil pollution and any cargo claim (clean or dirty).*

739  
740 **23. Salvage**

741  
742 All salvage and towage performed by the Vessel shall be for the Charterers' benefit and the cost of repairing  
743 damage occasioned thereby shall be borne by the Charterers.

744  
745 **24. Wreck Removal**

746  
747 If the Vessel becomes a wreck, or any part of the Vessel is lost or abandoned, and is an obstruction to  
748 navigation or poses a hazard and has to be raised, removed, destroyed, marked or lit by order of any lawful  
749 authority having jurisdiction over the area or as a result of any applicable law, the Charterers shall be liable  
750 for any and all *direct and documented* expenses in connection with raising, removal, destruction, lighting or  
751 making of the Vessel and shall indemnify the Owners against any *direct and proven* sums whatsoever, which  
752 the Owners become liable to pay as a consequence.

753  
754 **25. General Average**



756 The Owners shall not contribute to General Average.  
757

758 **26. Assignment, Novation, Sub-Charter and Sale** *See also Clauses 43 and 44*  
759

- 760 (a) The Charterers shall not assign or novate this Charter Party nor sub-charter the Vessel on a bareboat basis  
761 except with the prior consent in writing of the Owners, which shall not be unreasonably withheld *or delayed*,  
762 and subject to such terms and conditions as the Owners shall approve.  
763  
764 (b) ~~See also Clauses 43 and 44. The Owners shall not sell the Vessel during the currency of this Charter Party  
765 except with the prior written consent of the Charterers, which shall not be unreasonably withheld, and subject  
766 to the buyer accepting a novation of this Charter Party.~~  
767  
768 ~~(c) The Owners shall be entitled to assign their rights under this Charter Party.~~  
769

770 **27. Performance Guarantee** *See Clause 43*  
771

772 ~~(Optional, to apply only if Box 25 filled in)~~  
773

774 ~~The Charterers undertake to furnish, before delivery of the Vessel, a guarantee or bond in the amount of and  
775 from the entity stated in Box 25 in a form acceptable to the Owners as guarantee for full performance of their  
776 obligations under this Charter Party.~~  
777

778 **28. Anti-Corruption**  
779

- 780 (a) The ~~p~~Parties agree that in connection with the performance of this Charter Party they shall each:  
781  
782 (i) comply at all times with all applicable anti-corruption legislation and have procedures in place that are, to  
783 the best of its knowledge and belief, designed to prevent the commission of any offence under such legislation  
784 by any member of its organisation and/or by any person providing services for it or on its behalf; and  
785  
786 (ii) make and keep books, records, and accounts which in reasonable detail accurately and fairly reflect the  
787 transactions in connection with this Charter Party.  
788  
789 (b) If either ~~p~~Party fails to comply with any applicable anti-corruption legislation, it shall defend and indemnify the  
790 other ~~p~~Party against any fine, penalty, liability, loss or damage and for any related costs (including, without  
791 limitation, court costs and legal fees) arising from such breach.  
792  
793 (c) Without prejudice to any of its other rights under this Charter Party, either ~~p~~Party may terminate this Charter  
794 Party without incurring any liability to the other ~~p~~Party if:  
795  
796 (i) at any time the other ~~p~~Party or any member of its organisation has committed a breach of any applicable  
797 anti-corruption legislation in connection with this Charter Party; and  
798  
799 (ii) such breach causes the non-breaching ~~p~~Party to be in breach of any applicable anti-corruption legislation.  
800  
801 Any such right to terminate must be exercised without undue delay.  
802  
803 (d) Each ~~p~~Party represents and warrants that in connection with the negotiation of this Charter Party neither it  
804 nor any member of its organisation has committed any breach of applicable anti-corruption legislation. Breach  
805 of this subclause (d) shall entitle the other ~~p~~Party to terminate the Charter Party without incurring any liability  
806 to the other.  
807

808 **29. Sanctions and Designated Entities**  
809



**PART II**  
**BARECON 2017 STANDARD BAREBOAT CHARTER PARTY**

- 810 (a) The provisions of this clause shall apply in relation to any *applicable* sanction, prohibition or restriction  
811 imposed on any specified persons, entities or bodies including the designation of specified vessels or fleets  
812 *and Owners or Charterers* under United Nations Resolutions or trade or economic *applicable* sanctions, laws  
813 or regulations of the European Union or the United States of America *or the United Kingdom or Japan*.  
814
- 815 (b) The Owners and Charterers respectively warrant for themselves *(and in respect of any sub-charterer or*  
816 *manager which belongs to the same group of companies of which the Charterers are part, the Charterers*  
817 *hereby undertake to take necessary steps to ensure)* *(and in the case of any sub-charter, the Charterers*  
818 *further warrant in respect of any sub-charterers, shippers, receivers, or cargo interests)* that at the date of this  
819 fixture and throughout the duration of this Charter Party they are not subject to any of the sanctions,  
820 prohibitions, restrictions or designation referred to in subclause (a) which prohibit or render unlawful any  
821 performance under this Charter Party. *The Owners further warrant that the Vessel is not a designated vessel.*  
822
- 823 (c) If at any time during the performance of this Charter Party either *pParty* becomes aware that the other *pParty*  
824 is in breach of warranty in this Clause, the *pParty* not in breach shall comply with the laws and regulations of  
825 any Government to which that *pParty* or the Vessel is subject, and follow any orders or directions which may  
826 be given by any body acting with powers to compel compliance, including where applicable the Owners' Flag  
827 State. In the absence of any such orders, directions, law or regulations, the *pParty* not in breach may, in its  
828 option, terminate the Charter Party forthwith in accordance with Clause 31 (Termination). *However, In the*  
829 *event that a sub-charterer managing or other parties who have any contractual relationships with the*  
830 *Charterers in respect of the Vessel are subject to sanctions, prohibitions, restrictions or designation referred*  
831 *to in subclause (a), Owners may not terminate the Charter Party before giving Charterers a reasonable period*  
832 *to take necessary measures to remedy such breach and to ensure such a breach does not continue.*  
833
- 834 (d) If, in compliance with the provisions of this Clause, anything is done or is not done, such shall not be deemed  
835 a deviation but shall be considered sue fulfilment of this Charter Party.  
836
- 837 (e) Notwithstanding anything in this Clause to the contrary, the Owners or the Charterers shall not be required to  
838 do anything which constitutes a violation of the laws and regulations of any state to which either of them is  
839 subject.  
840
- 841 (f) The Owners or the Charterers shall be liable to indemnify the other *pParty* against any and all *direct and*  
842 *proven* claims, losses, damage, costs and fines whatsoever suffered by the other *pParty* resulting from any  
843 breach of warranty in this Clause. *If such calling constitutes a breach of sanctions, then Charterers to*  
844 *undertake to indemnify Owners against all direct and proven loss and costs sustained as a result of such*  
845 *violation. Charterers shall indemnify the Owners and hold the Owners harmless in respect of any direct and*  
846 *proven liability, loss, damage or expenses of whatsoever nature which the Owners may sustain resulting from*  
847 *the operation of the Vessel (including but not limited to hereunder those arising from Vessel entering/operating*  
848 *in war area or warlike area).*  
849

850 **30. Requisition/Acquisition**

- 851 (a) In the event of the requisition for hire of the Vessel by any governmental or other competent authority at any  
852 time during the Charter Period, this Charter Party shall not be deemed to be frustrated or otherwise terminated.  
853 The Charterers shall continue to pay hire according to the Charter Party until the time when the Charter Party  
854 would have expired or terminated pursuant to any of the provisions hereof. However, if any requisition hire or  
855 compensation is received by the Owners for the remainder of the Charter Period or the period of the requisition,  
856 whichever is shorter, it shall be payable by the Owners to the Charterers.  
857  
858
- 859 (b) In the event of the Owners being deprived of their ownership in the Vessel by any compulsory acquisition of  
860 the Vessel or requisition for title by any governmental or other competent authority (hereinafter referred to as  
861 "Compulsory Acquisition"), then, irrespective of the date during the Charter Period when Compulsory  
862 Acquisition may occur, this Charter Party shall be deemed terminated as of the date of such Compulsory  
863 Acquisition. In such event hire to be considered as earned and to be paid up to the date and time of such



864 Compulsory Acquisition. The Owners shall be entitled to any compensation received for such Compulsory  
865 Acquisition, *which shall be applied towards reducing the Outstanding Principal.*

866  
867 **31. Termination**

868  
869 (a) Charterers' Default

870  
871 The Owners shall be entitled to terminate this Charter Party by written notice to the Charterers and to claim  
872 damages including, but not limited to, for the loss of the ~~remainder~~ *remainder* of the Charter Party under the  
873 following circumstances, each of which shall be a "Charterers' Event of Default" for the purposes of this  
874 Charter Party ~~and to claim damages including, but not limited to, for the loss of the remainder~~ *remainder of the*  
875 ~~Charter Party:~~

876 (i) Non-payment of hire (see Clause 15 (Hire)), *subject to all applicable grace periods.*

877  
878 (ii) Charterers' failure to comply with the requirements of:

879  
880 (1) Clause 11 (Trading Restrictions); or

881  
882 (2) Subclause 17(b) (Charterers to Insure)

883  
884 *and, if capable of remedy, such requirement is not remedied within 30 days of the earlier of the date on which*  
885 *(A) the Charterers became aware of the failure to comply and (B) the Charterers received the Owners' written*  
886 *notification to do so.*

887  
888 (iii) The Charterers do not rectify any failure to comply with the requirements of subclause 13(a) (Maintenance)  
889 as soon as practically possible after the Owners have notified them to do so, ~~unless and in any event so that~~  
890 the Vessel's insurance cover is not prejudiced *by such failure.*

891  
892 (iv) *If the Charterers are in breach of any material provisions of this Charter Party other than those referred*  
893 *to in Clause 31 (a)(i), (ii) and (iii) above, and if capable of remedy, such breach is not rectified by the Charterers*  
894 *within 30 days of the earlier of the date on which (A) the Charterers became aware of the failure to comply*  
895 *and (B) the Charterers received the Owners' written notification to do so.*

896  
897  
898 (b) Owners' Default

899  
900 The Charterers shall be entitled to terminate this Charter Party with immediate effect by written notice to the  
901 Owners and to claim damages including, but not limited to, for the loss of the remainder of the Charter Party:

902  
903 (i) If the Owners shall by any act or omission be in breach of their obligations under this Charter Party to the  
904 extent that the Charterers are deprived of the use, *operation, possession or enjoyment* of the Vessel and such  
905 breach continues for a period of ~~fourteen~~ *thirty (430)* running days after written notice thereof has been given  
906 by the Charterers to the Owners; or

907  
908 ~~(ii) if the Owners fail to arrange or maintain the insurances in accordance with subclause 17(c) (Owners to~~  
909 ~~insure);~~

910  
911 (c) Loss of Vessel

912  
913 This Charter Party shall be deemed to be terminated, without prejudice to any accrued rights or obligations,  
914 if the Vessel becomes lost either when it has become an actual total loss or agreement has been reached  
915 with the Vessel's underwriters in respect of its constructive total loss or ~~if such agreement with the Vessel's~~  
916 ~~underwriters is not reached~~ it is adjudged by a competent tribunal that a constructive loss of the Vessel has  
917 occurred, or has been declared missing. The date upon which the Vessel is to be treated as declared missing



918 shall be ten (10) days after the Vessel was last reported or when the Vessel is recorded as missing by the  
919 Vessel's underwriters, whichever occurs first.

920  
921 (d) Bankruptcy

922  
923 Either **pParties** shall be entitled to terminate this Charter Party with immediate effect by written notice to the  
924 other **pParties** if that other **pParties** has a petition presented for its winding up or administration or any other  
925 action is taken with a view to its winding up (otherwise than for the purpose of solvent reconstruction or  
926 amalgamation), or becomes bankrupt or commits an act of bankruptcy, or makes any arrangement or  
927 composition for the benefit of creditors, or has a receiver or manager or administrative receiver or  
928 administrator or liquidator appointed in respect of any of its assets, or suspends payments, or anything  
929 analogous to any of the foregoing under the law of any jurisdiction happens to it, or ceases or threatens to  
930 cease to carry on business.

931  
932 (e) The termination of this Charter Party shall be without prejudice to all rights accrued due between the **pParties**  
933 prior to the date of termination and to any claim that **pParty** might have.

934  
935 **32. Repossession**

936  
937 In the event of the early termination of this Charter Party in accordance with the applicable provisions of this  
938 Charter Party, the Owners shall have the right to repossess the Vessel from the Charterers at its current or  
939 next port of call, or at a port or place convenient to them without hindrance or interference by the Charterers,  
940 courts or local authorities. Pending physical repossession of the Vessel, the Charterers shall hold the Vessel  
941 as gratuitous bailee only to the Owners. The Owners shall arrange for an authorised representative to board  
942 the deemed to be repossessed by the Owners from the Charterers upon the boarding of the Vessel by the  
943 Owners' representative. All arrangements and expenses relating to the settling of wages, disembarkation and  
944 repatriation of the Crew shall be the sole responsibility of the Charterers.

945  
946 **33. BIMCO Dispute Resolution Clause 2017**

947  
948 (a)\* This Charter Party shall be governed by and construed in accordance with English law and any dispute arising  
949 out of or in connection with this Charter Party shall be referred to arbitration in London in accordance with  
950 the Arbitration Act 1996 or any statutory modification or re-enactment thereof save to the extent necessary to  
951 give effect to the provisions of this Clause.

952  
953 The arbitration shall be conducted in accordance with the London Maritime Arbitrators Association (LMAA)  
954 Terms current at the time when the arbitration proceedings are commenced.

955  
956 The reference shall be to three arbitrators. A **pParty** wishing to refer a dispute to arbitration shall appoint its  
957 arbitrator and send notice of such appointment in writing to the other **pParty** requiring the other **pParty** to  
958 appoint its own arbitrator within fourteen (14) calendar days of that notice and stating that it will appoint its  
959 arbitrator as sole arbitrator unless the other **pParty** appoints its own arbitrator and gives notice that it has done  
960 so within the fourteen (14) days specified. If the other **pParty** does not appoint its own arbitrator and give  
961 notice that it has done so within the fourteen (14) days specified, the **pParty** referring a dispute to arbitration  
962 may, without the requirement of any further prior notice to the other **pParty**, appoint its arbitrator as sole  
963 arbitrator and shall advise the other **pParty** accordingly. The award of the sole arbitrator shall be binding on  
964 both **pParties** as if he had been appointed by agreement.

965  
966 Nothing herein shall prevent the **pParties** agreeing in writing to vary these provisions to provide for the  
967 appointment of a sole arbitrator.

968  
969 In cases where neither the claim nor any counterclaim exceeds the sum of USD 100,000 (or such other sum  
970 as the **pParties** may agree) the arbitration shall be conducted in accordance with the LMAA Small Claims  
971 Procedure current at the time when the arbitration proceedings are commenced.



972 In cases where the claim or any counterclaim exceeds the sum agreed for the LMAA Small Claims Procedure  
973 and neither the claim nor any counterclaim exceeds the sum of USD 400,000 (or such other sum as the  
974 ~~p~~Parties may agree) the arbitration shall be conducted in accordance with the LMAA Intermediate Claims  
975 Procedure current at the time when the arbitration proceedings are commenced.  
976

977  
978 ~~(b)\* This Charter Party shall be governed by U.S. maritime law or, if this Charter Party is not a maritime contract  
979 under U.S. law, by the laws of the state of New York. Any dispute arising out of or in connection with this  
980 Charter Party shall be referred to three (3) persons at New York, one to be appointed by each of the parties  
981 hereto, and the third by the two so-chosen. The decision of the arbitrators or any two of them shall be final,  
982 and for the purposes of enforcing any award, judgment may be entered on an award by any court of  
983 competent jurisdiction. The proceedings shall be conducted in accordance with the SMA Rules current as of  
984 the date of this Charter Party.~~

985  
986 In cases where neither the claim nor any counterclaim exceeds the sum of USD 100,000 (or such other sum  
987 as the parties may agree) the arbitration shall be conducted in accordance with the SMA Rules for Shortened  
988 Arbitration Procedure current as of the date of this Charter Party.

989  
990 ~~(c)\* This charter Party shall be governed by and construed in accordance with Singapore\*\*/English\*\*law.~~

991  
992 Any dispute arising out of or in connection with this Charter Party, including any question regarding its  
993 existence, validity or termination shall be referred to and finally resolved by arbitration in Singapore in  
994 accordance with the Singapore International Arbitration Act (Chapter 143A) and any statutory modification or  
995 re-enactment thereof save to the extent necessary to give effect to the provisions of this Clause.

996  
997 The arbitration shall be conducted in accordance with the Arbitration Rules of the Singapore Chamber of  
998 Maritime Arbitration (SCMA) current at the time when the arbitration proceedings are commenced.  
999

1000 The reference to arbitration of disputes under this Clause shall be to three arbitrators. A party wishing to refer  
1001 a dispute to arbitration shall appoint its arbitrator and send notice of such appointment in Writing to the other  
1002 party requiring the other party to appoint its own arbitrator and give notice that it has done so within fourteen  
1003 (14) calendar days of that notice and stating that it will appoint its own arbitrator as sole arbitrator unless the  
1004 other party appoints its own arbitrator and gives notice that it has done so within the fourteen (14) days  
1005 specified. If the other party does not give notice that it has done so within the fourteen (14) days specified,  
1006 the party referring a dispute to arbitration may, without the requirement of any further prior notice to the other  
1007 party, appoint its arbitrator as sole arbitrator and shall advise the other party accordingly. The award of a sole  
1008 arbitrator shall be binding on both parties as if he had been appointed by agreement.

1009  
1010 Nothing herein shall prevent the parties agreeing in writing to vary these provisions to provide for the  
1011 appointment of a sole arbitrator.  
1012

1013 In cases where neither the claim nor any counterclaim exceeds the sum of USD 150,000 (or such other sum  
1014 as the parties may agree) the arbitration shall be conducted before a single arbitrator in accordance with the  
1015 SCMA Small Claims Procedure current at the time when the arbitration proceedings are commenced.  
1016

1017 ~~\*\*Delete whichever does not apply. If neither or both are deleted, then English law shall apply by default.~~

1018  
1019 ~~(d)\* This Charter Party shall be governed by and construed in accordance with the laws of the place mutually  
1020 agreed by the Parties and any dispute arising out of or in connection with this Charter Party shall be referred  
1021 the arbitration at a mutually agreed place, subject to the procedures applicable there.~~

1022  
1023 (e) The ~~p~~Parties may agree at any time to refer to mediation any difference and/or dispute arising out of or in  
1024 connection with this Charter Party. In the case of any dispute in respect of which arbitration has been  
1025 commenced under subclause (a), ~~(e)~~ or ~~(d)~~, the following shall apply:



- 1026  
1027 (i) Either *p*Party may at any time and from time to time elect to refer the dispute or part of the dispute to  
1028 mediation by service on the other *p*Party of a written notice (the “Mediation Notice”) calling on the other  
1029 *p*Party to agree to mediation.  
1030  
1031 (ii) The other *p*Party shall thereupon within fourteen (14) calendar days of receipt of the Mediation Notice  
1032 confirm that they agree to mediation, in which case the *p*Parties shall thereafter agree a mediator within a  
1033 further fourteen (14) calendar days, failing which on the application of either *p*Party a mediator will be  
1034 appointed promptly by the Arbitration Tribunal (“the Tribunal”) or such person as the Tribunal may designate  
1035 for that purpose. The mediation shall be conducted in such place and in accordance with such procedure and  
1036 on such terms as the *p*Parties may agree or, in the event of disagreement, as may be set by the mediator.  
1037  
1038 (iii) If the other *p*Party does not agree to mediate, that fact may be brought to the attention of the Tribunal and  
1039 may be taken into account by the Tribunal when allocating the costs of the arbitration as between the *p*Parties.  
1040  
1041 (iv) The mediation shall not affect the right of either *p*Party to seek such relief or take such steps as it considers  
1042 necessary to protect its interest.  
1043  
1044 (v) Either *p*Party may advise the Tribunal that they have agreed to mediation. The arbitration procedure shall  
1045 continue during the conduct of the mediation but the Tribunal may take the mediation timetable into account  
1046 when setting the timetable for steps in the arbitration.  
1047  
1048 (vi) Unless otherwise agreed or specified in the mediation terms, each *p*Party shall bear its own costs incurred  
1049 in the mediation and the *p*Parties shall share equally the mediator’s costs and expenses.  
1050  
1051 (vii) The mediation process shall be without prejudice and confidential and no information or documents  
1052 disclosed during it shall be revealed to the Tribunal except to the extent that they are disclosable under the  
1053 law and procedure governing the arbitration.

1054 (Note: The *p*Parties should be aware that the mediation process may not necessarily interrupt time limits.)

1055  
1056 \*Subclauses (a), (b), (c) and (d) are alternatives; indicate alternative agreed in Box 26.

1057  
1058 ~~If Box 26 in Part I is not appropriately filled in, subclause (a) of this Clause shall apply. Subclause (c) shall~~  
1059 ~~apply in all cases except for alternative (b).~~

1060  
1061 **34. Notice**

1062 All notices, requests and other communications required or permitted by any clause of this Charter Party  
1063 shall be given in writing and shall be sufficiently given or transmitted if delivered by hand, email, express  
1064 courier service or registered mail and addressed if to the Owners as stated in Box 30 or such other address  
1065 or email address as the Owners may hereafter designate in writing, and if to the Charterers as stated in Box  
1066 31 or such other address or email address as the Charterers may hereafter designate in writing. Any such  
1067 communication shall be deemed to have been given on the date of actual receipt by the *p*Party to which it is  
1068 addressed.  
1069

1070  
1071 **35. Partial Validity**

1072 If by reason of any enactment or judgment any provision of this Charter Party shall be deemed or held to be  
1073 illegal, void or unenforceable in whole or in part, all other provisions of this Charter Party shall be unaffected  
1074 thereby and shall remain in full force and effect.  
1075

1076  
1077 **36. Entire Agreement**





**PART II**  
**BARECON 2017 STANDARD BAREBOAT CHARTER PARTY**

1080 This Charter Party is the entire agreement of the parties, which supersedes all provisions written or oral  
1081 understandings and which may not be modified except by a written amendment signed by both parties.

1082  
1083 **37. Headings**

1084  
1085 The headings of this Charter Party are for identification only and shall not be deemed to be part hereof or be  
1086 taken into consideration in the interpretation or construction of this Charter Party.

1087  
1088 **38. Singular/Plural**

1089  
1090 The singular includes the plural and vice versa as the context admits or requires



**PART III**  
**BARECON 2017 STANDARD BAREBOAT CHARTER PARTY**  
**PROVISIONS TO APPLY FOR NEWBUILDING VESSELS ONLY**  
**(OPTINAL, only applicable if 27 has been completed)**

1091 1. ~~Specifications and Building Contract~~

1092

1093 ~~(a) The Vessel shall be constructed in accordance with the building contract between the Builders and the Owners~~  
1094 ~~including the specifications and plans incorporated therein ("Building Contract"). The Owners shall provide~~  
1095 ~~the Charterers with copy of the Building Contract to the extent relevant to this Charter Party.~~

1096

1097 ~~(b) No variations shall be made to the Building Contract without the Charterers' prior written consent. The~~  
1098 ~~Charterers shall be entitled to request change orders in accordance with the Building Contract. Any additional~~  
1099 ~~costs or consequences due to Charterers' change orders shall be borne by the Charterers.~~

1100

1101 ~~(c) The Owners and the Charterers will liaise and cooperate in all matters regarding the construction of the Vessel~~  
1102 ~~and the Building Contract. The Charterers shall have the right to send their representative to the Builders'~~  
1103 ~~yard to inspect the Vessel during its construction.~~

1104

1105 ~~(d) The Owners shall assign their guarantee rights under the Building Contract to the Charterers, if permitted. If~~  
1106 ~~not permitted, the Owners shall exercise their guarantee rights against the Builders for the benefit of the~~  
1107 ~~Charterers. The Charterers shall be obliged to accept such sums as the Owners are reasonably able to~~  
1108 ~~recover under the guarantee provisions of the Building Contract.~~

1109

1110 **2. — Delivery and Cancellation**

1111

1112 ~~(a) (i) Subject to the provisions of Clause 3 (Liquidated Damages) hereunder, the Charterers shall be obliged to~~  
1113 ~~accept the Vessel from the Owners, constructed and delivered in accordance with the Building Contract and~~  
1114 ~~including buyers supplies, on the date of delivery by the Builders. The Charterers undertake that having~~  
1115 ~~accepted the Vessel they will not thereafter raise any claims against the Owners in respect of the Vessel's~~  
1116 ~~performance or specification of defects, if any:~~

1117

1118 ~~(ii) The date of delivery for purpose of this Charter shall be the date ("the Delivery Date") when the Vessel is~~  
1119 ~~in fact delivered by the Builders to the Owners in accordance with the Building Contract, whether that is before~~  
1120 ~~or after the scheduled delivery date under the Building Contract. The Owners shall be under no responsibility~~  
1121 ~~for any delay whatsoever in delivery of the Vessel to the Charterers under this Charter Party, except to the~~  
1122 ~~extent caused solely by the Owners' acts or omissions resulting in a default by the Owners under the Building~~  
1123 ~~Contract. The Owners shall be responsible to the Charterers for any direct losses incurred by the Charterers,~~  
1124 ~~if the Vessel is not delivered to the Owners due solely to the Owners' acts or omissions resulting in a default~~  
1125 ~~by the Owners under the Building Contract.~~

1126

1127 ~~(iii) The Owners and the Charterers shall on the Delivery Date sign a Protocol of Delivery and Acceptance~~  
1128 ~~evidencing delivery of the Vessel hereunder.~~

1129

1130 ~~(b) (i) The Owners' obligation to charter the Vessel to the Charterers hereunder is conditional upon delivery of~~  
1131 ~~the Vessel to the Owners by the Builders in accordance with the Building Contract.~~

1132

1133 ~~(ii) If for any reason other than a default by the under the Building Contract, the Builders become~~  
1134 ~~entitled under that Contract not to deliver the Vessel and exercise that right, the Owners shall be entitled to~~  
1135 ~~cancel this Charter Party by written notice to the Charterers.~~

1136

1137 ~~(iii) If for any reason the Owners become entitled to cancel the Building Contract and exercise that right, the~~  
1138 ~~Owners shall be entitled to cancel this Charter Party by written notice to the Charterers. If, however, the~~  
1139 ~~Owners do not exercise their right to cancel the Building Contract, the Charterers shall be entitled to cancel~~  
1140 ~~this Charter Party by written notice to the Owners.~~

1141

1142 **3. — Liquidated Damages**

1143

1144 ~~(a) Any liquidated damages for physical defects or deficiencies and any costs incurred in pursuing a claim therefor~~



**PART III**  
**BARECON 2017 STANDARD BAREBOAT CHARTER PARTY**  
**PROVISIONS TO APPLY FOR NEWBUILDING VESSELS ONLY**  
**(OPTINAL, only applicable if 27 has been completed)**

1145 ~~shall be created in Box 27(iv) or if not filled in shall be shared equally between the parties.~~

1146

1147 (b) ~~Any liquidated damages for delay in delivery under the Building Contract and any costs incurred in pursuing~~  
1148 ~~a claim therefor shall be credited to the party stated in Box 27(v) or if not filled in shall be shared equally~~  
1149 ~~between the parties.~~



**PART IV**  
**BARECON 2017 STANDARD BAREBOAT CHARTER PARTY**

**PURCHASEOPTION**  
**(OPTINAL, only applicable if Box 28 has been completed)**

1150 *See Clause 45*

1151 1. The Charterers shall have an option to purchase the Vessel (the "Purchase Option") exercisable on each of  
1152 the dates stated below as follows:  
1153

Date (state number of months after delivery of the Vessel)	Purchase Price (the "Purchase Option Price")
(months)	(amount and currency)

- 1154  
1155 2. ~~To exercise their Purchase Option, the Charterers shall notify the Owners in writing not later than six (6)~~  
1156 ~~months prior to the relevant date stated in the table above. Such notification shall not be withdrawn or~~  
1157 ~~cancelled~~  
1158  
1159 3. ~~If the Charterers exercise their Purchase Option, the ownership of the Vessel shall be transferred to them on~~  
1160 ~~the relevant date. If such date is not Banking Day, the ownership of the Vessel shall be transferred on the~~  
1161 ~~next Banking Day, on a strictly "as is/where is" basis, at the Charterers' sole cost and expense.~~  
1162  
1163 4. ~~The Owners shall obtain and provide the Charterers with such documents and take such actions as the~~  
1164 ~~Charterers may reasonably request to facilitate the sale and the registration of the Vessel under the flag~~  
1165 ~~designated by the Charterers.~~  
1166  
1167 5. ~~The Owners warrant that the Vessel at the time of transfer of ownership shall be free of any of Owners~~  
1168 ~~encumbrance or mortgage and that they have not committed any act or omission which would impair title to~~  
1169 ~~the Vessel.~~  
1170  
1171 6. ~~The Owners make no representation or warranty as to the seaworthiness, value, condition, design,~~  
1172 ~~merchantability or operation of the Vessel, or as to the quality of the material, equipment or workmanship in~~  
1173 ~~the Vessels, or as to the fitness of the Vessel for any particular trade.~~  
1174  
1175 7. ~~In exchange for the transfer of ownership of the Vessel, the Charterers shall pay the Purchase Option Price~~  
1176 ~~to the bank account nominated by the Owners together with any unpaid charter hire and other amounts due~~  
1177 ~~and payable under this Charter Party.~~  
1178  
1179 8. ~~Upon payment and transfer of ownership in accordance with Clause 7 above, this Charter Party and all rights~~  
1180 ~~and obligations of the parties shall terminate without prejudice to all rights accrued due between the parties~~  
1181 ~~prior to the date of termination and any claim that either party might have.~~



**PART V**  
**BARECON 2017 STANDARD BAREBOAT CHARTER PARTY**  
**PROVISIONS TO APPLY FOR VESSELS REGISTERED IN A BAREBOAT CHARTER REGISTRY**  
**(OPTIONAL, only to apply if expressly agreed and stated in Box 29)**

1182 4. ~~Definitions~~

1183 ~~“Bareboat Charter Registry” shall mean the registry stated in Box 29(ii) whose flag the Vessel will fly and in~~  
1184 ~~which the Charterers are registered as the bareboat charterers during the period of this Charter Party.~~

1186 ~~“Underlying Registry” shall mean the registry stated in Box 29(i) in which the Owners of the Vessel are~~  
1187 ~~registered as Owners and to which jurisdiction and control of the Vessel will revert upon termination of the~~  
1188 ~~Bareboat Charter registration.~~

1190 ~~2. The Owners have agreed to and the Charterers shall arrange for the Vessel to be registered under the~~  
1191 ~~Bareboat Charter Registry. The Charterers shall be responsible for all costs thereof.~~

1193 ~~3. Upon termination of this Charter Party for any reason whatsoever the Charterers shall immediately arrange~~  
1194 ~~for the deletion of the Vessel from the Bareboat Registry.~~

1196 ~~4. In the event of the Vessel being deleted from the Bareboat Charter Registry due to any default by the Owners,~~  
1197 ~~the Charterers shall have the right terminate this Charter forthwith and without prejudice to any other claim~~  
1198 ~~they may have against the Owners under this Charter Party.~~



**Rider Clauses 39 to 54  
to be deemed incorporated to the  
Bareboat Charter Party  
Dated 05 March 2025  
(the "Charter")  
Between**

**GUADELOUPE SHIPPING COMPANY INC. as Charterers  
T.A.C.K. SHIPPING, S.A. as Owners  
in respect of the vessel**

**MT "HULL H1597" tbn "P. MARSEILLE"**

**39. Delivery**

(a) This Charter Party constitutes the lease financing of the Vessel which is currently under construction under the Building Contract for the account of the Charterers, and to be sold to the Owners as finance lessor under the MOA.

The Owners' obligations to charter the Vessel to the Charterers hereunder are conditional upon (i) delivery of the Vessel to the Charterers by the Construction Seller under the Building Contract and (ii) delivery of the Vessel by the Charterers to the Owners under the MOA.

If the Building Contract is cancelled, rescinded or otherwise terminated for any reason whatsoever or the Vessel is not delivered by the Construction Seller to the Charterers under the Building Contract or is rejected by the Charterers under the Building Contract for any reason whatsoever, then the Charterers shall give written notice thereof to the Owners and upon Owners' receipt of such notice, the MOA and this Charter Party shall, save as hereafter provided, cease to have effect without any liability on the parties hereto and the parties shall be released from all obligations, liabilities and responsibilities hereunder, save that initial registration of title to the Vessel and legal documentation cost for documenting the lease and security to be Charterer's account such cost not to exceed USD15,000.

The Charterers shall take delivery of the Vessel under this Charter Party immediately after delivery by the Charterers as sellers to the Owners as buyers under the MOA, and the Owners shall deliver the Vessel to the Charterers under this Charter Party immediately after the Owners take delivery of the Vessel under the MOA.

In the event that the Vessel is not delivered under the MOA or the MOA is cancelled, terminated or rescinded for any reason, this Charter shall automatically terminate without any liability between the parties hereunder and initial registration of title to the Vessel and legal documentation cost for documenting the lease and security to be Charterer's account such cost not to exceed USD15,000.

(b) It is acknowledged that the Charterers shall, by way of purchase from the Owners or otherwise, at the time of delivery of the Vessel under this Clause 39, own any bunkers, unused lubricating and hydraulic oils and greases in storage tanks and unopened drums and unused stores and provisions (hereinafter referred to as the "Bunkers") remaining on board the Vessel on the Delivery Date and as a result the Owners and the Charterers will not settle the Bunkers at the time of delivery of the Vessel under this Charter Party.

(c)  $\{USD45,000,000 * (1 \text{ month CME TERM SOFR at the time of remittance} + 2.0\% / 360)$  (the "Remittance Interest Cost") from the day of remittance of the fund till the closing date to be covered by Charterers provided that no Remittance Interest Cost shall be payable if the delay is due to Owners' default, negligence or wilful misconduct.

---

The extra interest cost, if any, shall be paid together with the second hire payment due under the terms of this Charter Party.

(d) The Charterers undertake to assign all their rights, benefits and remedies under article IX (Warranty of Quality) of the Building Contract and any guarantee granted to the Charterers by any supplier or vendor of any equipment (together, a "Builder's Warranty") and (ii) on the Delivery Date, provided that the Assignments of Guarantees can be agreed upon, notify the Construction Seller and, as soon as practicably possible thereafter, any such supplier or vendor of such assignments (the "Assignments of Guarantees").

In respect of any repairs, replacements or defects which appear within the first 12 months from delivery by the Construction Seller or within such other period as may be stipulated in a guarantee of any supplier, the Owners shall, as assignees of the rights of the Charterers pursuant to the Assignments of Guarantees, issue a power of attorney in favour of the Charterers to authorize the Charterers, up to but not after the occurrence of a Charterers' Event of Default, to compel the Construction Seller or any supplier or vendor to repair, replace or remedy any defects or to recover from the Construction Seller or any supplier any expenditure incurred in carrying out such repairs, replacements or remedies.

Notwithstanding the Assignment of Guarantees, the Owners shall have no obligation to enforce or follow up on any guarantee or warranty thereby assigned, and it shall be the Charterers' sole responsibility to enforce such guarantees, liaise and make arrangements with the Construction Seller and relevant supplier and/or vendor as they see fit, all at their own expense.

Any liquidated damages for physical defects or deficiencies shall be deemed to be earnings for the purposes of this Charter and shall be used for the repair of any defects or deficiencies or for the compensation of the Charterers in respect of all documented expenses and costs incurred by the Charterers in respect thereof.

The costs of pursuing a claim or claims against the Construction Seller or any supplier under this Clause (including any liability to the Construction Seller) shall be borne by the Charterers and the Charterers shall fully indemnify the Owners for any liability for which the Owners may be liable pursuant to such claim or claims.

Any sum recovered pursuant to a Builder's Warranty of over \$500,000 shall be paid to the Owners but so that:

- (i) the sum received by the Owners shall be paid over to the Charterers upon the Charterers providing evidence satisfactory to the Owners that the repairs in respect of which such payment have been completed and that all repair accounts and other liabilities connected therewith have been paid by the Charterers; and
- (ii) with the prior written consent of the Owners, be paid on account of the repairs which are being carried out; and any other such sum recovered pursuant to a Builder's Warranty shall be paid to the Charterers which shall apply it in completing all repairs in respect of which such money was received.

#### **40. Conditions for delivery**

- a) Prior to delivery of the Vessel under this Charter Party, each of the Parties shall exchange the following documents:
    - (i) a copy of this Charter Party executed by each Party;
    - (ii) a copy of the memorandum and articles of association (or equivalent documents) (and all amendments thereto) of the Owners and the Charterers;
-

- (iii) a copy of certificate of good standing or equivalent, stating all directors of the Owners and the Charterers dated not earlier than thirty (30) Banking Days prior to the date of delivery of the Vessel to the Owners, with the original to follow as soon as possible after delivery of the Vessel, to the Owners;
- (iv) A PDF copy of one (1) Resolutions of the Board of Directors of the Charterers, authorising, approving and ratifying the BBCP and the MOA and any further addenda thereto, authorising nominated individuals as signatories of and empowering these and/or other individuals to execute the Power of Attorney referred to below, the Bill of Sale and all other documents required for the sale and delivery of the Vessel to the Owners, duly executed on behalf of the Charterers;
- (v) A PDF copy of one (1) Resolutions of the Board of Directors of the Charterers• Guarantor, authorising, approving and ratifying (i) the MOA any further addenda thereto, (ii) the BBCP and any further addenda thereto, (iii) the Performance Guarantee, authorising nominated individuals as signatories of and empowering these and/or other individuals to execute the Power of Attorney duly executed on behalf of the Charterers' Guarantor;
- (vi) A PDF copy of one (1) Resolutions of the Board of Directors of the Owners, authorising, approving and ratifying the BBCP and the MOA and any further addenda thereto, authorising nominated individuals as signatories of and empowering these and/or other individuals to execute the Power of Attorney referred to below, the Bill of Sale and all other documents required for the sale and delivery of the Vessel to the Owners, duly executed on behalf of the Owners;
- (vii) A PDF copy of one (1) Resolutions of the Board of Directors of the Owners' Guarantor, authorising, approving and ratifying (i) the MOA and any further addenda thereto, (ii) the BBCP and any further addenda thereto, (iii) the Performance Guarantee, authorising nominated individuals as signatories of and empowering these and/or other individuals to execute the Power of Attorney duly executed on behalf of the Owners' Guarantor;
- (viii) A PDF copy of one (1) Power of Attorney in favor of the persons who are to act on behalf of Charterers and Charterers' Guarantors in connection with above (vi) and (vii), with the original to follow as soon as possible after delivery of the Vessel to the Owners;
- (ix) A PDF copy of one (1) Power of Attorney in favor of the persons who are to act on behalf of Owners and Owners' Guarantors in connection with above (iv) and (v), with the original to follow as soon as possible after delivery of the Vessel to the Owners;
- (x) the Guarantees and QEL referred to in Clause 43, duly executed; and
- (xi) a copy of the protocol of delivery and acceptance in relation to the Vessel executed by the Owners and the Charterers;
- (xii) such other documents as each of the Owner and Charterer may reasonably require.

#### **41. Vessel's condition on delivery**

The Vessel shall be delivered under this Charter Party in the same condition and with the same equipment, inventory and spare parts as she is delivered to the Owners under the MOA. The Charterers know the Vessel's condition at the time of delivery, and expressly agree that the Vessel's condition as delivered under the MOA is acceptable and in accordance with the provisions of this Charter Party. The Vessel shall be delivered to the Charterers under this Charter Party strictly "as is/where is". The Owners neither make nor shall be deemed to have made or given any representation or warranty whether statutory or otherwise and whether express or implied as to the seaworthiness, value, condition, quality, merchantability, design, description, operation, suitability or fitness for use for any purpose of the Vessel (with everything belonging to her), or as to the absence of any latent or other defects, whether or not discoverable, or as to the absence of any obligations based on strict liability in tort, which are hereby excluded (hereinafter collectively, referred to as the "Vessel's Conditions").

---



The Charterers hereby acknowledge and agree that they have not relied upon any representation, condition or warranty, whether statutory or otherwise and whether express or implied as to any Vessel's Conditions, in entering into this Charter Party, and accordingly the Charterers shall have no claim against the Owners under this Charter Party or otherwise whatsoever in relation to the Vessel's Conditions.

#### **42. Survey and Inspection on re-delivery of the Vessel**

(a) Condition of Vessel

The Vessel with everything belonging to her shall be at the Charterers' risk and expense until she is re-delivered to the Owners, but subject to the terms and conditions of this Charter Party she shall be re-delivered and taken over as she was at the time of the survey(s) in accordance with this Clause 42, fair wear and tear excepted.

(b) Survey:

Not earlier than 45 days or later than 30 days (or if not possible then as soon as the Vessel becomes available) before re-delivery of the Vessel, the Owners and the Charterers shall jointly agree upon the appointment of a surveyor for the purpose of determining the condition of the Vessel at the time of re-delivery hereunder.

The surveyor, whose decision shall be final and binding on both Parties, shall report in writing, specifying all items, if any, which have not been properly maintained in accordance with the terms and conditions of the Charter and the work required to repair such deficiencies.

The costs of such a surveyor shall be equally shared between the Parties. In the event that the parties are not able to agree upon a single surveyor, each shall appoint their own and the two surveyors so appointed shall conduct a joint survey of the Vessel. In such an event, each Party shall pay their own appointed surveyor's costs.

The survey shall be carried out at the point of re-delivery and in Charterers time and shall not interfere with the operation of the Vessel. Any works required as a result of such survey shall be carried out by Charterers prior to their re-delivery of the Vessel. In the event that two surveyors so appointed disagree, the matter shall be referred to arbitration in accordance with Clause 33.

This clause shall not apply if Charterers exercise their purchase option as set out in Clause 45 or if Owners exercise their Put Option as set out in Clause 46.

(c) Underwater Inspection:

In connection with the redelivery of the Vessel under the Charter, the Vessel shall not be dry-docked unless required by the Classification Society. In lieu of dry-docking, Owners shall have the right to appoint a diver acceptable to the Classification Society to undertake an underwater inspection at a convenient port with due consultation between Owners and Charterers. Such divers' inspection shall be carried out at Owners' expense (unless damage affecting the class is found, in which case the Charterers shall bear the cost) and without interference to the Vessel's normal operation.

Should such underwater inspection reveal damages that affect the class of the Vessel whereby such damage repairs cannot be made to the Vessel without dry-docking and the Classification Society will not grant an extension, then Vessel is to be dry-docked as soon as possible by Charterers to repair such damages to the Classification Society's satisfaction at Charterers' time and expense.

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If in the opinion of the Classification Society the damages do not necessitate immediate dry-docking, then the Classification Society shall issue a certificate showing the extent and place of damage and Charterers shall repair same to the satisfaction of the Classification Society at next dry-docking, provided that such dry-docking is within the Charter Period. If the next Classification Society dry-docking is after the re-delivery of the Vessel under this Charter Party, the Charterers shall in their option (i) repair such damages before redelivery of the Vessel hereunder or (ii) provide the Owners with an agreed lump sum, (the Charterers and the Owners shall each select a reputable shipyard in the redelivery range and obtain from such shipyard a quotation for the cost of repairs of the damage. The estimated cost of repairs shall be refined as the average of the two quotations obtained from the two shipyards), a first class bank guarantee or sum a cash deposit to be provided, in the Charterers' option, covering the expected costs of such repairs.

This Clause 42 shall not apply if the Charterers exercise their Purchase Option as set out in Clause 45 or the Owners exercise their Put Option as set out in Clause 46.

#### **43. Owners' Assignment, Performance Guarantee and Quiet Enjoyment Letter**

The Owners may not assign, transfer or novate their rights and in the case of a novation, obligations under this Charter without the prior written consent of the Charterers. Subject to the Mortgagee providing a quiet enjoyment letter, the Owners may assign their rights under this Charter Party to the Mortgagee, including but not limited to assignments of earnings and assignment of this Charter.

The Charterers are entitled to require a quiet enjoyment letter (the "QEL") from the Mortgagee or such other financiers of the Owners, substantially in the form attached hereto as Appendix D, which confirms that the Charterers shall have free use of the Vessel under this Charter Party (including the right to exercise the Purchase Option) while there has occurred no Charterers' Event of Default which is continuing under this Charter Party. The Owners shall procure that the Mortgagee or (as the case may be) such other financiers will provide the quiet enjoyment letter to the Charterers as a condition precedent to the Owners' entry into the Financial Instrument on or before the Delivery Date.

The performance of the Charterers hereunder shall be guaranteed by Performance Shipping Inc. whereas the performance of the Owners shall be guaranteed by Kowa Kaiun Co., Ltd. (each, a "Guarantee") The guarantees shall be in the format attached hereto as appendix B.

Upon delivery of the Vessel under this Charter Party, the Owners and the Charterers shall execute an assignment of insurances with the Owners' financier in a form and substance acceptable to each party thereto (but each acting reasonably), under which (inter alia) the Owners and the Charterers assign and agree to assign any and all their respective interests on insurance proceeds in respect of the Vessel to the extent as required by this Charter Party.

#### **44. Transfer of the Vessel**

- (a) Any change of ownership of the Vessel or of the legal and/or beneficial ownership of the Owners during the Charter Period shall require the Charterers' prior written approval which Charterers shall be at full discretion whether to grant or decline.
  - (b) Each of the Owners and Charterers shall during the Charter Period be entitled to assign their position under the Charter Party to another third party entity. Such right shall be subject to (i) the prior written consent of the other Party, such consent not be unreasonable withheld, and (ii) that the guarantees granted by Performance Shipping Inc. and Kowa Kaiun Co., Ltd. shall continue to remain in full force and effect irrespective of the said assignment(s) under the Charter. Each Party shall bear their own costs related to such assignment.
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- (c) If, as a result of a change in law relating specifically to the circumstances of the Charterers and/or the Owners after the date of this Charter Party there would be material adverse economic consequences to the Charterers of them continuing to perform their obligations under this Charter Party the Charterers shall have the option, to novate this Charter Party to an affiliate provided always that, notwithstanding such novation, this Charter Party would continue on identical terms (save for logical, consequential or mutually agreed amendments) and Performance Shipping Inc. shall remain jointly and severally liable with such affiliate to the Owners for performance of all obligations by such affiliate pursuant to this Charter Party after such novation.

The Charterers agree and undertake to enter into (and procure that such affiliate and Performance Shipping Inc. enter into) or deliver to the Owners any such documents as the Owners (at their sole discretion) shall reasonably require in connection with such novation, including but not limited to such additional security documents and legal opinions as the Owners may reasonably require. Any reasonable and properly documented costs or expenses (including but not limited to legal costs) in relation to such novation and any conditions imposed by the Owners in giving their consent shall be borne by the Charterers.

- (d) In the event of the early termination of this Charter Party by the Owners due to a Charterers' Event of Default which is continuing or due to any of the circumstances described in Clause 31(d) occurring to the Charterers, unless the Charterers have paid to the Owners the full amount of the then Outstanding Principal plus any other sums due from the Charterers to the Owners under this Charter Party, the Owners shall be entitled to sell the Vessel, whereupon they shall retain from the relevant proceeds an amount equal to the then Outstanding Principal plus any other sums then due from the Charterers to the Owners under this Charter Party and, thereafter, pay the excess to the Charterers.

#### 45. Charterers' Purchase Option

The Charterers or its nominee shall have an option to purchase the Vessel from the Owners commencing from the date falling twenty-four months after the Delivery Date (the "Purchase Option Commencement Date") for the duration of the Charter Period (the "Purchase Option") at the following prices (the "Purchase Option Price") or pro rata for the current year:

The Purchase Option Price to be paid to the Owners upon delivery of the Vessel:

The Purchase Option Price =  $A - [(A-B) / 365 \times C]$

Where:

A: the amount indicted below of the end of the year immediately prior to the applicable delivery date;

B: the amount indicted below of the end of the year of such delivery date; and

C: the actual number of days from the beginning of the year to which the delivery date belongs:

- (i) at a price of the Outstanding Principal x 102.00% at the end of year 2 of the Charter Period;
  - (ii) at a price of the Outstanding Principal x 101.65% at the end of year 3 of the Charter Period;
  - (iii) at a price of the Outstanding Principal x 101.20% at the end of year 4 of the Charter Period;
  - (iv) at a price of the Outstanding Principal plus USD40,000 at the end of year 5 of the Charter Period;
  - (v) at a price of the Outstanding Principal plus USD40,000 at the end of year 6 of the Charter Period;
  - (vi) at a price of the Outstanding Principal plus USD40,000 at the end of year 7 of the Charter Period;
  - (vii) at a price of the Outstanding Principal plus USD40,000 at the end of year 8 of the Charter Period.
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If a breach by the Owners in the performance of any of their obligations under this Charter Party occurs and is continuing, then the Charterers may exercise their Purchase Option earlier than the Purchase Option Commencement Date, provided that in the event the Charterers exercise their Purchase Option and the relevant breach is subsequently remedied, such remedy shall not affect the exercise of the Purchase Option. The Purchase Option Price shall in such event be set at as follows or pro-rata for the current year:

at a price of USD 45,000,000.00 at the end of year 0 of the Charter Period;  
at a price of USD 42,500,000.00 at the end of year 1 of the Charter Period;

Registration cost, and bank related costs including lifting charge and escrow agent fees, if any, shall be for the Charterer's account; however such cost not to exceed USD 10,000.

The Charterers must give a minimum of 75 (seventy-five) calendar days' notice to the Owners of their intention to buy the Vessel. The Purchase Option Price to be paid to the Owners upon delivery of the Vessel is in accordance with clause 3 of the memorandum of agreement attached to this Charter Party as Appendix A. The Vessel shall be delivered as soon as possible after expiry of the 75 (seventy-five) days' notice and Owners undertake to render all necessary assistance in order to achieve this. Once the Purchase Option has been exercised by Charterers, they may not withdraw same.

The Charterers or its nominee shall accept the Vessel on an "AS IS, WHERE IS" basis and the Owners shall take such steps to obtain and furnish such documents as may reasonably be required by the Charterers (or their nominee) in order to transfer the legal and beneficial title and interest in the Vessel to the Charterers (or their nominee) (including without limitation a bill of sale in respect of the Vessel executed and (if required) notarized) and take such other actions as the Charterers may reasonably request in order to facilitate the sale and re-registration of the Vessel under such flag as the Charterers may designate.

With respect to such sale, the Owners warrant that the Vessel at such sale shall be free of any encumbrances, mortgages, charters, maritime liens and any other debts whatsoever (in each case, created by the Owners) created or incurred by the Owners and that the Owners have not committed any act or omission which would impair title to the Vessel and Owners hereby agree to indemnify and hold harmless Charterers in respect of any and all damages, costs and expenses whatsoever resulting from any breach of such warranty.

Upon completion of such purchase of the Vessel as set out in this Clause 45 or in the subsequent Clause 46, this Charter Party and all further rights and obligations of the Parties hereunder (except for indemnities and other obligations that by their nature should survive the termination of this Charter Party) shall terminate.

#### **46. Owners' Put Option**

The Owners have the option to sell the Vessel back to the Charterers or its nominee at the end of the eight (8) year of this Charter Party. In case Charterers have not exercised their Purchase Option 75 (seventy-five) calendar days before the end of the Charter Period at the latest, the Owners may exercise their Put Option, in which case the Charterer shall purchase the Vessel for the Outstanding Principal plus USD 40,000 ("Put Option Fee"). The Owners must give a minimum of 60 (sixty) days' notice of their intention to sell the Vessel. The Put Option Price shall be paid to the Owners upon delivery of the Vessel, which shall take place on the last day of the Charter Period.

The Charterers or its nominee shall accept the Vessel on an "AS IS, WHERE IS" basis and the Owners shall, take such steps to obtain and furnish such documents as may reasonably be required by the Charterers (or their nominee) in order to transfer the legal and beneficial title and interest in the Vessel to the Charterers (or their nominee) (including without limitation a bill of sale in respect of the Vessel executed and (if required) notarized) and take such other actions as the Charterers may reasonably request in order to facilitate the sale and re-registration of the Vessel under such flag as the Charterers may designate.

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With respect to such sale, the Owners warrant that the Vessel at such sale shall be free of any encumbrances, mortgages, charters, maritime liens and any other debts whatsoever (in each case, created by the Owners) created or incurred by the Owners and that the Owners have not committed any act or omission which would impair title to the Vessel and Owners hereby agree to indemnify and hold harmless Charterers in respect of any and all damages, costs and expenses whatsoever resulting from any breach of such warranty.

Registration cost, and bank related costs including lifting charge and escrow agent fees, if any, shall be for the Charterer's account; however such cost not to exceed USD 10,000.

**47. Insurance**

- (a) The Charterers undertake with the Owners that throughout the Charter Period:
- (i) without prejudice to their obligations under Clause 17 hereof, they will keep the Vessel insured on such terms as widely accepted in the commercial shipping market and shall be reasonably acceptable to the Owners and the Mortgagee with such insurers (including P&I and war risks associations) as shall be reasonably acceptable to the Owners with deductibles reasonably acceptable to the Owners and that any P&I association which is a member of the International Group of P&I Clubs and H&M underwriters with security rating A. The Charterers shall advise the Owners of their current H&M underwriters for the Owners' approval, such approval not to be unreasonably withheld or delayed (it being agreed and understood by the Charterers that there shall be no element of self-insurance or insurance through captive insurance companies without the prior written consent of the Owners);
  - (ii) the policies in respect of the insurances against fire and usual marine risks and the policies or entries in respect of the insurances against war risks shall, in each case, be endorsed to the effect that payment of a claim for a Total Loss will be made to the Owners (or the Mortgagees as assignees thereof) (who shall upon the receipt thereof apply the same in the manner described in Clause 47(e) hereof);
  - (iii) the Charterers shall procure that duplicates of all cover notes, policies and certificates of entry shall be furnished to the Owners for their custody, upon request;
  - (iv) the Charterers shall procure that the insurers and the war risk and protection and indemnity associations with which the Vessel is entered shall:
    - (A) provide the Owners and (if applicable) the Mortgagee with a letter or letter of undertaking in standard market form, and
    - (B) supply to the Owners such information in relation to the insurances effected, or to be effected, with them as the Owners may from time to time reasonably require; and
  - (v) the Charterers shall procure that the policies, entries or other instruments evidencing the insurances are endorsed to the effect that the insurers shall give to the Owners not less than fourteen (14) days prior written notification of any amendment, suspension, cancellation or termination of the insurances, unless subject to any automatic termination/cancellation of cover provisions in the relevant insurances, in which event, if such insurances are automatically terminated/cancelled, Owners shall be advised promptly and Charterers shall immediately procure re-instatement or replacement insurances of those terminated/cancelled insurances.
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- (b) Notwithstanding anything to the contrary contained in Clauses 17 and 47 (b) hereof, the Vessel shall be kept insured during the Charter Period in respect of marine and war risks on hull and machinery basis for not less than the total insured value (H&M value, Hull Interest and freight interest) specified in column(b) in the table set out below in respect of the one-yearly period during the Charter Period specified in column (a) (on the assumption that the first such period commenced on the Delivery Date) against such amount (hereinafter referred to as the "Minimum Insured Value"):

(a) Year	(b) Minimum Insured Value
1	USD 49,500,000
2	USD 46,750,000
3	USD 44,000,000
4	USD 41,250,000
5	USD 38,500,000
6	USD 35,750,000
7	USD 33,000,000
8	USD 30,250,000

- (c) If the Vessel becomes a Total Loss or becomes subject to Compulsory Acquisition, the chartering of the Vessel to the Charterers hereunder shall cease and the Charterers shall:-
- (i) immediately pay to the Owners all hire, and any other amounts, which have fallen due for payment under this Charter Party and have not been paid as at up to the date on which the Total Loss or Compulsory Acquisition occurred as described below (the "Date of Loss") together with interest thereon as set out in Clause 15 (g) and shall cease to be under any liability to pay any hire, but not any other amounts, thereafter becoming due and payable under this Charter Party. All hire and any other amounts prepaid by the Charterers relating to the period after the Date of Loss, and any insurance proceeds received by the Owners and/or their mortgagee after payment by the Charterers as aforesaid, shall be forthwith refunded by the Owners and any hire paid in advance to be adjusted/reimbursed.
- (ii) For the purpose of ascertaining the Date of Loss:-
- (A) an actual total loss of the Vessel shall be deemed to have occurred at noon (London time) on the actual date the Vessel was lost but in the event of the date of the loss being unknown the actual total loss shall be deemed to have occurred at noon (London time) on the date on which it is acknowledged by the insurers to have occurred;
- (B) a constructive, compromised, agreed, or arranged total loss of the Vessel shall be deemed to have occurred at noon (London time) on the date that notice claiming such a total loss of the Vessel is given to the insurers, or, if the insurers do not admit such a claim, at the date and time at which a total loss is subsequently admitted by the insurers or the date and time adjudged by a competent court of law or arbitration tribunal to have occurred. Either the Owners or, with the prior written consent of the Owners (such consent not to be unreasonably withheld), the Charterers shall be entitled to give notice claiming a constructive total loss but prior to the giving of such notice there shall be consultation between the Charterers and the Owners and the Party proposing to give such notice shall be supplied with all such information as such Party may request; and
- (C) Compulsory Acquisition shall be deemed to have occurred at the time of occurrence of the relevant circumstances described in Clause 30(b) hereof.
- (d) (i) All moneys up to the Minimum Insured Value payable under the insurances effected by the Charterers pursuant to Clauses 17 and 47, or other compensation, in respect of a Total Loss or pursuant to Compulsory Acquisition of the Vessel shall be received in full by the Owners (or the mortgagees as assignees thereof) and applied by the Owners (or, as the case may be, the mortgagees) as follows:
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FIRSTLY, in payment of all the Owners' or the Charterers' reasonable and properly incurred costs incidental to the collection thereof,

SECONDLY, in or towards payment to the Owners (to the extent that the Owners have not already received the same in full) of a sum equal to the Purchase Option Price as per the table in Clause 45 immediately above, for the year in which the Date of Loss occurs and which shall be calculated pro rata per diem,

THIRDLY, towards any other applicable sums due from the Charterers to the Owners under this Charter Party, and

FORTHLY, in payment of any surplus to the Charterers by way of a rebate of hire and compensation for early termination.

If, in accordance with the terms of the relevant Loss Payable Clause, any part of the insurance proceeds or compensation payable under this sub-clause (d)(i) is received and applied by the mortgagees as assignees toward payment of the indebtedness due to such mortgagees by the Owners pursuant to the Financial Instrument, then the remainder of such insurance proceeds shall be distributed between the Owners and the Charterers in accordance with the order set out in this sub-clause (d)(i) above and, for the purposes of such distribution, the afore-mentioned part of the insurance proceeds received by the mortgagees shall reduce the afore-mentioned sums payable to the Owners accordingly. Under no circumstances will the sum of the insurance proceeds or compensation received under this sub-clause (d)(i) and applied by the mortgagees as assignees toward payment of the indebtedness due to such mortgagees by the Owners pursuant to the Financial Instrument, exceed the aggregate sum payable to the Owners in accordance with this sub-clause (d)(i) above.

(ii) Any moneys in excess of the Minimum Insured Value payable under the insurances effected by the Charterers pursuant to Clauses 17 and 47, or other compensation, in respect of a Total Loss or pursuant to Compulsory Acquisition of the Vessel shall be received in full by the Charterers.

- (e) In respect of partial losses, any payment by underwriters not exceeding USD 500,000 shall be paid directly to the Charterers who shall apply the same for the repair, salvage or other charges involved or as a reimbursement if the Charterers fully repaired the damage to the satisfaction of the Owners and paid all of the salvage or other charges in respect of which payment is made. Any moneys in excess of USD 500,000 payable under such insurance (other than in respect of a Total Loss) shall be paid to the Charterers subject to the prior written consent of the Owners or the Owners' mortgagee but such consent shall not be unreasonably withheld or delayed. In the absence of such prior written consent the money shall be paid to the Owners or the Owners' mortgagee.
  - (f) The provisions of Clauses 17 and 47 hereof shall not apply in any way to the proceeds of any additional insurance cover effected by the Owners and/ or the Charterers for their own account and benefit.
  - (g) The Charterers shall promptly notify the Owners of:
    - (i) any accident to the Vessel involving repairs the cost of which exceeds USD500,000 or the equivalent in any other currencies; or
    - (ii) any occurrence in consequence whereof the Vessel has become a Total Loss or Compulsory Acquisition.
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**48. Inconsistency**

In case of any inconsistency between (i) the standard terms of this Charter Party and (ii) the amendments and Rider 39 to 53 (inclusive), the latter shall prevail.

**49. Loan Outstanding for Interest Portion**

In the charter hire structure set out in Box 17, the Variable Hire shall be calculated as follows:

$$(X) \times (Y) \times (Z) \div (A)$$

Where:

- X = Amount of the loan outstanding (as set out in the table below)
- Y = (Margin) + (1-month CME TERM SOFR)
- Z = Number of days during the hire period in question
- A = 360 days.

The 1-month CME TERM SOFR to be used is the one published by CME GROUP five (5) Banking Days prior to the hire payment due date. Should the 3-month CME TERM SOFR published by CME GROUP turn negative, then zero (0) to be applied in calculation of hire payment.

In case that CME TERM SOFR ceases to be available, the Owners shall reasonably designate the alternative interest rate after consultation with the Charterers but such rate shall not exceed the cost to the Mortgagee of funding the outstanding loan balance on the Vessel from any reasonable source and such rate so applied shall only apply for so long as CME TERM SOFR remains unavailable.

Loan Outstanding		(USD)			(USD)	
1st Year	1st Month	45,000,000		2nd Year	13th Month	42,500,000
1st Year	2nd Month	44,791,667		2nd Year	14th Month	42,291,667
1st Year	3rd Month	44,583,333		2nd Year	15th Month	42,083,333
1st Year	4th Month	44,375,000		2nd Year	16th Month	41,875,000
1st Year	5th Month	44,166,667		2nd Year	17th Month	41,666,667
1st Year	6th Month	43,958,333		2nd Year	18th Month	41,458,333
1st Year	7th Month	43,750,000		2nd Year	19th Month	41,250,000
1st Year	8th Month	43,541,667		2nd Year	20th Month	41,041,667
1st Year	9th Month	43,333,333		2nd Year	21st Month	40,833,333
1st Year	10th Month	43,125,000		2nd Year	22nd Month	40,625,000
1st Year	11th Month	42,916,667		2nd Year	23rd Month	40,416,667
1st Year	12th Month	42,708,333		2nd Year	24th Month	40,208,333
3rd Year	25th Month	40,000,000		4th Year	37th Month	37,500,000
3rd Year	26th Month	39,791,667		4th Year	38th Month	37,291,667
3rd Year	27th Month	39,583,333		4th Year	39th Month	37,083,333
3rd Year	28th Month	39,375,000		4th Year	40th Month	36,875,000
3rd Year	29th Month	39,166,667		4th Year	41st Month	36,666,667
3rd Year	30th Month	38,958,333		4th Year	42nd Month	36,458,333
3rd Year	31st Month	38,750,000		4th Year	43rd Month	36,250,000
3rd Year	32nd Month	38,541,667		4th Year	44th Month	36,041,667
3rd Year	33rd Month	38,333,333		4th Year	45th Month	35,833,333
3rd Year	34th Month	38,125,000		4th Year	46th Month	35,625,000
3rd Year	35th Month	37,916,667		4th Year	47th Month	35,416,667
3rd Year	36th Month	37,708,333		4th Year	48th Month	35,208,333
5th Year	49th Month	35,000,000		6th Year	61st Month	32,500,000
5th Year	50th Month	34,791,667		6th Year	62nd Month	32,291,667
5th Year	51st Month	34,583,333		6th Year	63rd Month	32,083,333
5th Year	52nd Month	34,375,000		6th Year	64th Month	31,875,000
5th Year	53rd Month	34,166,667		6th Year	65th Month	31,666,667
5th Year	54th Month	33,958,333		6th Year	66th Month	31,458,333
5th Year	55th Month	33,750,000		6th Year	67th Month	31,250,000
5th Year	56th Month	33,541,667		6th Year	68th Month	31,041,667
5th Year	57th Month	33,333,333		6th Year	69th Month	30,833,333
5th Year	58th Month	33,125,000		6th Year	70th Month	30,625,000
5th Year	59th Month	32,916,667		6th Year	71st Month	30,416,667
5th Year	60th Month	32,708,333		6th Year	72nd Month	30,208,333



7th Year	73rd Month	30,000,000	8th Year	85th Month	27,500,000
7th Year	74th Month	29,791,667	8th Year	86th Month	27,291,667
7th Year	75th Month	29,583,333	8th Year	87th Month	27,083,333
7th Year	76th Month	29,375,000	8th Year	88th Month	26,875,000
7th Year	77th Month	29,166,667	8th Year	89th Month	26,666,667
7th Year	78th Month	28,958,333	8th Year	90th Month	26,458,333
7th Year	79th Month	28,750,000	8th Year	91st Month	26,250,000
7th Year	80th Month	28,541,667	8th Year	92nd Month	26,041,667
7th Year	81st Month	28,333,333	8th Year	93rd Month	25,833,333
7th Year	82nd Month	28,125,000	8th Year	94th Month	25,625,000
7th Year	83rd Month	27,916,667	8th Year	95th Month	25,416,667
7th Year	84th Month	27,708,333	8th Year	96th Month	25,208,333

#### 50. Disclosure

The Charterers shall supply the Owners as soon as reasonably practicable, but in any event i) within one hundred and eighty (180) days after the end of each of its financial years, the audited financial statements of Performance Shipping Inc. for that financial year.

#### 51. Money laundering, sanctions, anti-corruption:

Notwithstanding any other clause in this Charter, each Party warrants, represents and undertakes to the other Party on a continuing basis:

##### (Money laundering):

that it, and parties acting on its behalf in relation to this Charter, shall observe and abide with, including but not limited any law, official requirement or other regulatory measure or procedure implemented to combat money laundering as defined in any laws or regulations applicable to such Party, and

##### (Sanctions):

that it, nor any of their directors and, executive managers and ultimate owners, are or will become sanctioned by USA, the UK, Japan, the European union or the United Nations or any other nation or governmental body or organization relevant to the trading of the Vessel under this Charter to the extent that non-compliance by it would result in an actual breach of any applicable sanctions, and

that it, its directors and executive managers, has not been a party, directly, to any contract or conduct in contravention of any applicable sanctions legislation or directives of either the USA, the UK, Japan, the European union or the United Nations or any other nation or governmental body or organization relevant to the trading of the Vessel under this Charter to the extent that non-compliance by it would result in an actual breach of any applicable sanctions. Moreover, the Party is acting for itself only and is not acting on behalf of any other individual or corporation, and

##### (Anti-corruption):

that it, its directors, performance guarantors, executive managers and ultimate owners of the Charterers; shall comply with all applicable anti-corruption laws, regulations and contractual provisions, including without limitation the US Foreign Corrupt Practices Act and the UK Bribery Act, and

that it, its directors, performance guarantors, executive managers and ultimate owners of the Charterers; shall not, directly or through third parties, in relation to the Charter, give, promise or attempt to give, or approve or authorize the giving of, anything of value to any person, any public official or any entity for the purpose of:

- securing any improper advantage for either Party;
- inducing or influencing anyone improperly to take action or refrain from taking action in order for either Party to obtain or retain business, or to secure the direction of business to either Party;
- inducing or influencing anyone to use his/her influence with any Government or public international organization for such purpose; and that:

- to the best of its knowledge, none of its directors, executive managers or owners nor the directors, executive managers and owners of affiliated companies; have carried out any of the actions described above;
- all remuneration received under this Charter is solely intended as compensation for the services expressly provided under this Charter, including the Parties' related documented costs and expenses, and that it is not receiving remuneration for any other purpose; and,
- neither the Party, nor any of its affiliated companies, directors, executive managers or owners shall use any part of said remuneration for any purpose prohibited under this Clause 51.

**(Indemnification):**

if such calling constitute a breach of sanctions, then Charterers to undertake to indemnify Owners against all direct and proven loss and costs sustained as a result of such violation. Charterers shall indemnify the Owners and hold the Owners harmless in respect of any direct and proven liability, loss, damage or expenses of whatsoever nature which the Owners may sustain resulting from the operation of the Vessel (including but not limited to hereunder those arising from Vessel entering/operating in war area or warlike area).

**(Others):**

that neither it, its directors, executive managers and owners, nor the directors, executive managers and owners of affiliated companies; have been suspended from doing business in any form subject to investigation or charged with or sentenced for relevant criminal behaviour, fraud, false statements, corruption or other related activities;

**52. Confidentiality**

The discussions between the Parties shall be kept strictly confidential by both Parties and may only be disclosed to each Party's advisors and financiers on a need to know basis, and as may be required to be disclosed under applicable law, regulatory rules and regulations, government authorities or relevant stock exchange rules.

**53. Counterparts**

This Charter Party may be executed in any number of counterparts and any single counterpart or set of counterparts signed, in either case, by all the parties hereto shall be deemed to constitute a full and original agreement for all purposes.

**54. EUETS**

"Emission Allowances" means an allowance, credit, quota, permit or equivalent, representing a right of a vessel to emit a specified quantity of greenhouse gas emissions recognized by the Emission Scheme, or generally in connection with emissions, carbon reduction or other environmental or sustainability measures relating to the operation of the Vessel.

"Emission Scheme" means a greenhouse gas emissions trading scheme and any emissions, carbon reduction or other environmental or sustainability measures relating to the Vessel, which for the purposes of this Clause shall include (without limitation) the European Union Emissions Trading System and any other similar systems imposed by any similar or equivalent international, regional, national or local scheme implemented by the IMO or any other authority that regulate the issuance, allocation, trading or surrendering of Emission Allowances.

- (i) The Charterer shall be the sole responsible party for compliance of all Emission Scheme obligations in relation to the Vessel, and whether or not such obligations are, pursuant to any domestic or international law or regulation, directed to the Owner as registered or beneficial owner of the Vessel.
-

- (ii) Notwithstanding sub-paragraph (i) above, the Charterer shall be permitted to sub-delegate such Emission Scheme responsibility on to any entity, including without limitation to the relevant holder of Document of Compliance under the ISM Code in respect of the Vessel. Such sub-delegation shall be documented and copy of such documentation shall be made available to the Owner.
- (iii) The Charterers shall co-operate with the Owner and assist the Owner to deliver all such forms as are required to be filed to any relevant authorities in relation to the delegation and assumption of any Emission Scheme responsibilities.
- (iv) Without limiting the foregoing, throughout the Charter Period the Charterer, or any mandated by the Charterer entity, shall provide and pay for the Emission Allowances corresponding to the Vessel's emissions under the scope of the applicable Emission Scheme without any delay whatsoever.
- (v) Emission Allowances, taxes, charges, levies, fees, fines, costs or expenses incurred or imposed in connection with any Emissions Scheme, shall be for the Charterers' account and are to be settled directly by them or their mandated entity.
- (vi) The Charterer shall ensure that the Charterer, or any mandated by the Charterer entity, shall comply, acknowledge in writing in any form that may be reasonably required, and provide all such information and documents to the Owner as necessary to enable the Owners and any Emission Scheme obligor to document and evidence to any authority their delegation/mandating of all Emission Scheme obligations in relation to the Vessel (and the assumption of same by the relevant mandated entity), as may be required from time to time during the Charter Period by the Owner, any manager or other mandated entity, and any relevant Emission Scheme authority, in conformity with the provisions of this Clause. In relation to the Emission Scheme being the European Union Emissions Trading System, the Owner and the Charterer, or any mandated by the Charterer entity, shall complete and sign a mandate form in form and substance as required (from time to time) by the EU Commission Implementing Regulation (EU) 2023/2599, the Directive 2003/87/EC, currently and indicatively in form as appended hereto (Appendix C) (the "Mandate Form").
- (vii) The Owner undertake to relay to the Charterer, without delay, any information that might be received by the Owner for any reason whatsoever, including by error of any authority, and which might relate to compliance with any Emission Scheme.

IN WITNESS HEREOF the Owners and the Charterers have signed and executed TWO COPIES of this Agreement the day and year first written.

<p><b>T.A.C.K. SHIPPING, S.A.</b> Signature (Owners)  Name: Takayuki Hanada Title: Representative Director / Treasurer</p>	<p><b>GADELOUPE SHIPPING COMPANY INC.</b> Signature (Charterers) /s/ Andreas Nikolaos Michalopoulos Name: Andreas Nikolaos Michalopoulos Title: Director / Attorney-in-fact</p>
<p><b>Kowa Kaiun Co., Ltd.</b> Signature (Guarantor)  Name: Takayuki Hanada Title: Executive Director</p>	<p><b>Performance Shipping Inc.</b> Signature (Guarantor) /s/ Andreas Nikolaos Michalopoulos Name: Andreas Nikolaos Michalopoulos Title: Director/ Chief Executive Officer</p>

**List of Appendices:**

- Appendix A:** Memorandum of Agreement for purchase option
  - Appendix B:** Form of performance guarantees
  - Appendix C:** Mandate Form of EU-ETS Obligation
  - Appendix D:** Form of Quiet Enjoyment Letter
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# SALEFORM 1993

## MEMORANDUM OF AGREEMENT

Norwegian Shipbrokers' Association's  
Memorandum of Agreement for sale and purchase of ships



Dated: 24 October 2024

1 **Mustique Shipping Company Inc.**, a corporation incorporated and existing under the laws of the Republic of Marshall Islands whose registered address is at Trust  
2 **Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands MH96960** hereinafter called the Sellers, have agreed to sell, and  
3 **Huican (Tianjin) Shipping Leasing Co., Ltd.**, a corporation incorporated under the laws of the People's Republic of China whose registered office is at **Room 202,**  
4 **No.6262, Aozhou Road, (Dongjiang Comprehensive Free Trade Zone), Tianjin Pilot Free Trade Zone (No. 10214, Dongjiang Business Secretary Service Co., Ltd. Free**  
5 **Trade Zone)** hereinafter called the Buyers, have agreed to buy  
6 Name: **Hull No. H1596**  
7 Classification Society/Class: **As per Shipbuilding Contract**  
8 Built: **2026/China By: China Shipbuilding Trading Company Limited and Shanghai Waigaoqiao Shipbuilding Company Limited**  
9 Flag: **The Republic of Marshall Island** Place of Registration: **The Republic of Marshall Island**  
10 Call Sign: **TBA Grt/Nrt: As per Shipbuilding Contract**  
11 Register/IMO Number: **TBA**  
12 hereinafter called the Vessel, on the following terms and conditions:

### 10 Definitions

13 ~~“Banking days” are days on which banks are open both in the country of the currency~~  
14 ~~stipulated for the Purchase Price in Clause 1 and in the place of closing stipulated in Clause 8.~~  
15 ~~“In writing” or “written” means a letter handed over from the Sellers to the Buyers or vice versa,~~  
16 ~~a registered letter, telex, telefax or other modern form of written communication.~~  
17 ~~“C Society” or “Class” means the Society referred to in line 4.~~

### 16 1. Purchase Price ~~(see Clause 17)~~

### 17 2. Deposit

18 ~~As security for the correct fulfilment of this Agreement the Buyers shall pay a deposit of 10 %~~  
19 ~~(ten per cent) of the Purchase Price within banking days from the date of this~~  
20 ~~Agreement. This deposit shall be placed with~~  
21 ~~and held by them in a joint account for the Sellers and the Buyers, to be released in accordance~~  
22 ~~with joint written instructions of the Sellers and the Buyers. Interest, if any, to be credited to the~~  
23 ~~Buyers. Any fee charged for holding the said deposit shall be borne equally by the Sellers and the~~  
24 ~~Buyers.~~

### 25 3. Payment

26 The said Purchase Price shall be paid in full free of bank charges ~~in line with to~~  
27 ~~on delivery of the Vessel, Clause 17 of the Agreement, but not later than 3 banking days after the Vessel is in every respect~~  
28 ~~physically ready for delivery in accordance with the terms and conditions of this Agreement and~~  
29 ~~Notice of Readiness has been given in accordance with Clause 5.~~

### 30 4. Inspections

31 ~~a)\* The Buyers have inspected and accepted the Vessel's classification records. The Buyers~~  
32 ~~have also inspected the Vessel at/in on~~  
33 ~~and have accepted the Vessel following this inspection and the sale is outright and definite,~~

This document is a computer generated SALEFORM 1993 form printed by authority of the Norwegian Shipbrokers' Association. Any insertion or deletion to the form must be clearly visible. In the event of any modification made to the pre-printed text of this document which is not clearly visible, the text of the original approved document shall apply. BIMCO and the Norwegian Shipbrokers' Association assume no responsibility for any loss, damage or expense as a result of discrepancies between the original approved document and this computer generated document.

34 subject only to the terms and conditions of this Agreement.

35 b)\* The Buyers shall have the right to inspect the Vessel's classification records and declare  
36 whether same are accepted or not within  
37 The Sellers shall provide for inspection of the Vessel at/in  
38 The Buyers shall undertake the inspection without undue delay to the Vessel. Should the  
39 Buyers cause undue delay they shall compensate the Sellers for the losses thereby incurred.  
40 The Buyers shall inspect the Vessel without opening up and without cost to the Sellers.  
41 During the inspection, the Vessel's deck and engine log books shall be made available for  
42 examination by the Buyers. If the Vessel is accepted after such inspection, the sale shall  
43 become outright and definite, subject only to the terms and conditions of this Agreement,  
44 provided the Sellers receive written notice of acceptance from the Buyers within 72 hours  
45 after completion of such inspection.

46 Should notice of acceptance of the Vessel's classification records and of the Vessel not be  
47 received by the Sellers as aforesaid, the deposit together with interest earned shall be  
48 released immediately to the Buyers, whereafter this Agreement shall be null and void.  
49 \* 4 a) and 4 b) are alternatives; delete whichever is not applicable. In the absence of deletions;

50 alternative 4 a) to apply.

## 51 5. Notices, time and place of delivery

52 a) The Sellers shall keep the Buyers well informed of the Vessel's itinerary and shall  
53 provide the Buyers with 10 and 5, 3 and 1, , and days notice of the estimated time of arrival at the  
54 intended place of drydocking/underwater inspection/delivery. When the Vessel is at the place  
55 of delivery and in every respect physically ready for delivery in accordance with this  
56 Agreement, the Sellers shall give the Buyers a written Notice of Readiness for delivery at least three (3) Business Days before the Propositioning Date, subject to  
the fulfillment of the Remittance Conditions Precedent.

57 b) The Vessel shall be delivered and taken over safely afloat at a safe and accessible berth or  
58 anchorage at in such location as agreed between the Sellers and the Buyers  
59 in the Sellers' option.

60 (i) Expected time of delivery: **between 0000 to 2359 hours**

61 (ii) Date of cancelling (see Clauses 5 e), 6 b) (iii) and 14): **See "Cancelling Date" in the Bareboat Charter**

62 e) If the Sellers anticipate that, notwithstanding the exercise of due diligence by them, the  
63 Vessel will not be ready for delivery by the cancelling date they may notify the Buyers in  
64 writing stating the date when they anticipate that the Vessel will be ready for delivery and  
65 propose a new cancelling date. Upon receipt of such notification the Buyers shall have the  
66 option of either cancelling this Agreement in accordance with Clause 14 within 7 running  
67 days of receipt of the notice or of accepting the new date as the new cancelling date. If the  
68 Buyers have not declared their option within 7 running days of receipt of the Sellers'  
69 notification or if the Buyers accept the new date, the date proposed in the Sellers' notification  
70 shall be deemed to be the new cancelling date and shall be substituted for the cancelling  
71 date stipulated in line 61.

72 If this Agreement is maintained with the new cancelling date all other terms and conditions  
73 hereof including those contained in Clauses 5 a) and 5 e) shall remain unaltered and in full  
74 force and effect. Cancellation or failure to cancel shall be entirely without prejudice to any  
75 claim for damages the Buyers may have under Clause 14 for the Vessel not being ready by  
76 the original cancelling date.

77 d) Should the Vessel become an actual, constructive or compromised total loss before delivery  
78 the deposit together with interest earned shall be released immediately to the Buyers  
79 whereafter this Agreement shall be null and void.

## 80 6. Drydocking/Divers Inspection

81 a)\*\* The Sellers shall place the Vessel in drydock at the port of delivery for inspection by the

82 Classification Society of the Vessel's underwater parts below the deepest load line, the  
83 extent of the inspection being in accordance with the Classification Society's rules. If the  
84 rudder, propeller, bottom or other underwater parts below the deepest load line are found  
85 broken, damaged or defective so as to affect the Vessel's class, such defects shall be made  
86 good at the Sellers' expense to the satisfaction of the Classification Society without  
87 condition/recommendation\*.

88 b)\*\* (i) The Vessel is to be delivered without drydocking. However, the Buyers shall  
89 have the right at their expense to arrange for an underwater inspection by a diver approved  
90 by the Classification Society prior to the delivery of the Vessel. The Sellers shall at their  
91 cost make the Vessel available for such inspection. The extent of the inspection and the  
92 conditions under which it is performed shall be to the satisfaction of the Classification  
93 Society. If the conditions at the port of delivery are unsuitable for such inspection, the  
94 Sellers shall make the Vessel available at a suitable alternative place near to the delivery  
95 port.

96 (ii) If the rudder, propeller, bottom or other underwater parts below the deepest load line  
97 are found broken, damaged or defective so as to affect the Vessel's class, then unless  
98 repairs can be carried out afloat to the satisfaction of the Classification Society, the Sellers  
99 shall arrange for the Vessel to be drydocked at their expense for inspection by the  
100 Classification Society of the Vessel's underwater parts below the deepest load line, the  
101 extent of the inspection being in accordance with the Classification Society's rules. If the  
102 rudder, propeller, bottom or other underwater parts below the deepest load line are found  
103 broken, damaged or defective so as to affect the Vessel's class, such defects shall be made  
104 good by the Sellers at their expense to the satisfaction of the Classification Society  
105 without condition/recommendation\*. In such event the Sellers are to pay also for the cost of  
106 the underwater inspection and the Classification Society's attendance.

107 (iii) If the Vessel is to be drydocked pursuant to Clause 6 b) (ii) and no suitable dry-  
108 docking facilities are available at the port of delivery, the Sellers shall take the Vessel  
109 to a port where suitable drydocking facilities are available, whether within or outside the  
110 delivery range as per Clause 5 b). Once drydocking has taken place the Sellers shall deliver  
111 the Vessel at a port within the delivery range as per Clause 5 b) which shall, for the  
112 purpose of this Clause, become the new port of delivery. In such event the cancelling date  
113 provided for in Clause 5 b)) shall be extended by the additional time required for the  
114 drydocking and extra steaming, but limited to a maximum of 14 running days.

115 e) If the Vessel is drydocked pursuant to Clause 6 a) or 6 b) above

116 (i) the Classification Society may require survey of the tailshaft system, the extent of  
117 the survey being to the satisfaction of the Classification surveyor. If such survey is not  
118 required by the Classification Society, the Buyers shall have the right to require the tailshaft  
119 to be drawn and surveyed by the Classification Society, the extent of the survey being in  
120 accordance with the Classification Society's rules for tailshaft survey and consistent with  
121 the current stage of the Vessel's survey cycle. The Buyers shall declare whether they  
122 require the tailshaft to be drawn and surveyed not later than by the completion of the  
123 inspection by the Classification Society. The drawing and refitting of the tailshaft shall be  
124 arranged by the Sellers. Should any parts of the tailshaft system be condemned or found  
125 defective so as to affect the Vessel's class, those parts shall be renewed or made good at  
126 the Sellers' expense to the satisfaction of the Classification Society without  
127 condition/recommendation\*.

128 (ii) the expenses relating to the survey of the tailshaft system shall be borne  
129 by the Buyers unless the Classification Society requires such survey to be carried out, in  
130 which case the Sellers shall pay these expenses. The Sellers shall also pay the expenses  
131 if the Buyers require the survey and parts of the system are condemned or found defective  
132 or broken so as to affect the Vessel's class\*.

133 (iii) the expenses in connection with putting the Vessel in and taking her out of  
134 drydock, including the drydock dues and the Classification Society's fees shall be paid by  
135 the Sellers if the Classification Society issues any condition/recommendation\* as a result  
136 of the survey or if it requires survey of the tailshaft system. In all other cases the Buyers  
137 shall pay the aforesaid expenses, dues and fees.

138 (iv) the Buyers' representative shall have the right to be present in the drydock, but  
139 without interfering with the work or decisions of the Classification surveyor.

140 (v) the Buyers shall have the right to have the underwater parts of the Vessel  
141 cleaned and painted at their risk and expense without interfering with the Sellers' or the  
142 Classification surveyor's work, if any, and without affecting the Vessel's timely delivery. If,  
143 however, the Buyers' work in drydock is still in progress when the Sellers have  
144 completed the work which the Sellers are required to do, the additional docking time  
145 needed to complete the Buyers' work shall be for the Buyers' risk and expense. In the event  
146 that the Buyers' work requires such additional time, the Sellers may upon completion of the  
147 Sellers' work tender Notice of Readiness for delivery whilst the Vessel is still in drydock  
148 and the Buyers shall be obliged to take delivery in accordance with Clause 3, whether  
149 the Vessel is in drydock or not and irrespective of Clause 5 b).

150 \*Notes, if any, in the surveyor's report which are accepted by the Classification Society  
151 without condition/recommendation are not to be taken into account.

152 \*\*6 a) and 6 b) are alternatives; delete whichever is not applicable. In the absence of deletions,  
153 alternative 6 a) to apply.

## 154 7. Spares/bunkers, etc.

155 The Sellers shall deliver the Vessel to the Buyers with everything belonging to her on board and on  
156 shore. All spare parts and spare equipment including spare tail-end shaft(s) and/or spare  
157 propeller(s)/propeller blade(s), if any, belonging to the Vessel at the time of inspection used or  
158 unused, whether on board or not shall become the Buyers' property, but spares on order are to be  
159 excluded. ~~Forwarding charges, if any, shall be for the Buyers' account.~~ The Sellers are not required to  
160 replace spare parts including spare tail - end shaft(s) and spare propeller(s)/propeller blade(s) which  
161 are taken out of spare and used as replacement prior to delivery, but the replaced items shall be the  
162 property of the Buyers. The radio installation and navigational equipment shall be included in the sale  
163 without extra payment if they are the property of the Sellers. Unused stores and provisions shall be  
164 included in the sale and be taken over by the Buyers without extra payment.

165 ~~The Sellers have the right to take ashore crockery, plates, cutlery, linen and other articles bearing the  
166 Sellers' flag or name, provided they replace same with similar unmarked items. Library, forms, etc.,  
167 exclusively for use in the Sellers' vessel(s), shall be excluded without compensation. Captain's,  
168 Officers' and Crew's personal belongings including the slop chest are to be excluded from the sale,  
169 as well as the following additional items (including items on hire):~~

170 The Buyers shall take over the remaining bunkers and unused lubricating oils in storage tanks and  
171 sealed drums without costs, and pay the current net market price (excluding barging expenses) at the port and date  
172 of delivery of the Vessel.

173 ~~Payment under this Clause shall be made at the same time and place and in the same currency as  
174 the Purchase Price.~~

## 175 8. Documentation

176 The place of closing: **Such place to be nominated by the Sellers and agreed by the Buyers or otherwise via telephone and/or video conference as agreed by the Sellers and the Buyers.**

177 ~~In exchange for payment of the Purchase Price the Sellers shall furnish the Buyers with delivery  
178 documents, namely: Payment of the Purchase Price shall be conditional upon the fulfilment of the Remittance Conditions Precedent.~~



179 a) Legal Bill of Sale in a form recordable in (the country in which the Buyers are  
180 to register the Vessel), warranting that the Vessel is free from all encumbrances, mortgages  
181 and maritime liens or any other debts or claims whatsoever, duly notarially attested and  
182 legalized by the consul of such country or other competent authority.

183 b) Current Certificate of Ownership issued by the competent authorities of the flag state of  
184 the Vessel.

185 e) Confirmation of Class issued within 72 hours prior to delivery.

186 d) Current Certificate issued by the competent authorities stating that the Vessel is free from  
187 registered encumbrances.

188 e) Certificate of Deletion of the Vessel from the Vessel's registry or other official evidence of  
189 deletion appropriate to the Vessel's registry at the time of delivery, or, in the event that the  
190 registry does not as a matter of practice issue such documentation immediately, a written  
191 undertaking by the Sellers to effect deletion from the Vessel's registry forthwith and furnish a  
192 Certificate or other official evidence of deletion to the Buyers promptly and latest within 4  
193 (four) weeks after the Purchase Price has been paid and the Vessel has been delivered.

194 f) Any such additional documents as may reasonably be required by the competent authorities  
195 for the purpose of registering the Vessel, provided the Buyers notify the Sellers of any such  
196 documents as soon as possible after the date of this Agreement.

197 At the time of delivery the Buyers and Sellers shall sign and deliver to each other a Protocol of  
198 Delivery and Acceptance confirming the date and time of delivery of the Vessel from the Sellers to the  
199 Buyers.

200 At the time of delivery ~~the Sellers shall hand to the Buyers~~ the classification certificate(s) as well as all  
201 plans etc., which are on board the Vessel; ~~together with o~~Other certificates which are on board the Vessel shall ~~remain on board the Vessel and also the~~  
202 ~~be handed over to the Buyers unless the~~ Sellers ~~shall provide the Buyers with copies of these documents~~ are required to retain same, in which case the  
203 Buyers to have the right to take copies. Other technical documentation which may  
204 be in the Sellers' possession shall be promptly forwarded to the Buyers at their expense, if they so  
205 request. The Sellers may keep the Vessel's log books but the Buyers to have the right to take  
206 copies of same.

## 207 9. Encumbrances

208 The Sellers warrant that the Vessel, at the time of delivery, is free from all charters (~~other than the Approved Sub-charter (as defined in the Bareboat Charter) and the~~  
209 ~~Bareboat Charter~~), encumbrances,  
210 mortgages and ~~liens (whether maritime or otherwise)~~ maritime liens or any other debts whatsoever. The Sellers hereby undertake  
211 to indemnify the Buyers against all consequences of claims made against the Vessel which have  
been incurred prior to the time of delivery.

## 212 10. Taxes, etc.

213 Any taxes, fees and expenses in connection with the purchase ~~of the Vessel~~ and registration under the Buyers' flag  
214 ~~shall be for the Buyers' account, whereas similar charges and~~ in connection with the closing of the Sellers'  
215 register shall be for the Sellers' account.

## 216 11. Condition on delivery

217 The Vessel with everything belonging to her shall be at the Sellers' risk and expense until she is  
218 delivered to the Buyers, but subject to the terms and conditions of this Agreement she shall be  
219 delivered and taken over as she was at the time of inspection, fair wear and tear excepted.

220 However, the Vessel shall be delivered with her class maintained without condition/recommendation\*,

221 free of average damage affecting the Vessel's class, and with her classification certificates and  
222 national certificates, as well as all other certificates the Vessel had at the time of inspection, valid and  
223 unextended without condition/recommendation\* by Class or the relevant authorities at the time of  
224 delivery.

225 ~~"Inspection" in this Clause 11, shall mean the Buyers' inspection according to Clause 4 a) or 4 b), if~~  
226 ~~applicable, or the Buyers' inspection prior to the signing of this Agreement. If the Vessel is taken over~~  
227 ~~without inspection, the date of this Agreement shall be the relevant date.~~

228 \* Notes, if any, in the surveyor's report which are accepted by the Classification Society  
229 without condition/recommendation are not to be taken into account.

## 230 12. Name/markings

231 Upon delivery the Buyers undertake to change the name of the Vessel and alter funnel markings.

## 232 13. Buyers' default

~~Should the deposit not be paid in accordance with Clause 2, the Sellers have the right to cancel this Agreement, and they shall be entitled to claim compensation for their losses and for all expenses incurred together with interest.~~

~~Should the Purchase Price not be paid in accordance with Clause 3, the Sellers have the right to cancel the Agreement, in which case the deposit together with interest earned shall be released to the Sellers. If the deposit does not cover their loss, the Sellers shall be entitled to claim further compensation for their losses and for all expenses incurred together with interest.~~

## 240 14. Sellers' default

241 Should the Sellers fail to give Notice of Readiness in accordance with Clause 5 a) or fail to be ready  
242 to validly complete a legal transfer by the date stipulated in line 61 the Buyers shall have  
243 the option of cancelling this Agreement ~~provided always that the Sellers shall be granted a~~  
244 ~~maximum of 3 banking days after Notice of Readiness has been given to make arrangements~~  
245 ~~for the documentation set out in Clause 8.~~ If after Notice of Readiness has been given but before  
246 the Buyers have taken delivery, the Vessel ceases to be physically ready for delivery and is not  
247 made physically ready again in every respect by the date stipulated in line 61 ~~and new Notice of~~  
248 ~~Readiness given,~~ the Buyers shall retain their option to cancel. ~~In the event that the Buyers elect~~  
249 ~~to cancel this Agreement the deposit together with interest earned shall be released to them~~  
250 ~~immediately.~~

251 Should the Sellers fail to give Notice of Readiness by the date stipulated in line 61 or fail to be ready  
252 to validly complete a legal transfer ~~as aforesaid~~ they shall make due compensation to the Buyers for  
253 their loss and for all expenses together with interest ~~if their failure is due to proven~~  
254 ~~negligence and~~ whether or not the Buyers cancel this Agreement ~~unless the Sellers' failure arises directly due to the Buyers' default.~~

## 255 15. Buyers' representatives

256 ~~After this Agreement has been signed by both parties and the deposit has been lodged, the Buyers~~  
257 ~~have the right to place two representatives on board the Vessel at their sole risk and expense upon~~  
258 ~~arrive at on or about~~

259 ~~These representatives are on board for the purpose of familiarisation and in the capacity of~~  
260 ~~observers only, and they shall not interfere in any respect with the operation of the Vessel. The~~  
261 ~~Buyers' representatives shall sign the Sellers' letter of indemnity prior to their embarkation.~~

## 262 16. Arbitration

~~See Clause 29~~

263 a)\* ~~This Agreement shall be governed by and construed in accordance with English law and~~  
264 ~~any dispute arising out of this Agreement shall be referred to arbitration in London in~~

265 accordance with the Arbitration Acts 1950 and 1979 or any statutory modification or  
266 re-enactment thereof for the time being in force, one arbitrator being appointed by each  
267 party. On the receipt by one party of the nomination in writing of the other party's arbitrator,  
268 that party shall appoint their arbitrator within fourteen days, failing which the decision of the  
269 single arbitrator appointed shall apply. If two arbitrators properly appointed shall not agree  
270 they shall appoint an umpire whose decision shall be final.

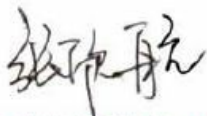
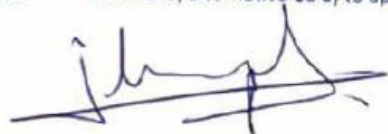
271 b)\* This Agreement shall be governed by and construed in accordance with Title 9 of the  
272 United States Code and the Law of the State of New York and should any dispute arise out of  
273 this Agreement, the matter in dispute shall be referred to three persons at New York, one to  
274 be appointed by each of the parties hereto and the third by the two so chosen; their  
275 decision or that of any two of them shall be final, and for purpose of enforcing any award, this  
276 Agreement may be made a rule of the Court.

277 The proceedings shall be conducted in accordance with the rules of the Society of Maritime  
278 Arbitrators, Inc. New York.

279 c)\* Any dispute arising out of this Agreement shall be referred to arbitration at  
280 ~~—, subject to the procedures applicable there—~~

281 The laws of ~~—~~ shall govern this Agreement.

282 \* 16 a), 16 b) and 16 c) are alternatives, delete whichever is not applicable in the absence of  
283 deletions, alternative 16 a) to apply.



For and on behalf of the Sellers

For and on behalf of the Buyers

Name: Andreas Nikolaos Michalopoulos

Name: Zhang Xinhang

Title: Attorney-in-fact

Title: Attorney-in-fact

**RIDER CLAUSES TO  
MEMORANDUM OF AGREEMENT**

**DATED 24 October 2024**

**CLAUSE 17 – PAYMENT OF PURCHASE PRICE**

- (a) The purchase price (“**Purchase Price**”) of the Vessel shall be the **lower** of (a) US\$45,391,500 and (b) the amount equivalent to 70% of the Shipbuilding Contract Price.
- (b) Subject to (i) the Payment Notice being delivered to the Buyers not later than three (3) Business Days prior to the Prepositioning Date (or such shorter period as the Buyers and the Sellers may agree); (ii) the fulfilment of the Remittance Conditions Precedent to the satisfaction of the Buyers on or prior to the date of the Payment Notice and (iii) the Escrow Agent has confirmed in writing (including by email) to the Parties that the Escrow Account has been opened and is ready to receive funds, the Buyers shall give instructions to their bank to make remittance of the Purchase Price to the Escrow Account which shall be held by the Escrow Agent in accordance with the Escrow Agreement as soon as possible but in any event no later than one (1) Business Day before the Scheduled Delivery Date (the “**Prepositioning Date**”).
- (c) Subject to the Delivery Conditions Precedent having been satisfied and further subject to the terms of the Escrow Agreement, the Purchase Price shall be released from the Escrow Agent’s account and remitted into such account(s) nominated by the Sellers and/or the SBC Sellers and accepted by the Buyers in accordance with the terms of the Escrow Agreement.
- (d) Interest shall accrue on a daily basis on the Purchase Price at the Interest Rate applicable to the first Hire Period from the Prepositioning Date to:
- (i) in the event that the Vessel is delivered to the Buyers on the Delivery Date, the Delivery Date (but excluding such date for calculation purposes); or
- (ii) in the event that the Vessel is not delivered to the Buyers on the Delivery Date, the earlier of (A) the date that such prepositioned funds are returned to the Buyers by the Escrow Agent in accordance with the Escrow Agreement, or (B) the date that the Sellers repay such funds to the Buyers pursuant to the terms of this Agreement.
- Such interest accrued under this clause shall be payable on the Buyers’ demand.
- (e) The interest accrued under Clause 17(d) shall be payable:
- (i) in the event that the Vessel is delivered to the Buyers on the Delivery Date, on the first Hire Payment Date (which for the avoidance of doubt shall be included in the first Charterhire Instalment); and
- (ii) in the event that the Vessel is not delivered to the Buyers on the Delivery Date, on the Buyers’ demand.

**CLAUSE 18 – OBLIGATION TO PURCHASE THE VESSEL**

The Buyers’ obligation to purchase the Vessel under this Agreement is conditional upon:

- (a) The Prepositioning Date, Scheduled Delivery Date and the Delivery Date all falling on a Business Day and on or before the Cancelling Date;
- (b) the fulfilment by the Sellers of the Remittance Conditions Precedent and the Delivery Conditions Precedent;

- (c) no Potential Termination Event or Termination Event having occurred and is continuing or which will occur as a result of the performance by the Sellers or Buyers of their respective obligations under this Agreement; and
- (d) the simultaneous delivery to and acceptance by the Charterers (in their capacity as buyers) of the Vessel in accordance with the terms of the Shipbuilding Contract;
- (e) the simultaneous delivery to and acceptance by the Sellers (in the capacity as buyers) of the Vessel in accordance with the terms of the Initial MOA; and
- (f) the simultaneous delivery to and acceptance by the Charterers (in their capacity as bareboat charterer) of the Vessel in accordance with the terms of the Bareboat Charter.

**CLAUSE 19 – CONDITION OF VESSEL**

The Sellers hereby acknowledge that with respect to the sale and purchase of the Vessel pursuant to the terms of this Agreement, the Buyers are relying on the Sellers in all respects to check all matters concerning the Vessel, including its safety, condition, quality and fitness for purposes and delivery of the Vessel.

**CLAUSE 20 – REPRESENTATIONS AND WARRANTIES OF SELLERS**

The Sellers represent and warrant to the Buyers on the date hereof, the Prepositioning Date and on the Delivery Date that:

- (a) they are duly incorporated and validly existing under the laws of their jurisdiction of incorporation;
- (b) they have the requisite power and authority to enter into and perform this Agreement and this Agreement constitutes their valid, legal and binding obligations in accordance with its terms;
- (c) the execution and performance by them of this Agreement will not breach or constitute a default under their constitutional documents or any agreement, instrument, order, judgment or other restriction which binds the Sellers;
- (d) they will, on the Delivery Date, immediately before Delivery, have good and marketable title to the Vessel and are the sole legal and beneficial owner of the Vessel;
- (e) the Vessel will, on Delivery, be:
  - (i) in a good and safe condition and state of repair consistent with first class ship ownership and management practice;
  - (ii) is classed with the Classification Society at the highest classification available for vessels of its type and is free of all overdue recommendations or conditions; and
  - (iii) has her survey cycles up-to-date and all trading and class certificates valid for at least three (3) months;
- (f) on Delivery, the Vessel will be free from all Security Interests;
- (g) the Vessel is free of all charters (other than the Bareboat Charter and any Approved Sub-charter);
- (h) they:
  - (i) are not a Restricted Person;
  - (ii) they are not owned or controlled by or acting directly on behalf of or for the benefit of, a Restricted Person; and

- (iii) they do not own or control a Restricted Person;
- (iv) neither they nor any of their directors, officers or employees, or, to the best of their knowledge, their agents have received notice or are aware of any claim, action, suit, proceeding or investigation against them with respect to Sanctions;
- (i) no proceeds of the Purchase Price shall be made available, directly or indirectly, to or for the benefit of a Restricted Person nor shall they be otherwise directly or indirectly, applied in a manner or for a purpose prohibited by Sanctions; and
- (j) that the Charterers have paid all instalments payable under the Shipbuilding Contract to the SBC Sellers (other than the Shipbuilding Contract Delivery Instalment) and no other amount is due from the Charterers (in their capacity as buyer) to the SBC Sellers under the terms of the Shipbuilding Contract.

**CLAUSE 21 – PHYSICAL PRESENCE**

If the Flag State requires the Buyers to have a physical presence or office in the Flag State, all fees, costs and expenses arising out of or in connection with the establishment and maintenance of such physical presence or office by the Buyers shall be borne by the Sellers.

**CLAUSE 22 – NOTICE, TIME AND PLACE OF DELIVERY**

- (a) The Sellers shall keep the Buyers well informed of the proposed Delivery Date of the Vessel (including providing the Buyers with copies of all notices of the delivery schedule received from the SBC Sellers) and shall in any event specify the Scheduled Delivery Date in the Payment Notice.
- (b) The Vessel shall be delivered and taken over safely afloat at the yard of the Builder.
- (c) The Delivery shall be required to take place on or before the Cancelling Date.

**CLAUSE 23 – COSTS AND EXPENSES**

- (a) The Sellers shall indemnify and pay such amounts to the Buyers in respect of all costs, claims, expenses, liabilities, losses and fees (including but not limited to any reasonable and documented legal fees, and any vessel registration and tonnage fees) suffered or incurred by or imposed on the Buyers in connection with the delivery, registration and purchase of the Vessel by the Buyers, or otherwise arising from the Buyers' non-performance of their obligations under this Agreement.
- (b) The indemnities provided by the Sellers under this Clause shall continue in full force and effect regardless of (i) any termination of this Agreement (save where arising directly from a default of the Buyers of their obligations under this Agreement) and (ii) whether the Vessel is in the possession or control of the Sellers or otherwise.

**CLAUSE 24 - BUYERS' FURTHER RIGHTS ON TERMINATION**

If:

- (a) a Potential Termination Event or a Termination Event occurs and is continuing prior to Delivery;
- (b) it becomes unlawful or illegal for the Buyers to perform their obligations under this Agreement;
- (c) the Vessel becomes a Total Loss prior to the Delivery Date; or
- (d) the Buyers' right to cancel arises under Clause 14 for failure of the Sellers to deliver the Vessel by the Cancelling Date,

the Buyers shall have the right (in their absolute discretion save for paragraph (c) above where such termination will be immediate and automatic as from the date of the Total Loss) to terminate this Agreement immediately by written notice to the Sellers and such termination shall become effective on the date of such written notification (or such other date as the Buyers may specify in such notice), whereupon:

- (i) the Buyers and Sellers shall cease to have any rights or obligations in relation to each other under this Agreement, provided however that, subject to and in consideration of the Buyers entering into this Agreement and the Bareboat Charter as at the date hereof, the Buyers shall be entitled to retain all expenses, fees or other amounts paid by the Sellers under this Agreement and the other Leasing Documents, and it is agreed by the Parties that such payment shall be irrevocable and unconditional and is acknowledged by the Sellers to be proportionate as to amount, having regard to the legitimate interest of the Buyers, in protecting against the Buyers' risk of the Sellers failing to perform their obligations under this Agreement; and
- (ii) the Sellers shall be obliged to immediately refund or procure that there be immediately refunded in full to the Buyers, any portion of the Purchase Price remitted or transferred by the Buyers under this Agreement, as at the date of such termination.

#### **CLAUSE 25 - COUNTERPARTS**

This Agreement may be executed in any number of counterparts, and this has the same effect as if the signatures on the counterparts were on a single copy of this Agreement.

#### **CLAUSE 26 - NOTICES**

Any notice, certificate, demand or other communication to be served, given, made or sent under or in relation to this Agreement shall be in English and in writing and (without prejudice to any other valid method or giving, making or sending the same) shall be deemed sufficiently given or made or sent if sent by registered post or by email to the following respective address:

- (a) For the Buyers: -

c/o  
Jiangsu Financial Leasing Co., Ltd.  
Address: 9/F, No.1 Building, No.99 East Jialingjiang Street, Nanjing,  
Jiangsu Province, P.R. China  
Attention: ZHANG Xinhang/TENG Huaigang  
Email:

- (b) For the Sellers:

c/o  
Performance Shipping Management Inc.  
Address: 373 Syngrou Ave. & 2-4 Ymittou str.  
17564, Palaio Faliro, Athens, Greece  
Attention: Mr. Andreas Nikolaos Michalopoulos  
Email:

#### **CLAUSE 27 – ENTIRE AGREEMENT**

- (a) The written terms of this Agreement hereto comprise the entire agreement between the Buyers and the Sellers in relation to the sale and purchase of the Vessel and supersede all previous agreements whether oral or written between the Parties in relation thereto.

- (b) Each of the Parties acknowledges that in entering into this Agreement it has not relied on and shall have no right or remedy in respect of any statement, representation, assurance or warranty (whether or not made negligently) other than as is expressly set out in this Agreement.
- (c) Any terms implied into this Agreement by any applicable statute or law are hereby excluded to the extent that such exclusion can legally be made. Nothing in this Clause shall limit or exclude any liability of fraud.

**CLAUSE 28 – ASSIGNMENT AND TRANSFER**

- (a) The Sellers shall not assign or transfer (whether by novation or otherwise) their rights and/or obligations under this Agreement except with the Buyers' prior written consent.
- (b) The Buyers may assign or transfer (whether by novation or otherwise) any of their rights under this Agreement with prior written notice to the Sellers, following which the Sellers shall execute such documents and do all such things as reasonably required by the Buyers to facilitate or effect such assignment or transfer.
- (c) Each of the Sellers and Buyers shall bear their own costs arising from any assignment or transfer as permitted under this Clause.

**CLAUSE 29 – GOVERNING LAW AND ARBITRATION**

- (a) This Agreement and any non-contractual obligations arising under or in connection with it, shall be governed by and construed in accordance with English law.
- (b) This Agreement shall be governed by and construed in accordance with English law and any dispute arising out of or in connection with this Agreement shall be referred to arbitration in London in accordance with the Arbitration Act 1996 or any statutory modification or reenactment thereof save to the extent necessary to give effect to the provisions of this Clause. The seat of the arbitration shall be England, even where the hearing takes place outside England.
- (c) The arbitration shall be conducted in accordance with the London Maritime Arbitrators Association (LMAA) Terms current at the time when the arbitration proceedings are commenced.
- (d) The reference shall be to three arbitrators, one to be appointed by each party and the third, subject to the provisions of the LMAA Terms, by the two so appointed. A party wishing to refer a dispute to arbitration shall appoint its arbitrator and send notice of such appointment in writing to the other party requiring the other party to appoint its own arbitrator within 14 calendar days of that notice and stating that it will appoint its arbitrator as sole arbitrator unless the other party appoints its own arbitrator and gives notice that it has done so within the 14 days specified. If the other party does not appoint its own arbitrator and give notice that it has done so within the 14 days specified in the notice, the party referring a dispute to arbitration may, without the requirement of any further prior notice to the other party, appoint its arbitrator as sole arbitrator and shall advise the other party accordingly. The award of a sole arbitrator shall be binding on both parties as if the arbitrator had been appointed by agreement.
- (e) Nothing herein shall prevent the parties agreeing in writing to vary these provisions to provide for the appointment of a sole arbitrator.
- (f) In cases where neither the claim nor any counterclaim exceeds the sum of US\$100,000 (or such other sum as the parties may agree) the arbitration shall be conducted in accordance with the LMAA Small Claims Procedure current at the time when the arbitration proceedings are commenced. In cases where the claim or any counterclaim exceeds the sum agreed for the LMAA Small Claims Procedure and neither the claim nor the counterclaim exceeds the sum of US\$400,000 (or such other sum as the parties may agree) the parties may further agree that the arbitration shall be conducted in accordance with the LMAA Intermediate Claims Procedure current at the time when the arbitration proceedings and commenced. Where the reference is to three arbitrators the procedure for making appointments shall be in accordance with the procedure for full arbitration stated above.



**CLAUSE 30 – DEFINITIONS**

(a) Unless otherwise specified herein, capitalised terms in this Agreement shall have the same meaning as in the Bareboat Charter. Furthermore, in this Agreement:

“**Bareboat Charter**” means the bareboat charterparty in respect of the Vessel dated on or about the date hereof and entered into between the Buyers as owner and the Charterers as bareboat charterer.

“**Builder**” means Shanghai Waigaoqiao Shipbuilding Co., Ltd., a corporation organised and existing under the laws of the People’s Republic of China, having its registered office at 3001 Zhouhai Road, Pudong New District, Shanghai 200137, the People’s Republic of China.

“**Business Day**” means a day on which banks are open for business in People’s Republic of China, Greece, Hong Kong and the Flag State and in respect of a day on which a payment is required to be made or other dealing is due to take place under this Agreement in Dollars, also a day on which commercial banks are open in New York City.

“**Charterers**” means Sri Lanka Shipping Company Inc., a corporation incorporated and existing under the laws of the Republic of the Marshall Islands whose registered address is at Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands MH96960.

“**Delivery**” means the passing of the legal and beneficial interest in the Vessel from the Sellers to the Buyers pursuant to the terms of this Agreement.

“**Delivery Conditions Precedent**” means the conditions precedent detailed in Clause 34.2(g)(ii) of the Bareboat Charter.

“**Delivery Date**” means the date on which Delivery occurs.

“**Escrow Account**” means the account identified as the “Escrow Account” in the Escrow Agreement.

“**Escrow Agent**” means Watson Farley & Williams acting through its office at Suites 4610-4619, Jardine House, 1 Connaught Place, Hong Kong.

“**Escrow Agreement**” means the escrow agreement made or to be made among the Parties, the SBC Sellers and the Escrow Agent setting out the terms of appointment of the Escrow Agent and the manner in which the Escrow Agent will hold and release the Purchase Price (or part thereof).

“**Flag State**” means the Republic of Marshall Islands or such flag state of the Vessel as may be agreed in writing by the Buyers and the Sellers.

“**Party**” means any party to this Agreement.

“**Payment Notice**” means the form to be submitted by the Sellers to the Buyers to request for the Buyers’ payment of the Purchase Price, which shall be in the form set out in Schedule 1 and which shall be signed by at least one officer of the Sellers.

“**Purchase Price**” shall have the meaning ascribed thereto under Clause 17(a).

“**Remittance Conditions Precedent**” means the conditions precedent detailed in Clause 34.2(g)(i) of the Bareboat Charter.

“**SBC Sellers**” means, collectively, (i) the Builder and (ii) China Shipbuilding Trading Company Limited, a corporation organised and existing under the laws of the People’s Republic of China, having its registered office at 56(Yi) Zhongguancun Nan Da Jie, Beijing 100044, the People’s Republic of China.

“**Scheduled Delivery Date**” means the expected date of delivery of the Vessel proposed by the Sellers and agreed by the Buyers set out in the Payment Notice which shall always be on a Business Day on or before the Cancelling Date.

“**Shipbuilding Contract**” means the shipbuilding contract dated 18 December 2023 entered into between the Charterers (in their capacity as buyer) and the SBC Sellers (in their capacity as sellers) for the construction, sale and purchase of the Vessel as amended and supplemented by the Addendum No. 1 dated 18 December 2023 and as may from time to time be further amended, supplemented or added (to the extent permitted under the Leasing Documents).

“**Shipbuilding Contract Delivery Instalment**” means the final instalment of the Shipbuilding Contract Price (as may be adjusted on an upwards or downwards basis under the terms of the Shipbuilding Contract, in each case evidenced on the invoice to be issued by the SBC Sellers) payable by the Charterers (in their capacity as buyers) to the SBC Sellers under clause 3(e) of article II of the Shipbuilding Contract.

“**Shipbuilding Contract Price**” means the contract price payable by the Charterers (in their capacity as buyers) to the SBC Sellers under the Shipbuilding Contract, being as at the date hereof US\$64,845,000, as may be adjusted on an upwards or downwards basis under the terms thereof.

“**Vessel**” means the product tanker with hull number H1596 to be named m.t. P. TOKYO to be registered under the flag of the Republic of Marshall Islands under construction by the Builder pursuant to the Shipbuilding Contract.

- (b) Clauses 59.2 to 59.6 of the Bareboat Charter apply, with any necessary modifications, to this Agreement.

SCHEDULE 1

FORM OF PAYMENT NOTICE

To: **HUICAN (TIANJIN) SHIPPING LEASING CO., LTD.**

Date: \_\_\_\_\_

**Memorandum of Agreement dated \_\_\_\_\_ (the “Agreement”)  
in relation to the ship with hull number [●] (the “Vessel”)**

1. We refer to the Agreement made between us in relation to the Vessel.
2. This is the Payment Notice as defined in the Agreement.
3. Capitalised terms in this Payment Notice have the meanings set out in the Agreement unless otherwise defined herein.
4. The Scheduled Delivery Date is \_\_\_\_\_
5. We hereby request that, pursuant to Clause 17 of the Agreement an amount of \$ \_\_\_\_\_ (“Purchase Price”) be held and released in accordance with the Escrow Agreement with account details below (being the Escrow Account) and such payment shall be deemed satisfaction of your obligation under Clause 17 of the Agreement to make payment of such amount:

Account Name:	[●]
Beneficiary Bank	[●]
Branch	[●]
Beneficiary Bank SWIFT Code	[●]
IBAN	[●]
Account Number	[●]
Quote Reference	Hull Number [●] – Purchase Price

6. We further represent and warrant that no Termination Event or Potential Termination Event (each as defined in the Bareboat Charter) has occurred.
7. This Payment Notice is irrevocable once issued (unless otherwise agreed by the Buyers).
8. We agree that the payment of the Purchase Price when remitted according to paragraph 5 above shall constitute a full discharge of the Buyers’ obligation to make payment of the Purchase Price under the Agreement.

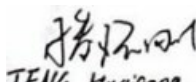
Yours faithfully,

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Name:  
Title: Attorney-in-fact  
for and on behalf of  
**Mustique Shipping Company Inc.**  
Date:

**BUYERS**

SIGNED BY )  
 for and on behalf of )  
**HUICAN(TITANJIN) SHIPPING LEASING CO., LTD.** )  
 in the presence of )  
 Witness' signature: )  
 Witness' name: )  
 Witness' address: )


  
**TENG Huaigang**  
 9/F, No. 1 Building, No.99 East  
 Jialingjiang Street, Nanjing, Jiangsu  
 Province, P.R. China



Zhang Xinhang  
 Attorney-in-fact

**SELLERS**

SIGNED BY )  
 attorney-in-fact )  
 for and on behalf of )  
**MUSTIQUE SHIPPING COMPANY INC.** )  
 in the presence of )  
 Witness's signature: )  
 Witness's name: )  
 Witness' address: )

  
**NILS KRISTIAN KOVDAL**  
**435 OLIVARD ROAD, 22-01**  
**738877 SINGAPORE**



Andreas Nikolaos Michalopoulos

## MEMORANDUM OF AGREEMENT

## SALESFORM 2012

Norwegian Ship brokers' Association's  
Memorandum of Agreement for sale and purchase of ships

1 Dated: **05 March 2025**

2  
3 **GUADELOUPE SHIPPING COMPANY INC.** of the Republic of the Marshall Islands **guaranteed by**  
4 **Performance Shipping Inc.**, of the Republic of the Marshall Islands, hereinafter called the "Sellers", have  
5 agreed to sell, and 6

7 **T.A.C.K. SHIPPING, S.A.** of the Republic of Panama, **guaranteed by Kowa Kain Co., Ltd.** of Japan,  
8 hereinafter called the "Buyers", have agreed to buy:

9  
10 Name of vessel: **MT "P. MARSEILLE" (New building LR2 Tanker "Hull H1597")**

11  
12 IMO Number: **1057218**

13  
14 Classification Society: \_\_\_\_\_

15  
16 Class Notation: \_\_\_\_\_

17  
18 Year of Build: \_\_\_\_\_ **2026**

19  
20 Builder/Yard: **Shanghai Waigaoqiao Shipbuilding Company Limited, PRC.**

21  
22 **Flag: Marshall Islands or Liberia or Malta to be mutually agreed, or Portugal if acceptable to the Buyers**  
23 **and its financiers, or any other jurisdiction proposed by the Sellers and approved by the Buyers, such**  
24 **approval not to be unreasonably denied or delayed.**

25  
26 Place of Registration:

27  
28 GT/NT:

29  
30 hereinafter called the "Vessel", on the following terms and conditions:

31  
32 This Agreement is subject to, and forms part of, a transaction involving the sale, purchase and the lease financing  
33 of the Vessel, pursuant to the BBCP.

34  
35 The Vessel is currently under construction under the Building Contract. The Sellers' obligation to sell and deliver  
36 the Vessel to the Buyers under this Agreement is conditional upon the delivery of the Vessel to the Sellers by the  
37 Construction Seller pursuant to the terms of the Building Contract.

38  
39 **Definitions**

40 "Banking Days" are days on which banks are open both in the country of the currency stipulated for the Purchase  
41 Price in Clause 1 (Purchase Price) and in the place of closing stipulated in Clause 8 (Documentation) and New  
42 York, London, Tokyo, Athens, and Shanghai.

43 "*BBCP*" means *Bareboat Charter Party dated 05 March 2025 made between the Sellers as the Charterers and*  
44 *the Buyers as the Owners together with any addenda thereto.*

45  
46 "*Builder*" means *Shanghai Waigaoqiao Shipbuilding Company Limited, a corporation organized and existing under*  
47 *the laws of the People's Republic of China, having its registered office at 3001 Zhouhai Road, Pudong New District,*  
48 *Shanghai 200137, the People's Republic of China.*

49  
50 "*Construction Seller's Bank*" means **an account** (state details of bank account) at the Builder's Bank.

51  
52 *Bank Name:*

53 *Branch Name:*

54 *Bank Address:*

55 *Account name:*

56 *Account Number:*



57 *Swift Code:*  
58 *Intermediary Bank:*  
59 *Swift Code:*  
60  
61 *“Building Contract” means the ship building contract dated 18 December 2023 (as amended by Addendum no.1*  
62 *dated 18 December 2023) made between the Construction Seller and the Sellers as buyer.*  
63  
64 *“Buyer’s Bank” means Nishi-Nippon City Bank Ltd.*  
65  
66 *“Buyers’ Nominated Flag State” means **Marshall Islands or Liberian flag***  
67  
68 *“Class” means the class notation referred to above.*  
69  
70 *“Classification Society” means the Society referred to above.*  
71  
72 *“Charterers” means Charterers as defined in the BBCP.*  
73  
74 *“Construction Seller” means together (i) the Builder and (ii) China Shipbuilding Trading Company Limited, a*  
75 *company incorporated and existing under the laws of the People’s Republic of China, having its registered office*  
76 *at 56(Yi), Zhongguancun Nan Da Jie, Beijing 100044, the People’s Republic of China.*  
77  
78 *“Delivery Date” means that date on which the Vessel is delivered by the Sellers to the Buyers under this*  
79 *Agreement.*  
80  
81 *“Deposit” shall have the meaning given in Clause 2 (Deposit).*  
82  
83 *“Deposit Holder” means \_\_\_\_\_ (state name and location of Deposit Holder) or, if left blank, the Sellers’ Bank, which*  
84 *shall hold and release the Deposit in accordance with this Agreement.*  
85  
86 *“In writing” or “written” means a letter handed over from the Sellers to the Buyers or vice versa, a registered*  
87 *letter, email or telefax.*  
88  
89 *“Net Finance Amount” means USD 45,000,000.00 (United States Dollars Forty-Five Million).*  
90  
91 *“Owners” means Owners as defined in the BBCP.*  
92  
93 *“Parties” means the Sellers and the Buyers.*  
94  
95 *“Purchase Price” means the price for the Vessel as stated in Clause 1 (Purchase Price).*  
96  
97 *“Sellers’ Account” means **an account** (state details of bank account) at the Sellers’ Bank.*  
98  
99 *Bank Name:*  
100 *Branch Name:*  
101 *Bank Address:*  
102 *Account name:*  
103 *Account Number:*  
*USD IBAN:*  
*Swift Code:*  
*Intermediary Bank:*  
*Swift Code:*  
*“Sellers’ Bank” means .....*  
**1. Purchase Price**



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The Purchase Price is USD 45,000,000.00 (state currency and amount both in words and figures) (United States Dollars Forty-Five Million).

## 2. Deposit (clause not applicable)

As security for the correct fulfilment of this Agreement the Buyers shall lodge a deposit of % (per cent) or, if left blank, 10% (ten per cent), of the Purchase Price (the "Deposit") in an interest bearing account for the Parties with the Deposit Holder within three (3) Banking Days after the date that:

(i) this Agreement has been signed by the Parties and exchanged in original or by e-mail or telefax; and

(ii) the Deposit Holder has confirmed in writing to the Parties that the account has been opened.

The Deposit shall be released in accordance with joint written instructions of the Parties. Interest, if any, shall be credited to the Buyers. Any fee charged for holding and releasing the Deposit shall be borne equally by the Parties. The Parties shall provide to the Deposit Holder all necessary documentation to open and maintain the account without delay.

## 3. Payment

Please see Additional Clause 22 (Payment).

On delivery of the Vessel, but not later than three (3) Banking Days after the date that Notice of Readiness has been given in accordance with Clause 5 (Time and place of delivery and notices):

(i) the Deposit shall be released to the Sellers; and

(ii) the balance of The Purchase Price (less Charterers' Down Payment as per BCCP clause 49) and all other sums payable on delivery by the Buyers to the Sellers under this Agreement shall be paid in full free of bank charges to the Sellers' Account. Purchase Price shall be paid into a suspense account with the Sellers' Bank with conditional payment method set out in a MT 199 SWIFT message not later than two (2) Banking Days prior to Delivery with irrevocable and unconditional instruction to be released to Sellers upon presentation of a fixed copy of the Protocol of Delivery and Acceptance signed by both the Sellers and the Buyers; and all other sums payable on delivery by the Buyers to the Sellers under this Agreement shall be paid in full free of bank charges to the Sellers' Account.

## 4. Inspection

The Buyers confirm that prior to the date of this Agreement they have received (i) a copy of the Building Contract, (ii) full specifications and drawings (including makers list), (iii) up-to-date photographs of the Vessel and (iv) any other information which they requested to enable the Buyers and their advisors to assess the condition of the Vessel, and the Buyers confirm that they hereby accept the technical condition of the Vessel. Therefore,

(a)\* ~~The Buyers have inspected and accepted the Vessel's classification records. The Buyers have also inspected the Vessel at/in \_\_\_\_\_ (state place) on \_\_\_\_\_ (state date) and have accepted the Vessel following this inspection and the sale is outright and definite, subject only to the terms and conditions of this Agreement.~~

(b)\* (i) ~~The Buyers shall have the right to inspect the Vessel's classification records and declare whether same are accepted or not within \_\_\_\_\_ (state date/period);-~~

(ii) ~~The Sellers shall make the Vessel available for inspection at/in \_\_\_\_\_ (state place/range) within \_\_\_\_\_ (state date/period);-~~



160 The Buyers shall undertake the inspection without undue delay to the Vessel. Should the Buyers cause  
161 undue delay they shall compensate the Sellers for the losses thereby incurred.

162  
163 The Buyers shall inspect the Vessel without opening up and without cost to the Sellers.

164  
165 During the inspection, the Vessel's deck and engine log books shall be made available for examination by  
166 the Buyers.

167  
168 The sale shall become outright and definite, subject only to the terms and conditions of this Agreement,  
169 provided that the Sellers receive written notice of acceptance of the Vessel from the Buyers within seventy  
170 two (72) hours after completion of such inspection or after the date/last day of the period stated in Clause  
171 4(b)(ii), whichever is earlier.

172  
173 Should the Buyers fail to undertake the inspection as scheduled and/or notice of acceptance of the Vessel's  
174 classification records and/or of the Vessel not be received by the Sellers as aforesaid, the Deposit together  
175 with interest earned, if any, shall be released immediately to the Buyers, whereafter this Agreement shall be  
176 null and void.

177  
178 \*4(a) and 4(b) are alternatives; delete whichever is not applicable. In the absence of deletions, alternative  
179 4(a) shall apply.

## 180 181 5. Time and place of delivery and notices

182  
183 (a) The Vessel shall be delivered and taken over *as is where* is safely afloat *alongside a quay or pier* at a safe  
184 and accessible berth or anchorage at the shipyard of the Builder *in the Sellers' option*.

185  
186 *Expected time of delivery: the expected date of delivery of the Vessel under the Building Contract* ~~Notice of~~  
187 *Readiness shall not be tendered before: XX XXX 2025*

188  
189 Cancelling Date (see Clauses 5(d) ~~6(a)(i), and 14~~): **31 October 2026**

190  
191 (b) The Sellers shall keep the Buyers well informed *with regards to the actual delivery date of the Vessel* ~~of the~~  
192 ~~Vessel's itinerary~~ and shall provide the Buyers with twenty (20), fifteen (15), seven (7) and three (3) and  
193 ~~three (3) days' approximate notice and three (3) two (2) Banking Days' definite notice~~ of the date of delivery.  
194 ~~Timing of delivery to be mutually agreed by Sellers and Buyers.~~

195 When the Vessel is ~~at the place of delivery~~ and physically ready for delivery in accordance with this  
196 Agreement, the Sellers shall give the Buyers a written Notice of Readiness for delivery.

197  
198 *The Buyers hereby confirm that, in accordance with the terms and conditions provided herein, the delivery*  
199 *of the Vessel by the Sellers under this Agreement will take place simultaneously with the delivery of the*  
200 *Vessel to the Sellers under the Building Contract.*

## 201 202 6. Divers Inspection / Drydocking (clause not applicable)

203  
204 (a)\* (i) The Buyers shall have the option at their cost and expense to arrange for an underwater inspection by a  
205 diver approved by the Classification Society prior to the delivery of the Vessel. Such option shall be  
206 declared latest nine (9) days prior to the Vessel's intended date of readiness for delivery as notified by the  
207 Sellers pursuant to Clause 5(b) of this Agreement. The Sellers shall at their cost and expense make the  
208 Vessel available for such inspection. This inspection shall be carried out without undue delay and in the  
209 presence of a Classification Society surveyor arranged for by the Sellers and paid for by the Buyers. The  
210 Buyers' representative(s) shall have the right to be present at the diver's inspection as observer(s) only  
211 without interfering with the work or decisions of the Classification Society surveyor. The extent of the  
212 inspection and the conditions under which it is performed shall be to the satisfaction of the Classification  
213 Society. If the conditions at the place of delivery are unsuitable for such inspection, the Sellers shall at their  
214 cost and expense make the Vessel available at a suitable alternative place near to the delivery port, in  
215 which event the Cancelling Date shall be extended by the additional time required for such positioning and  
216 the subsequent re-positioning. The Sellers may not tender Notice of Readiness prior to completion of the



217 underwater inspection.

218  
219 (ii) If the rudder, propeller, bottom or other underwater parts below the deepest load line are found broken,  
220 damaged or defective so as to affect the Vessel's class, then (1) unless repairs can be carried out afloat to  
221 the satisfaction of the Classification Society, the Sellers shall arrange for the Vessel to be drydocked at their  
222 expense for inspection by the Classification Society of the Vessel's underwater parts below the deepest load  
223 line, the extent of the inspection being in accordance with the Classification Society's rules (2) such defects  
224 shall be made good by the Sellers at their cost and expense to the satisfaction of the Classification Society  
225 without condition/recommendation\*\* and (3) the Sellers shall pay for the underwater inspection and the  
226 Classification Society's attendance.

227  
228 Notwithstanding anything to the contrary in this Agreement, if the Classification Society do not require the  
229 aforementioned defects to be rectified before the next class drydocking survey, the Sellers shall be entitled  
230 to deliver the Vessel with these defects against a deduction from the Purchase Price of the estimated direct  
231 cost (of labour and materials) of carrying out the repairs to the satisfaction of the Classification Society,  
232 whereafter the Buyers shall have no further rights whatsoever in respect of the defects and/or repairs. The  
233 estimated direct cost of the repairs shall be the average of quotes for the repair work obtained from two  
234 reputable independent shipyards at or in the vicinity of the port of delivery, one to be obtained by each of the  
235 Parties within two (2) Banking Days from the date of the imposition of the condition/recommendation, unless  
236 the Parties agree otherwise. Should either of the Parties fail to obtain such a quote within the stipulated time  
237 then the quote duly obtained by the other Party shall be the sole basis for the estimate of the direct repair  
238 costs. The Sellers may not tender Notice of Readiness prior to such estimate having been established.

239  
240 (iii) if the Vessel is to be drydocked pursuant to Clause 6(a)(ii) and no suitable dry-docking facilities are  
241 available at the port of delivery, the Sellers shall take the Vessel to a port where suitable drydocking facilities  
242 are available, whether within or outside the delivery range as per Clause 5(a). Once drydocking has taken  
243 place the Sellers shall deliver the Vessel at a port within the delivery range as per Clause 5(a) which shall,  
244 for the purpose of this Clause, become the new port of delivery. In such event the Cancelling Date shall be  
245 extended by the additional time required for the drydocking and extra steaming, but limited to a maximum of  
246 fourteen (14) days.

247  
248 (b)\* The Sellers shall place the Vessel in drydock at the port of delivery for inspection by the Classification  
249 Society of the Vessel's underwater parts below the deepest load line, the extent of the inspection being in  
250 accordance with the Classification Society's rules. If the rudder, propeller, bottom or other underwater parts  
251 below the deepest load line are found broken, damaged or defective so as to affect the Vessel's class, such  
252 defects shall be made good at the Sellers' cost and expense to the satisfaction of the Classification Society  
253 without condition/recommendation\*\*. In such event the Sellers are also to pay for the costs and expenses in  
254 connection with putting the Vessel in and taking her out of drydock, including the drydock dues and the  
255 Classification Society's fees. The Sellers shall also pay for these costs and expenses if parts of the tailshaft  
256 system are condemned or found defective or broken so as to affect the Vessel's class. In all other cases,  
257 the Buyers shall pay the aforesaid costs and expenses, due and fees.

258  
259 (e) If the Vessel is drydocked pursuant to Clause 6(a)(ii) or 6(b) above:

260  
261 (i) The Classification Society may require survey of the tailshaft system, the extent of the survey being to the  
262 satisfaction of the Classification surveyor. If such survey is not required by the Classification Society, the  
263 Buyers shall have the option to require the tailshaft to be drawn and surveyed by the classification Society,  
264 the extent of the survey being in accordance with the Classification Society's rule for tailshaft survey and  
265 consistent with the current stage of the Vessel's survey cycle. The Buyers shall declare whether they require  
266 the tailshaft to be drawn and surveyed not later than by the completion of the inspection by the  
267 Classification Society. The drawing and refitting of the tailshaft shall be arranged by the Sellers. Should any  
268 parts of the tailshaft system be condemned or found defective so as to affect the Vessel's class, those parts  
269 shall be renewed or made good at the Sellers' cost and expense to the satisfaction of Classification Society  
270 without condition/recommendation\*\*.

271  
272 (ii) The costs and expenses relating to the survey of the tailshaft system shall be borne by the Buyers  
273 unless the Classification Society requires such survey to be carried out or if parts of the system are



274 condemned or found defective or broken so as to affect the Vessel's class, in which case the Sellers shall  
275 pay these costs and expenses.  
276  
277 (iii) The Buyers' representative(s) shall have the right to be present in the drydock as observer(s) only  
278 without interfering with the work decisions of the Classification Society surveyor.  
279  
280 (iv) The Buyers shall have the right to have the underwater parts of the Vessel cleaned and painted at their  
281 risk, cost and expense without interfering with the Sellers' or the Classification Society surveyors' work, if  
282 any, and without affecting the Vessel's timely delivery. If, however, the Buyers' work in drydock is still in  
283 progress when the Sellers have completed the work which the Sellers are required to do, the additional  
284 docking time needed to complete the Buyers' work shall be for the Buyers' risk, cost and expense. In the  
285 event that the Buyers' work requires such additional time, the Sellers may upon completion of the Sellers'  
286 work tender Notice of Readiness for delivery whilst the Vessel is still in drydock and, notwithstanding Clause  
287 5(a), the Buyers shall be obliged to take delivery in accordance with Clause 3 (Payment), whether the

288 Vessel is in drydock or not.

289  
290 \*6(a) and 6(b) are alternatives; delete whichever is not applicable. In the absence of deletions, alternative  
291 6(a) shall apply.

292  
293 \*\*Notes or memoranda, if any, in the surveyors's report which are accepted by the Classification Society  
294 without condition/recommendation are not to be taken into account.  
295

## 296 7. Spares, bunkers and other items

297  
298 The Sellers shall deliver the Vessel to the Buyers with everything belonging to her on board and on shore.  
299 All spare parts and spare equipment including spare tail-end shaft(s) and/or spare propeller(s)/propeller  
300 blade(s), if any, belonging to the Vessel at the time of inspection ~~delivery~~ used or unused, whether on board  
301 or not shall ~~become~~ *remain* the Buyers' ~~Seller's~~ property, ~~but spares on order are excluded. Forwarding~~  
302 ~~charges, if any, shall be for the Buyers' account. The Sellers are not required to replace spare parts~~  
303 ~~including spare tail-end shaft(s) and spare propeller(s)/propeller blade(s) which are taken out of spare and~~  
304 ~~used as replacement prior to delivery, but the replaced items shall be the property of the Buyers. Unused~~  
305 ~~stores and provisions shall be included in the sale and be taken over by the Buyers without extra payment.~~  
306

307 Library and forms exclusively for use in the Sellers' vessel(s) and captain's, officers' and crew's personal  
308 belongings including the slop chest are excluded from the sale without compensation, as well as the  
309 following additional items: \_\_\_\_\_ (include list)  
310

311 Items on board which are on hire or owned by third parties, listed as follows, are excluded from the sale  
312 without compensation: \_\_\_\_\_ (include list)  
313

314 Items on board at the time of inspection ~~delivery~~ which are on hire or owned by third parties, not listed  
315 above, shall be ~~replaced or procured by~~ *remain with* the Sellers ~~prior to delivery at their cost and expense.~~  
316 *Any remaining bunkers and unused lubricating and hydraulic oils and greases in storage tanks and*  
317 *unopened drums shall remain the property of the Sellers and shall not form part of the sale.*  
318

319 The Buyers shall take over remaining bunkers and unused lubricating and hydraulic oils and greases in  
320 storage tanks and unopened drums and pay either:

321 (a)\* the actual net price (excluding barging expenses) as evidenced by invoices or vouchers; or

322  
323 (b)\* the current net market price (excluding barging expenses) at the port and date of delivery of Vessel or, if  
324 unavailable, at the nearest bunkering port;

325  
326 for the quantities taken over.

327  
328 Payment under this Clause shall be made at the same time and place and in the same currency as the  
329 Purchase Price.  
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“inspection” in this Clause 7, shall mean the Buyers’ inspection according to Clause 4(a) or 4(b) (inspection), if applicable. If the Vessel is taken over without inspection, the date of this Agreement shall be the relevant date.

\* (a) and (b) are alternatives, delete whichever is not applicable. In the absence of deletions alternative (a) shall apply.

## 8. Documentation

The place of closing: **Virtual closing or physically at the Builder, to be confirmed.**

*In exchange for payment of the Purchase Price, Sellers shall furnish the Buyers with delivery documents reasonably required by the Buyers. These documents shall be listed in an addendum hereto, namely “Addendum no 1: List of delivery documents”, and regarding such documents that are not available prior to the closing, Sellers shall furnish the Buyers with the final draft of such documents no later than three (3) Banking Days prior to the date of closing for the purpose of carrying out the closing smoothly.*

(a) In exchange for payment of the Purchase Price the Sellers shall provide the Buyers with the following delivery documents:

(i) Legal Bill(s) of Sale in a form recordable in the Buyers’s Nominated Flag State, transferring title of the Vessel and stating that the Vessel is free from all mortgages, encumbrances and maritime liens or any other debts whatsoever, duly notarially attested and legalized or apostilled, as required by the Buyers’ Nominated Flag State;

(ii) Evidence that all necessary corporate, shareholder and other action has been taken by the Sellers to authorise the execution, delivery and performance of this Agreement;

(iii) Power of Attorney of the Sellers appointing one or more representatives to act on behalf of the Sellers in the performance of this Agreement, duly notarially attested and legalized or apostilled (as appropriate);

(iv) Certificate or Transcript of Registry issued by the, competent authorities of the flag state on the date of delivery evidencing the Sellers’ ownership of the Vessel and that the Vessel is free from registered encumbrances and mortgages, to be faxed or e mailed by such authority to the closing meeting with the original to be sent to the Buyers as soon as possible after delivery of the Vessel;

(v) Declaration of Class or (depending on the Classification Society) a Class Maintenance Certificate issued within three (3) Banking Days prior to delivery confirming that the Vessel is in Class free of condition/recommendation;

(vi) Certificate of Deletion of the Vessel from the registry or other official evidence of deletion appropriate to the Vessel’s registry at the time of delivery, or, in the event that the registry does not as a matter of practice issue such documentation immediately, a written undertaking by the Sellers to effect deletion from the Vessel’s registry forthwith and provide a certificate or other official evidence of deletion to the Buyers promptly and latest within four (4) weeks after the Purchase Price has been paid and the Vessel has been delivered;

(vii) A copy of the Vessel’s Continuous Synopsis Record certifying the date on which the Vessel ceased to be registered with the Vessel’s registry, or, in the event that the registry does not as a matter of practice issue such certificate immediately, a written undertaking from the Sellers to provide the copy of this certificate promptly upon it being issued together with evidence of submission by the Sellers of a duly executed Form 2 stating the date on which the Vessel shall cease to be registered with the Vessel’s registry;

(viii) Commercial Invoice for the Vessel;

(ix) Commercial Invoice(s) for bunkers, lubricating and hydraulic oils and greases;



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(x) A copy of the Seller's letter to their satellite communication provider cancelling the Vessel's communications contract which is to be sent immediately after delivery of the Vessel;

(xi) Any additional documents as may reasonably be required by the competent authorities of the Buyers' Nominated Flag State for the purpose of registering the Vessel, provided the Buyers notify the Sellers of any such documents as soon as possible after the date of this Agreement; and

(xii) The Seller's letter of confirmation that to the best of their knowledge, the Vessel is not black listed by Any nation or international organisation.

(b) At the time of delivery the Buyers shall provide the Sellers with:

(i) Evidence that all necessary corporate, shareholder and other action has been taken by the Buyers to authorise the execution, delivery and performance of this Agreement; and

(ii) Power of Attorney of the Buyers appointing one or more representatives to act on behalf of the Buyers in the performance of this Agreement, duly notarially attested and legalised or apostilled (as appropriate).

(c) If any of the documents listed in Sub clauses (a) and (b) above are not in the English language they shall be accompanied by an English translation by an authorised translator or certified by a lawyer qualified to practice in the country of the translated language.

(d) The Parties shall to the extent possible exchange copies, drafts or samples of the documents listed in Sub clause (a) and Sub clause (b) above for review and comment by the other party not later than ( state number of days), or if left blank, nine (9) days prior to the Vessel's intended date of readiness for delivery as notified by the Sellers pursuant to Clause 5(b) of this Agreement.

(e) Concurrent with the exchange of documents in Sub clause (a) and Sub clause (b) above, the Sellers shall also hand to the Buyers the classification certificate(s) as well as all plans, drawings and manuals; (excluding ISM/ISPS manuals), which are on board the Vessel. Other certificates which are on board the Vessel shall also be handed over to the Buyers unless the Sellers required to retain same, in which case the Buyers have the right to take copies.

(f) Other technical documentation which may be in the Sellers' possession shall promptly after delivery be forwarded to the Buyers at their expense, if they so request. The Sellers may keep the Vessel's log books but the Buyers have the right to take copies of same.

(g) The Parties shall sign and deliver to each other a Protocol of Delivery and Acceptance confirming the date and time of delivery of the Vessel from the Sellers to the Buyers.

## 9. Encumbrances

The Sellers warranty that the Vessel, at the time of delivery, is free from all charters, encumbrances, mortgages and maritime liens or any other debts whatsoever, and is not subject to Port State or other administrative detentions. The Sellers hereby undertake to indemnify the Buyers against all consequences of claims made against the Vessel which have been incurred prior to the time of delivery.

## 10. Taxes, fees and expenses

*Any cost and fee for initial registration of title to the Vessel and legal documentation cost for documenting the lease and security to be Charterer's account; however such cost not to exceed USD15,000.*

*Any tonnages taxes for Owners' flag and Charterers' flag to be Charterers account.*

*Any taxes, fees and expenses in connection with the purchase and registration in the Buyers' Nominated Flag State shall be for the Buyers' account, whereas similar charges in connection with the closing of the Sellers' register shall be for the Sellers' account.*



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## 11. Condition of delivery

The Vessel with everything belonging to her shall be at the Sellers' risk and expenses until she is delivered to the Buyers, but subject to the terms and conditions of this Agreement she shall be delivered and taken over *"as is where is"* she was at the time of ~~inspection delivery, fair wear and tear excepted. The Vessel shall be delivered to the Buyers only once she is in all respects ready in accordance with the Building Contract.~~

~~However, the Vessel shall be delivered free of cargo and free of stowaways with her Class maintained without condition/recommendation\*, free of average damage affecting the Vessel's class, and with her classification certificates and national certificates, as well as all other certificates the Vessel had at the time of inspection, valid and unextended without condition/recommendation\* by the Classification Society or the relevant authorities at the time of delivery.—~~

~~"Inspection" in the Clause 11, shall mean the Buyers' inspection according to Clause 4(a) or 4(b) (Inspections), if applicable. If the Vessel is taken over without inspection, the date of this Agreement shall be the relevant date.—~~

~~\*Notes and memoranda, if any, in the surveyor's report which are accepted by the Classification Society without condition/recommendation are not to be taken into account.—~~

## 12. Name/markings (clause not applicable)

~~Upon delivery the Buyers undertake to change the name of the Vessel and alter funnel markings.~~

## 13. Buyers' default

~~Should the Deposit not be lodged in accordance with Clause 2 (Deposit), the Sellers have the right to cancel this Agreement, and they shall be entitled to claim compensation for their losses and for all expenses incurred together with interest.~~

~~Should the Purchase Price not be paid in accordance with *Additional Clauses 322 (Payment)*, the Sellers have the right to cancel this Agreement, *and the Buyers shall make due compensation to the Sellers for their direct and documented losses and expenses* in which case the Deposit together with interest earned, if any, shall be released to the Sellers. If the Deposit does not cover their loss, the Sellers shall be entitled to claim further compensation for their losses and for all expenses incurred together with interest.~~

## 14. Sellers' default

~~Should the Sellers fail to *give Notice of Readiness in accordance with Clause 5(b)* or fail to be ready to validly complete a legal transfer by the Cancelling Date the Buyers shall have the option of cancelling this Agreement. *To this purpose, the Sellers shall advise Buyers the relevant extension of the Cancelling Date and request them to declare within three (3) Banking Days whether they accept such extension or cancel this Agreement. Failure of the Buyers to reply to the said notice of the Sellers shall be deemed an acceptance by the Buyers of the extension of the Cancelling Date as proposed by Sellers.* ~~If after Notice of Readiness has been given but before the Buyers have taken delivery, the Vessel ceases to be physically ready for delivery and is not made physically ready again by the Cancelling Date and new Notice of Readiness given, the Buyers shall retain their option to cancel. In the event that the Buyers elect to cancel this Agreement, the Deposit together with interest earned, if any, shall be released to them immediately.~~~~

~~Should the Sellers fail to give Notice of Readiness by the Cancelling Date *as may be extended* or fail to be ready to validly complete a legal transfer as aforesaid they shall make due compensation to the Buyers *in the amount of USD 30,000 plus any documented reasonable legal costs (if any) of the Buyers for the initial registration of title to the Vessel and legal documentation cost for documenting the lease and security such costs not to exceed USD15,000* for their loss and for all expenses together with interest if their failure is due to proven negligence and whether or not the Buyers cancel this Agreement.~~

~~*If the Building Contract is cancelled, rescinded or otherwise terminated for any reason whatsoever or the*~~



Vessel is not delivered by the Construction Seller to the Sellers under the Building Contract or is rejected by the Sellers for any reason whatsoever, then the Sellers shall give written notice thereof to the Buyers and upon Buyers' receipt of such notice, this Agreement shall cease to have effect without any liability on the parties hereto and the parties shall be released from all obligations, liabilities and responsibilities hereunder, save for the obligation of the Sellers to pay to the Buyers a termination fee in the sum of USD30,000 plus any documented reasonable legal costs (if any) of the Buyers for the initial registration of title to the Vessel and legal documentation cost for documenting the lease and security such costs not to exceed USD15,000.

The Sellers shall be entitled to terminate this Agreement at any time before the date of delivery of the Vessel under the Building Contract by a 180 calendar days' written notice to the Buyers, whereupon this Agreement shall cease to have effect without any liability on the parties hereto and the parties shall be released from all obligations, liabilities and responsibilities hereunder, save for the obligation of the Sellers to pay to the Buyers a termination fee in the sum of USD30,000 plus any documented reasonable legal costs (if any) of the Buyers for the initial registration of title to the Vessel and legal documentation cost for documenting the lease and security such costs not to exceed USD15,000

#### 15 Buyers' representatives (clause not applicable)

~~After this Agreement has been Signed by the Parties and the Deposit has been lodged, the Buyers have the right to place two (2) representatives on board the Vessel at their sole risk and expense.~~

~~These representatives are on board for the purpose of familiarization and in the capacity of observers only, and they shall not interfere in any respect with the operation of the Vessel. The Buyers and the Buyers' representatives shall sign the Seller's P&I Club's standard letter of indemnity prior to their embarkation.~~

#### 16. Law and Arbitration

(a)\* This Agreement ~~and all non contractual obligations arising out of or in connection with it~~ shall be governed by and construed in accordance with English law and any dispute arising out of or in connection with this Agreement shall be referred to arbitration in London in accordance with the Arbitration Act 1996 or any statutory modification or re- enactment thereof save to the extent necessary to give effect to the provisions of this Clause.

The arbitration shall be conducted in accordance with the London Maritime Arbitrators Association (LMAA) Terms current at the time when the arbitration proceedings are commenced.

The reference shall be to three arbitrators. A party wishing to refer a dispute to arbitration shall appoint its arbitrator and send notice of such appointment in writing to the other party requiring the other party to appoint its own arbitrator within fourteen (14) calendar days of that notice and stating that it will appoint its arbitrator as sole arbitrator unless the other party appoints its own arbitrator and gives notice that it has done so within the fourteen (14) days specified. If the other party does not appoint its own arbitrator and give notice that it has done so within the fourteen (14) days specified, the party referring a dispute to arbitration may, without the requirement of any further prior notice to the other party, appoint its arbitrator as sole arbitrator and shall advise the other party accordingly. The award of a sole arbitrator shall be binding on both Parties as if the sole arbitrator had been appointed by agreement.

In case where neither the claim nor any counterclaim exceeds the sum of US\$100,000 the arbitration shall be conducted in accordance with the LMAA Small Claims Procedure current at the time when the arbitration proceedings are commenced.

~~(b)\* This Agreement shall be governed by and construed in accordance with Title 9 of the United States Code and the substantive law (not including the choice of law rules) of the state of New York and any dispute arising out of or in connection with this Agreement shall be referred to three (3) persons at New York, one to be appointed by each of the parties hereto, and the third by the two so chosen; their decision or that of any two of them shall be final, and for the purposes of enforcing any award, judgment may be entered on an award by any court of competent jurisdiction. The proceedings shall be conducted in accordance with the rules of the Society of Maritime Arbitrators, Inc.~~



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In cases where neither the claim nor any counterclaim exceeds the sum of US\$100,000 the arbitration shall be conducted in accordance with the Shortened Arbitration Procedure of the Society of Maritime Arbitrators, Inc.

~~(C) This Agreement shall be governed by and construed in accordance with the laws of \_\_\_\_\_ (state/place) and any dispute arising out of or in connection with this Agreement shall be referred to arbitration at (state/place), subject to the procedures applicable there.~~

\*16(a), 16(b) and 16(c) are alternatives; delete whichever is not applicable. In the absence of deletions, alternative 16(a) shall apply.

## 17. Notices

All notices to be provided under this Agreement shall be in writing.

Contact details for recipients of notices are as follows:

For the Buyers:

**Kowa Kaiun Co., Ltd.**  
**470-1 Oaza Nagashima, Kaminoseki-cho, Kumage-gun, Yamaguchi, Japan**  
**Email:**  
**Attention: Takayuki Hanada**

For the Sellers:

**GADELOUPE SHIPPING COMPANY INC.**  
**c/o PERFORMANCE SHIPPING MANAGEMENT INC.**  
**373 Syngrou Ave. & 2-4 Ymittou str.,**  
**17564, Palaio Faliro, Athens,**  
**Greece**  
**Email:**  
**Attention: Mr. Andreas Nikolaos Michalopoulos**

## 18. Entire Agreement

*The terms of this Agreement and the terms of the BBCP comprise the entire agreement between the Buyers and the Sellers in relation to the sale and purchase of the Vessel and supersede all previous agreements whether oral or written between the Buyers and the Sellers in relation hereto.*

~~The written terms of this Agreement comprise the entire agreement between the Buyers and the Sellers in relation to the sale and purchase of the Vessel and supersede all previous agreements whether oral or written between the Parties in relation thereto.~~

~~Each of the Parties acknowledges that in entering into this Agreement it has not relied on and shall have no right or remedy in respect of any statement, representation, assurance or warranty (whether or not made negligently) other than as is expressly set out in this Agreement.~~

~~Any terms implied into this Agreement by applicable statute or law are hereby excluded to the extent that such exclusion can legally be made. Nothing in this Clause shall limit or exclude any liability for fraud.~~

## 19. Delivery under BBCP

*The Buyers (as Owners) and the Sellers (as Charterers) have entered into the BBCP whereby the Vessel is to be chartered on delivery for such period and on such terms and conditions more particularly described in the BBCP. The Parties acknowledge that the Sellers' obligation to sell and the Buyers' obligation to purchase the Vessel under this Agreement is conditional upon the delivery of the Vessel under and pursuant to the MOA and the simultaneous delivery of the Vessel by the Buyers (as Owners) to the Sellers (as*





Charterers) under the BBCP. If any event occurs before delivery of the Vessel under this Agreement that renders the MOA or the BBCP null and void or to be terminated for any reason whatsoever, this Agreement shall be null and void and each Party shall be discharged and released from any and all of its respective obligations under this Agreement.

## 20. Assignment

Neither party shall be entitled to assign or transfer its rights under this Agreement without the prior written consent of the other.

## 21. Sanctions

(a) In this Agreement, the following provisions shall apply where any applicable sanction, prohibition or restriction is imposed on any specified persons, entities or bodies including the designation of any specified vessels or fleets under United Nations Resolutions or trade or economic applicable sanctions, laws or regulations of the European Union or United States of America or the United Kingdom or Japan.

(b) The Sellers hereby warrant that at the date of entering into this Agreement and continuing until the Vessel has been delivered from the Sellers to the Buyers in accordance with this Agreement:

(i) none of the Sellers, their directors, officers, and employees is subject to any of the sanctions, prohibitions, restrictions or designation referred to in sub-clause (a);

(ii) the Sellers are selling as principals and not as agent, trustee or nominee of any person with whom transactions are prohibited or restricted under sub-clause (a);

(iii) the Vessel is not a designated vessel under any of the sanctions, prohibitions, restrictions or designation referred to in sub-clause (a);

(c) The Buyers hereby warrant that at the date of entering into this Agreement and continuing until the Vessel has been delivered from the Sellers to the Buyers in accordance with this Agreement:

(i) none of the Buyers, their directors, officers, employees and agents is subject to any of the sanctions, prohibitions, restrictions or designation referred to in sub-clause (a);

(ii) the Buyers are purchasing as principals and not as agent, trustee or nominee of any person with whom transactions are prohibited or restricted under sub-clause (a).

(iii) The Buyers warrant that the proceeds of the Purchase Price have not been derived from any activities which are in breach of sanctions or from a person or entity subject to or targeted by sanctions.

## 22. Payment

(a) At least two (2) Banking days (Japan time) prior to the scheduled Delivery Date, the balance of the Net Finance Amount ("USD 45,000,000") shall be remitted to the account of the Sellers, or the Construction Seller as the case may be, as notified in writing by the Sellers to the Buyers. The method of payment the Net Finance Amount shall be agreed between the Buyers, Sellers, Sellers' Bank and Buyer's Bank, or as the case may be the Builder's bank, by using corresponding MT199 SWIFT with quadripartite agreement or a similar mutually agreed method (e.g. an Escrow Agreement with an international law firm acting as Escrow Agent on behalf of Buyers and Sellers, in which case the Escrow Agent's costs not to exceed USD 10,000 and to be split 50/50 between the Seller and the Buyer).

(b) The Sellers shall provide remittance request to the Buyers prior to five (5) banking days before the scheduled delivery date. The Buyers to request their financier to remit the fund only after the remittance notice has been received.

(c) In case of using a suspense account or Escrow Account, the Buyers shall remit the Net Finance Amount two



673 (2) Banking days prior to the scheduled Delivery Date and such fund to be released only by instruction from  
674 the Buyers after confirming Protocol of Delivery and Acceptance has been signed by the Sellers and  
675 Buyers.

676  
677 (d) USD 45,000,000\*(1 month CME TERM SOFR at the time of remittance + 2.0%/360) per day (the  
678 "Remittance Interest Cost") from the day of remittance of the fund till the actual Delivery Date to be covered  
679 by Sellers/Charterers.

680  
681 Any charge from the Buyers' Bank including intermediate bank(s), if any, incurred for remitting shall be for  
682 Buyers' account.

683  
684 Any fees including holding/lifting charges requested by the Sellers' Bank including intermediate bank(s),  
685 shall be for Sellers' account.

686  
687 Any fees including holding/lifting charges requested by the Builders' Bank including intermediate bank(s),  
688 shall be for Builders' account.

689  
690  
691 **23. Warranty of Quality**

692 On the delivery of the Vessel under this Agreement, the Sellers undertake to assign to the Buyers all their  
693 rights, interest and title under the relevant article of the Building Contract dealing with the Vessel's so called  
694 warranty of quality, such assignment being subject to the consent of the Construction Seller.

695  
696 **24. Counterparts**

697 This Agreement may be executed in any number of counterparts and any single counterpart or set of  
698 counterparts signed, in either case, by all the parties hereto shall be deemed to constitute a full and original  
699 agreement for all purposes.

700  
701

<b>T.A.C.K. SHIPPING, S.A.</b> Signature (Buyers)  Name: Takayuki Hanada Title: Representative Director / Treasurer	<b>GADELOUPE SHIPPING COMPANY INC.</b> Signature (Sellers)  /s/ Andreas Nikolaos Michalopoulos Name: Andreas Nikolaos Michalopoulos Title: Director / Attorney-in-fact
<b>Kowa Kaiun Co., Ltd.</b> Signature (Guarantor)  Name: Takayuki Hanada Title: Executive Director	<b>Performance Shipping Inc.</b> Signature (Guarantor)  /s/ Andreas Nikolaos Michalopoulos Name: Andreas Nikolaos Michalopoulos Title: Director / Chief Executive Officer



**CHARTERER PERFORMANCE GUARANTEE**  
**IN RESPECT OF THE BAREBOAT CHARTER PARTY (BARECON 2017)**  
**DATED 05 March 2025**  
**MV HULL H1597 tbn "P. MARSEILLE"**

05 March 2025

To: T.A.C.K. SHIPPING, S.A.  
From: Performance Shipping Inc. ("Guarantor")

Reference is made to Barecon 2017 Bareboat Charter Party and the rider clauses and annexures thereto, dated 05 March 2025 (as amended from time to time, hereinafter referred to as the "Bareboat Charter Party"), between GUADELOUPE COMPANY INC. (hereinafter referred to as "Charterers") and T.A.C.K. SHIPPING, S.A. (hereinafter referred to as "Owners").

1. In consideration of the Owners entering into the Bareboat Charter Party with the Charterers, we, Performance Shipping Inc., a company organized and existing under the laws of the Marshall Islands having our registered office at Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, The Marshall Islands MH 96960, and being the parent company of the Charterers, irrevocably and unconditionally guarantee to the Owners and their successors, transferees and assigns the due and punctual performance of all present and future obligations of the Charterers under the Bareboat Charter Party.
2. If at any time, the Charterers default in the performance of any terms, provisions, conditions and obligations under the Bareboat Charter Party, we, Performance Shipping Inc. will as primary obligor and not merely as a surety perform or cause to be performed each and every one of the terms, provisions, conditions and obligations of the Charterer under the Bareboat Charter Party and will pay on demand any sum in connection with non-performance by the Charterers of any of the terms, provisions, conditions and obligations under the Bareboat Charter Party that is not paid when it is due and payable.
3. Any demand made by the Owners under this Performance Guarantee shall be made in writing signed by an authorized signatory of the Owners and shall specify the default of the Charterers and shall be accompanied by a copy of the notice of such default served on the Charterers by the Owners together with a statement (if any) that the Charterers have failed to remedy such default within any applicable grace period.
4. The Owners may make more than one demand under this Performance Guarantee
5. Our obligations under this Performance Guarantee shall not be affected by any act, omission, matter or thing, which, but for this paragraph would reduce, release or prejudice any of our obligations under this Performance Guarantee (without limitation and whether or not known to it or to ourselves), including:
  - (a) any waiver, release or consent granted to, or composition with the Charterers or any other person;
  - (b) any incapacity or lack of power, authority or legal personality of or dissolution or change in the legal or beneficial ownership, the members or status of the Charterers or any other person;
  - (c) any amendment or variation, however fundamental, to the terms and conditions of the Bareboat Charter Party;



(d) any unenforceability, illegality or invalidity of any obligation under the Bareboat Charter Party; or

(e) any insolvency, bankruptcy, reorganization, reconstruction, rehabilitation, liquidation or amalgamation of the Charterers, or appointment of any receiver, administrative receiver or administrator of any of the Charterers' assets, or any other similar proceedings.

We hereby waive (a) any right we may have of first requiring the Owners to take any action, obtain any judgment or enforce any other rights against the Charterers before claiming from us under this Performance Guarantee, save that a demand must first be made against the Charterers and (b) to the extent permitted by law, all defences of a surety to which we may be entitled by statute or otherwise, including, protest, presentment, demand for performance, notice of default or non-performance and notice of dishonour.

6. All payments under this Performance Guarantee shall be made in full without set off or deduction. If any tax or other sum must be deducted from any amount payable by ourselves under this Performance Guarantee, we shall pay such additional amounts as are necessary to ensure that the Owners receive a net amount equal to the full amount they would have received before such deductions.
7. The provisions of Clause 34 (*Notices*) of the Bareboat Charter Party shall apply (*mutatis mutandis*) to this Performance Guarantee as if it were set out in full with references to this Performance Guarantee substituted for references to the Bareboat Charter Party and with references to us as Guarantor substituted for references to the Charterers.
8. This Performance Guarantee shall be binding upon the undersigned, its successors and assignees and shall inure to the benefit of and be enforceable by the Owners, their successors and assignees. We shall have no right to delegate nor assign any of the obligations or liabilities undertaken in this Performance Guarantee without the prior written consent of the Owners.
9. If, at any time, any provision of this Performance Guarantee is or becomes illegal, invalid or unenforceable in any respect under any law of any jurisdiction, neither the legality, validity or enforceability of the remaining provisions of this Performance Guarantee under the law of that jurisdiction nor the legality, validity or enforceability of such provision under the law of any other jurisdiction will in any way be affected or impaired.
10. This Performance Guarantee is intended to create legal relations between us.
11. We make the following representations and warranties:
  - (a) we are a corporation, duly incorporated or formed and validly existing under the laws of our jurisdiction of incorporation or formation;
  - (b) the obligations expressed to be assumed by us in this Performance Guarantee are, subject to any general principles of law or equity limiting our obligations which are applicable to creditors generally, legal, valid, binding and enforceable obligations;
  - (c) the entry into and performance by us of this Performance Guarantee do not and will not:
    - (i) conflict with any law or regulation applicable to us, our constitutional documents or any agreement or instrument binding upon us or any of our assets, subject to any general principles of law limiting our obligations which are applicable to creditors generally; or



- (ii) constitute a default or termination event (however described) under any agreement or instrument binding on us or any of our assets which would have a material adverse effect on our ability to perform our payment obligations under this Performance Guarantee; and
  - (d) subject to any general principles of law limiting our obligations which are applicable to creditors generally, all authorisations necessary for us to enter into and perform this Performance Guarantee have been obtained and are in full force and effect.
12. Subject to the provisions of this Performance Guarantee, in no circumstances whatsoever shall our liability hereunder exceed the liability of the Charterers under the Bareboat Charter Party.
  13. This Performance Guarantee and any non-contractual obligations arising from or in connection with it shall be governed by and construed in accordance with English law.
  14. Clause 33 (*Bimco Dispute Resolution Clause 2017*) of the Bareboat Charter Party shall apply to this Performance Guarantee as if it was expressly incorporated in this Performance Guarantee with any necessary modifications.



Yours faithfully,

**Performance Shipping Inc.**

By: /s/ Andreas Nikolaos Michalopoulos

Name: Andreas Nikolaos Michalopoulos

Title: Director / Chief Executive Officer

---

By our execution of this Performance Guarantee we agree to the terms of this Performance Guarantee and to be bound by it.

Dated: 05 March 2025

**Acknowledged and agreed by:**

**T.A.C.K. SHIPPING, S.A.**

By: /s/ Takayuki Hanada

Name: Takayuki Hanada

Title: Representative Director / Treasurer

Dated: 05 March 2025

**OWNER PERFORMANCE GUARANTEE**  
**IN RESPECT OF THE BAREBOAT CHARTER PARTY (BARECON 2017)**  
**DATED 05 March 2025**  
**MV HULL H1597 tbn "P. MARSEILLE"**

05 March 2025

To: **GUADELOUPE SHIPPING COMPANY INC.**  
From: Kowa Kaiun Co., Ltd. ("**Guarantor**")

**Reference is made to Barecon 2017 Bareboat Charter Party and the rider clauses and annexures thereto, dated 05 March 2025 (as amended from time to time, hereinafter referred to as the "Bareboat Charter Party"), between GUADELOUPE SHIPPING COMPANY INC. (hereinafter referred to as "Charterers") and T.A.C.K. SHIPPING, S.A. (hereinafter referred to as "Owners").**

1. In consideration of the Charterers entering into the Bareboat Charter Party with the Owners, we, Kowa Kaiun Co., Ltd. a company organized and existing under the laws of Japan having our registered office at 470-1 Oaza Nagashima, Kaminoseki-cho, Kumage-gun, Yamaguchi, Japan and being the parent company of the Owners, hereby irrevocably and unconditionally guarantee to the Charterers and their successors, transferees and assigns the due and punctual performance of all present and future obligations of the Owners under the Bareboat Charter Party.
2. If at any time, the Owners or any of them default in the performance of any terms, provisions, conditions and obligations under the Bareboat Charter Party, we Kowa Kaiun Co., Ltd. will as primary obligor and not merely a surety perform or cause to be performed each and every one of the terms, provisions, conditions and obligations of the Owners or any of them under the Bareboat Charter Party and will pay on demand any sum in connection with non-performance by the Owners or any of them of any of the terms, provisions, conditions and obligations under the Bareboat Charter Party that is not paid when it is due and payable.
3. Any demand made by the Charterers under this Performance Guarantee shall be made in writing signed by an authorized signatory of the Charterers and shall specify the default of the Owners and shall be accompanied by a copy of the notice of such default served on the Owners by the Charterers together with a statement (if any) that the Owners have failed to remedy such default within any applicable grace period.
4. The Charterers may make more than one demand under this Performance Guarantee.
5. Our obligations under this Performance Guarantee shall not be affected by any act, omission, matter or thing, which, but for this paragraph would reduce, release or prejudice any of our obligations under this Performance Guarantee (without limitation and whether or not known to it or to ourselves), including:
  - (a) any waiver, release or consent granted to, or composition with the Owners or any of them or any other person;
  - (b) any incapacity or lack of power, authority or legal personality of or dissolution or change in the legal or beneficial ownership, the members or status of the Owners or any of them or any other person;
  - (c) any amendment or variation, however fundamental, to the terms and conditions of the Bareboat Charter Party;



(d) any unenforceability, illegality or invalidity of any obligation under the Bareboat Charter Party; or

(e) any insolvency, bankruptcy, reorganization, reconstruction, rehabilitation, liquidation or amalgamation of the Owners or any of them, or appointment of any receiver, administrative receiver or administrator of any of the Owners' assets, or any other similar proceedings.

We hereby waive (a) any right we may have of first requiring the Charterers to take any action, obtain any judgment or enforce any other rights against the Owners before claiming from us under this Performance Guarantee, save that a demand must first be made against the Owners and (b) to the extent permitted by law, all defences of a surety to which we may be entitled by statute or otherwise, including, protest, presentment, demand for performance, notice of default or non-performance and notice of dishonour.

6. All payments under this Performance Guarantee shall be made in full without set off or deduction. If any tax or other sum must be deducted from any amount payable by ourselves under this Performance Guarantee, we shall pay such additional amounts as are necessary to ensure that the Charterers receive a net amount equal to the full amount they would have received before such deductions.
7. The provisions of Clause 34 (*Notices*) of the Bareboat Charter Party shall apply (*mutatis mutandis*) to this Performance Guarantee as if it were set out in full with references to this Performance Guarantee substituted for references to the Bareboat Charter Party and with references to us as Guarantor substituted for references to the Owners.
8. This Performance Guarantee shall be binding upon the undersigned, its successors and assignees and shall inure to the benefit of and be enforceable by the Charterers, their successors and assignees. We shall have no right to delegate nor assign any of the obligations or liabilities undertaken in this Performance Guarantee without the prior written consent of the Charterers.
9. If, at any time, any provision of this Performance Guarantee is or becomes illegal, invalid or unenforceable in any respect under any law of any jurisdiction, neither the legality, validity or enforceability of the remaining provisions of this Performance Guarantee under the law of that jurisdiction nor the legality, validity or enforceability of such provision under the law of any other jurisdiction will in any way be affected or impaired.
10. This Performance Guarantee is intended to create legal relations between us.
11. We make the following representations and warranties:
  - (a) we are a corporation, duly incorporated or formed and validly existing under the laws of our jurisdiction of incorporation or formation;
  - (b) the obligations expressed to be assumed by us in this Performance Guarantee are, subject to any general principles of law or equity limiting our obligations which are applicable to creditors generally, legal, valid, binding and enforceable obligations;
  - (c) the entry into and performance by us of this Performance Guarantee do not and will not:
    - (i) conflict with any law or regulation applicable to us, our constitutional documents or any agreement or instrument binding upon us or any of our assets, subject to any general principles of law limiting our obligations which are applicable to creditors generally; or





- (ii) constitute a default or termination event (however described) under any agreement or instrument binding on us or any of our assets which would have a material adverse effect on our ability to perform our payment obligations under this Performance Guarantee; and
  - (d) subject to any general principles of law limiting our obligations which are applicable to creditors generally, all authorisations necessary for us to enter into and perform this Performance Guarantee have been obtained and are in full force and effect.
12. Subject to the provisions of this Performance Guarantee, in no circumstances whatsoever shall our liability hereunder exceed the liability of the Owners under the Bareboat Charter Party.
  13. This Performance Guarantee and any non-contractual obligations arising from or in connection with it shall be governed by, and construed in accordance with, English law.
  14. Clause 33 (*Bimco Dispute Resolution Clause 2017*) of the Bareboat Charter Party shall apply to this Performance Guarantee as if it was expressly incorporated in this Performance Guarantee with any necessary modifications.



Yours faithfully,

**Kowa Kaiun Co., Ltd.**

**By:** /s/ Takayuki Hanada

Name: Takayuki Hanada

Title: Executive Director

---

By our execution of this Performance Guarantee we agree to the terms of this Performance Guarantee and to be bound by it.

Dated: 05 March 2025

**Acknowledged and agreed by:**

**GUADELOUPE SHIPPING COMPANY INC.**

**By:** /s/ Andreas Nikolaos Michalopoulos

Name: Andreas Nikolaos Michalopoulos

Title: Director/ Attorney-in-fact

Dated: 05 March 2025

## SALEFORM 2012

## MEMORANDUM OF AGREEMENT

Norwegian Shipbrokers' Association's

Memorandum of Agreement for sale and purchase of ships



PART I

1 Dated: MOA Effective Date

2 MALOELAP SHIPPING COMPANY INC. of the Republic of the Marshall Islands (Name of sellers), hereinafter called the "Sellers", have agreed to sell, and

3 MTC ENGINEERING SDN BHD. of Malaysia (Name of buyers), hereinafter called the "Buyers", have agreed to buy:

4 Name of vessel: P. SOPHIA

5 IMO Number: 9414034

6 Classification Society: American Bureau of Shipping

7 Class Notation: (+)[A1], Oil Carrier, ESP, (E), (+)[AMS], (+)[ACCU], CSR, AB-CM, RW, VEC-L, BWT, GP, RES, TCM, CRC  
**Service Restriction: Unrestricted Service.**

8 Year of Build: 2009 Builder/Yard: Hyundai Heavy Industries Co Ltd, South Korea

9 Flag: Marshall Islands Place of Registration: Majuro GT/NT: 57,017.00 / 32,411.00

10 hereinafter called the "Vessel", on the following terms and conditions:

11 **Definitions.**

12 "Banking Days" are days on which banks are open both in the country of  
 13 the currency stipulated for the Purchase Price in Clause 1 (Purchase Price) and in the place of closing stipulated in Clause 8  
 14 (Documentation) and Malaysia, Singapore, Greece and Marshall Islands (~~add additional jurisdictions as appropriate~~).

15 "Buyers' Nominated Flag State" means Panama, Liberia, Bahamas, Bermuda, Marshall Islands, Malaysia or Singapore in Buyers' option (state flag state).

"Exclusivity Agreement" means the exclusivity agreement regarding the Vessel dated 17th February 2025 made between the Parties.

"MOA Effective Date" as defined in the Exclusivity Agreement.

"Expiry Date" as defined in the Exclusivity Agreement.

"Oil Company" as defined in the Exclusivity Agreement.

16 "Class" means the class notation referred to above.

17 "Classification Society" means the Society referred to above.

18 "Deposit" shall have the meaning given in Clause 2 (Deposit)

19 "Deposit Holder" means HFW, Singapore (~~state name and location of Deposit Holder~~), or, if left blank, the  
 20 ~~Sellers' Bank~~, which shall hold and release the Deposit, the balance of the Purchase Price plus an estimated amount for payment of bunkers and lubricating oil/greases and any other charges and money and sums whatsoever payable on delivery by the Buyers in accordance with this Agreement.

"Deposit Holder's Account" means the account indicated in the Escrow Agreement held with the Deposit Holder's Bank.

Bank.

“Deposit Holder’s Bank” means the bank indicated in the Escrow Agreement.

“Escrow Agreement” means the escrow agreement in respect of the Deposit and the Balance Payment entered into after signing of this Agreement amongst the Sellers, the Buyers and the Deposit Holder.

21 “In writing” or “written” means a letter handed over from the Sellers to the Buyers or vice versa, a  
22 registered letter, e-mail or telefax.

23 “Parties” means the Sellers and the Buyers.

24 “Purchase Price” means the price for the Vessel as stated in Clause 1 (Purchase Price).

25 “Sellers’ Account” means an **account in the name of the Sellers** (~~state details of bank account~~) at the Sellers’  
Bank.

26 “Sellers’ Bank” means (~~state name of bank, branch and details~~) or, if left blank, the bank  
27 notified by the Sellers to the Buyers and the Deposit Holder for receipt of the Deposit, the balance of the  
Purchase Price and any money and sums whatsoever payable on delivery by the Buyers.

28 **1. Purchase Price**

29 The Purchase Price is USD 36,050,000 (United States Dollars Thirty Six Million Fifty Thousand only). (state  
currency and amount both in words and figures). If the Vessel is delivered to the Buyers on or before 30  
September 2025, then the Purchase Price to be USD 37,050,000 (United States Dollars Thirty Seven Million Fifty  
Thousand only).

30 **2. Deposit**

31 As security for the correct fulfilment of this Agreement the Buyers shall lodge a deposit of  
32 % (~~ten per cent~~) or, if left blank, 10% (ten per cent) of the Purchase Price (the  
33 “Deposit”) in an interest bearing account for the Parties with the Deposit Holder within three (3)  
34 Banking Days after ~~the date that~~

35 (i) The MOA Effective Date this Agreement has been signed by the Parties and exchanged in original or by  
36 e-mail or telefax; and

(ii) the Escrow Agreement between the Parties and the Deposit Holder has been entered into, is fully executed  
and exchanged in original or by e-mail; and

37 (iii) the Deposit Holder has confirmed in writing to the Parties that the account has been  
38 fully opened and is ready to receive funds.

39 The Deposit shall be released in accordance with joint written instructions of the Parties  
40 Interest, if any, shall be credited to the Buyers. Any fee charged for holding and releasing the  
41 Deposit shall be borne equally by the Parties. The Parties shall provide to the Deposit Holder  
42 all necessary documentation to open and maintain the account without delay (including but not limited to KYC  
requirements).

43 **3. Payment**

44 On delivery of the Vessel, but not later than three (3) Banking Days after the date that Notice of  
45 Readiness has been given in accordance with Clause 5 (Time and place of delivery and  
46 notices):

47 the Deposit shall be released to the Sellers as per the Escrow Agreement in immediately available funds, net,  
free of any bank charges; and

48 (ii) the balance of the Purchase Price (the “Balance Money”) and all other sums payable on delivery by the Buyers

49 to the Sellers under this Agreement held in the Deposit Holder's Account shall be paid released in full free in  
50 immediately available funds, net, of bank charges to the  
Sellers' Account, in accordance with the terms of this Agreement and the Escrow Agreement.

The Buyers shall remit the Balance Money including the value of the estimated bunker and lubricating oils remaining on board at the time of delivery and any other charges and money whatsoever (the "Agreed Extra" and together with the Balance Money shall constitute the "Balance Payment") to be paid by the Buyers to the Sellers in accordance with this Agreement and the Escrow Agreement by telegraphic transfer to the Deposit Holder's Account held with the Deposit Holder at least two (2) Banking Days prior to the intended date of delivery of the Vessel as per the 3 days approximate Notice of Readiness (see Clause 5b). The Balance Payment shall remain to the order of the Buyers and will be released in accordance with the terms of this Agreement and the Escrow Agreement.

The Deposit and the Balance Payment shall be irrevocably and unconditionally released to the Sellers' account in accordance with the terms of this Agreement and the Escrow Agreement against the Seller's presentation and handing over to the Deposit Holder of:

(a) Protocol of Delivery and Acceptance executed but not timed, by both Sellers and Buyers authorized representatives; and

(b) duly executed written irrevocable instructions of the Buyers' authorized representatives to proceed to their release.

Any surplus money after the release of the Deposit and the Balance Payment shall be remitted back to the Buyers in accordance with the provisions of the Escrow Agreement.

In exchange of the delivery documents as agreed in the Addendum No. 1 and as per Clause 8 of this Agreement, and upon:

1. Execution and submission to the Deposit Holder of the duly executed irrevocable and unconditional release instructions for the Deposit and the Balance Payment; and

2. Confirmation from the Deposit Holder that the Deposit and Balance Payment has been remitted to the Sellers Account accompanied by the SWIFT copy (or copies, as the case may be) issued by the Deposit Holder's Bank concerning the payment of the Deposit and the Balance Payment.

the Protocol of Delivery and Acceptance will be timed and dated and the Vessel will immediately be legally and physically delivered to the Buyers; relevant procedure to be described in a closing memo which to be agreed by the Sellers, the Buyers and the Deposit Holder not later than five (5) Banking Days prior to the intended date of delivery of the Vessel. Notice of Readiness can be serviced anytime, including non-Banking Days.

The Deposit Holder's fee for holding and releasing the Deposit and the Balance Payment according to this agreement and the Escrow Agreement shall be equally shared between the Sellers and the Buyers.

51 **4. Inspection**

52 (a)\* The Buyers have inspected and accepted the Vessel's classification records. The Buyers  
53 ~~have will~~ also inspected the Vessel ~~at~~ in **Porto Rosales, Argentina** ~~(state place)~~ on **around 15-20th February**  
54 **2025** ~~(state date)~~ by hiring an independent marine surveyor and will have to confirm  
55 acceptance of the Vessel following this inspection no later than 2 Banking Days after issuance of the inspection  
56 report by the independent marine surveyor following such confirmation by the Buyers and the sale is outright  
and definite, subject only  
to the terms and conditions of this Agreement.

~~(b)\* The Buyers shall have the right to inspect the Vessel's classification records and declare~~

57 ~~whether same are accepted or not within (state date/period):~~

58 ~~The Sellers shall make the Vessel available for inspection at/in (state place/range) within~~  
59 ~~(state date/period):~~

60 ~~The Buyers shall undertake the inspection without undue delay to the Vessel. Should the~~  
61 ~~Buyers cause undue delay they shall compensate the Sellers for the losses thereby incurred.~~

62 ~~The Buyers shall inspect the Vessel without opening up and without cost to the Sellers.~~

63 ~~During the inspection, the Vessel's deck and engine log books shall be made available for~~  
64 ~~examination by the Buyers.~~

65 ~~The sale shall become outright and definite, subject only to the terms and conditions of this~~  
66 ~~Agreement, provided that the Sellers receive written notice of acceptance of the Vessel from~~  
67 ~~the Buyers within seventy-two (72) hours after completion of such inspection or after the~~  
68 ~~date/last day of the period stated in Line 59, whichever is earlier~~

69 ~~Should the Buyers fail to undertake the inspection as scheduled and/or notice of acceptance of~~  
70 ~~the Vessel's classification records and/or of the Vessel not be received by the Sellers as~~  
71 ~~aforesaid, the Deposit together with interest earned, if any, shall be released immediately to the~~  
72 ~~Buyers, whereafter this Agreement shall be null and void.~~

73 ~~\*4(a) and 4(b) are alternatives; delete whichever is not applicable. In the absence of deletions,~~  
74 ~~alternative 4(a) shall apply.~~

## 75 5. Time and place of delivery and notices

76 (a) The Vessel shall be delivered and taken over safely afloat at a safe and accessible berth or  
77 anchorage ~~at~~ in **Singapore (OPL excepted) or Johor, Malaysia (OPL EXCEPTED)** (state place/range) in the Sellers'  
option.

78 Notice of Readiness shall not be tendered before: **10 calendar days after the MOA Effective Date** (date)

79 Cancelling Date (see Clauses 5(c), 6 (a)(i), 6 (a)(iii) and 14): **120 (hundred twenty) days after the MOA Effective**  
**Date.**

80 (b) The Sellers shall keep the Buyers well informed of the Vessel's itinerary and shall  
81 provide the Buyers with twenty (20), ten (10), five (5) and three (3) days' approximate notice and one (1) day  
definite notice of the date the  
82 Sellers intend to tender Notice of Readiness and of the intended place of delivery.

83 When the Vessel is at the place of delivery and physically ready for delivery in accordance with  
84 this Agreement, the Sellers shall give the Buyers a written Notice of Readiness for delivery. The Buyers shall take  
over the Vessel latest within three (3) Banking Days from the day of receipt of such Notice of Readiness.

85 (c) If the Sellers anticipate that, notwithstanding the exercise of due diligence by them, the  
86 Vessel will not be ready for delivery by the Cancelling Date they may notify the Buyers in writing  
87 stating the date when they anticipate that the Vessel will be ready for delivery and proposing a  
88 new Cancelling Date. Upon receipt of such notification the Buyers shall have the option of  
89 either cancelling this Agreement in accordance with Clause 14 (Sellers' Default) within three (3)  
90 Banking Days of receipt of the notice or of accepting the new date as the new Cancelling Date.  
91 If the Buyers have not declared their option within three (3) Banking Days of receipt of the  
92 Sellers' notification or if the Buyers accept the new date, the date proposed in the Sellers'  
93 notification shall be deemed to be the new Cancelling Date and shall be substituted for the  
94 Cancelling Date stipulated in line 79.

95 If this Agreement is maintained with the new Cancelling Date all other terms and conditions  
96 hereof including those contained in Clauses 5(b) and 5(d) shall remain unaltered and in full  
97 force and effect.

98 (d) Cancellation, failure to correct or acceptance of the new Cancelling Date shall be entirely

99 without prejudice to any claim for direct costs and damages the Buyers may have under Clause 14 (Sellers'  
100 Default) for the Vessel not being ready by the original Cancelling Date.

101 (e) Should the Vessel become an actual, constructive or compromised total loss before delivery  
102 the Deposit together with interest earned, if any, shall be released immediately to the Buyers  
103 whereafter this Agreement shall be null and void.

104 **6. Divers Inspection / Drydocking**

105 (a)\*

106 (i) The Buyers shall have the option at their cost and expense to request Sellers to arrange for an underwater  
107 inspection by a diver approved by the Classification Society prior to the delivery of the  
108 Vessel. Such option shall be declared latest nine (9) days prior to the Vessel's intended  
109 date of readiness for delivery as notified by the Sellers pursuant to Clause 5(b) of this  
110 Agreement. The Sellers shall at their cost and expense make the Vessel available for  
111 such inspection. This inspection shall be carried out without undue, and in any case latest within 24 hours after  
notification by the Sellers that the Vessel has arrived at the delivery port and is available for an underwater  
inspection, delay and in the  
112 presence of a Classification Society surveyor arranged for by the Sellers and paid for by  
113 the Buyers. The Buyers' representative(s) shall have the right to be present at the diver's  
114 inspection as observer(s) only without interfering with the work or decisions of the  
115 Classification Society surveyor. The extent of the inspection and the conditions under  
116 which it is performed shall be to the satisfaction of the Classification Society. If the  
117 conditions at the place of delivery are unsuitable for such inspection, the Sellers shall at  
118 their cost and expense make the Vessel available at a suitable alternative place near to  
119 the delivery port, in which event the Cancelling Date shall be extended by the additional  
120 time required for such positioning and the subsequent re-positioning. The Sellers may  
121 not tender Notice of Readiness prior to completion of the underwater inspection.

122 (ii) If the rudder, propeller, bottom or other underwater parts below the deepest load line are  
123 found broken, damaged or defective so as to affect the Vessel's class, then ~~(+) unless~~  
124 ~~repairs can be carried out afloat to the satisfaction of the Classification Society, the~~  
125 ~~Sellers shall arrange for the Vessel to be drydocked at their expense for inspection by~~  
126 ~~the Classification Society of the Vessel's underwater parts below the deepest load line,~~  
127 ~~the extent of the inspection being in accordance with the Classification Society's rules (2)~~  
128 ~~such defects shall be made good by the Sellers at their cost and expense to the~~  
129 ~~satisfaction of the Classification Society without condition/recommendation\*\* and (3) the~~  
130 ~~Sellers shall pay for the underwater inspection and the Classification Society's~~  
131 ~~attendance.~~

132 ~~Notwithstanding anything to the contrary in this Agreement, if the Classification Society~~  
133 ~~do not require the aforementioned defects to be rectified before the next class~~  
134 ~~drydocking survey, the Sellers shall be entitled to deliver the Vessel with these defects~~  
135 ~~against a deduction from the Purchase Price of the estimated direct cost (of labour and~~  
136 ~~materials) of carrying out the repairs to the satisfaction of the Classification Society,~~  
137 ~~whereafter the Buyers shall have no further rights whatsoever in respect of the defects~~  
138 ~~and/or repairs. The estimated direct cost of the repairs shall be the average of quotes~~  
139 ~~for the repair work obtained from two reputable independent shipyards with capably of drydocking and repairing~~  
a vessel of this type or in the  
140 vicinity of the port of delivery, one to be obtained by each of the Parties within two (2)  
141 Banking Days from the date of the imposition of the condition/recommendation, unless  
142 the Parties agree otherwise. Should either of the Parties fail to obtain such a quote within  
143 the stipulated time then the quote duly obtained by the other Party shall be the sole basis  
144 for the estimation of the direct repair costs. The Sellers may not tender Notice of  
145 Readiness prior to such estimate having been established.

146 ~~(iii) If the Vessel is to be drydocked pursuant to Clause 6(a)(ii) and no suitable dry docking~~

147 facilities are available at the port of delivery, the Sellers shall take the Vessel to a port  
148 where suitable drydocking facilities are available, whether within or outside the delivery  
149 range as per Clause 5(a). Once drydocking has taken place the Sellers shall deliver the  
150 Vessel at a port within the delivery range as per Clause 5(a). With this in mind, for the purpose  
151 of this Clause, become the new port of delivery. In such event the Cancelling Date shall  
152 be extended by the additional time required for the drydocking and extra steaming, but  
153 limited to a maximum of fourteen (14) days.

154 (b)\* The Sellers shall place the Vessel in drydock at the port of delivery for inspection by the  
155 Classification Society of the Vessels' underwater parts below the deepest load line, the extent  
156 of the inspection being in accordance with the Classification Society's rules. If the rudder,  
157 propeller, bottom or other underwater parts below the deepest load line are found broken,  
158 damaged or defective so as to affect the Vessel's class, such defects shall be made good at the  
159 Sellers' cost and expense to the satisfaction of the Classification Society without  
160 condition/recommendation\*\*. In such event the Sellers are also to pay for the costs and  
161 expenses in connection with putting the Vessel in and taking her out of drydock, including the  
162 drydock dues and the Classification Society's fees. The Sellers shall also pay for these costs  
163 and expenses if parts of the tailshaft system are condemned or found defective or broken so as  
164 to affect the Vessel's class. In all other cases, the Buyers shall pay the aforesaid costs and  
165 expenses, dues and fees.

166 (c) If the Vessel is drydocked pursuant to Clause 6 (a)(ii) or 6 (b) above:

167 (i) The Classification Society may require survey of the tailshaft system, the extent of the  
168 survey being to the satisfaction of the Classification Society. If such survey is  
169 not required by the Classification Society, the Buyers shall have the option to require the  
170 tailshaft to be drawn and surveyed by the Classification Society, the extent of the survey  
171 being in accordance with the Classification Society's rules for tailshaft survey and  
172 consistent with the current stage of the Vessel's survey cycle. The Buyers shall declare  
173 whether they require the tailshaft to be drawn and surveyed not later than by the  
174 completion of the inspection by the Classification Society. The drawing and refitting of  
175 the tailshaft shall be arranged by the Sellers. Should any parts of the tailshaft system be  
176 condemned or found defective so as to affect the Vessel's class, those parts shall be  
177 renewed or made good at the Sellers' cost and expense to the satisfaction of  
178 Classification Society without condition/recommendation\*\*.

179 (ii) The costs and expenses relating to the survey of the tailshaft system shall be borne by  
180 the Buyers unless the Classification Society requires such survey to be carried out or if  
181 parts to the system are condemned or found defective or broken so as to affect the  
182 Vessel's class, in which case the Sellers shall pay these costs and expenses.

183 (iii) The Buyers' representative(s) shall have the right to be present in the drydock, as  
184 observer(s) only without interfering with the work or decisions of the Classification  
185 Society surveyor.

186 (iv) The Buyers shall have the right to have the underwater parts of the Vessel cleaned  
187 and painted at their risk, cost and expense without interfering with the Sellers' or the  
188 Classification Society surveyor's work, if any, and without affecting the Vessel's timely  
189 delivery. If, however, the Buyers' work in drydock is still in progress when the  
190 Sellers have completed the work which the Sellers are required to do, the additional  
191 doocking time needed to complete the Buyers' work shall be for the Buyers' risk, cost and  
192 expense. In the event that the Buyers' work requires such additional time, the Sellers  
193 may upon completion of the Sellers' work tender Notice of Readiness for delivery whilst  
194 the Vessel is still in drydock and, notwithstanding Clause 5(a), the Buyers shall be  
195 obliged to take delivery in accordance with Clause 3 (Payment), whether the Vessel is in  
196 drydock or not.

197 \*6 (a) and 6 (b) are alternatives; delete whichever is not applicable. In the absence of deletions,



198 ~~alternative 6 (a) shall apply.~~

199 \*\*Notes or memoranda, if any, in the surveyor's report which are accepted by the Classification  
200 Society without condition/recommendation are not to be taken into account.

201 **7. Spares, bunkers and other items**

202 The Sellers shall deliver the Vessel to the Buyers with everything belonging to her on board  
203 and on shore. All spare parts and spare equipment including spare tail-end shaft(s) and/or  
204 spare propeller(s)/propeller blade(s), if any, belonging to the Vessel at the time of inspection  
205 used or unused, whether on board or not shall become the Buyers' property, but spares on  
206 order are excluded. Forwarding charges, if any, shall be for the Buyers' account. The Sellers  
207 are not required to replace spare parts including spare tail-end shaft(s) and spare  
208 propeller(s)/propeller blade(s) which are taken out of spare and used as replacement prior to  
209 delivery, but the replaced items shall be the property of the Buyers. Unused stores and  
210 provisions shall be included in the sale and be taken over by the Buyers without extra payment.

211 Library and forms exclusively for use in the Sellers' vessel(s) and captain's, officers' and crew's  
212 personal belongings including the slop chest are excluded from the sale without compensation,  
213 as well as the following additional items: **A list to be provided and incorporated into the Agreement by way of  
an Addendum To be attached** ~~(include list)~~

214 Items on board which are on hire or owned by third parties, listed as follows, are excluded from  
215 the sale without compensation: **A list to be provided and incorporated into the Agreement by way of an  
Addendum** ~~(include list)~~

216 Items on board at the time of inspection which are on hire or owned by third parties, not listed  
217 above, shall be replaced or procured by the Sellers prior to delivery at their cost and expense.  
218 The Buyers shall take over remaining bunkers and unused lubricating and hydraulic oils and  
219 greases in storage tanks and unopened drums and pay either:

220 (a) \*the actual net price basis FIFO calculation (excluding barging expenses) as evidenced by latest actual invoices  
or vouchers or at Sellers'/time charterers'/pool's last net purchase prices; ~~or~~

221 ~~(b) The current market price (excluding barging expenses) at the port and date of delivery  
222 of the Vessel or, if unavailable, at the nearest bunkering port~~

223 for the quantities taken over.

The quantities of bunkers and unused lubricating oils/hydraulic oil/greases remaining on board shall be measured  
and established by a joint survey of the Seller's Chief Engineer (acting as Sellers' representative) and the Buyer's  
familiarization crew on board (acting as Buyers' representative on board) two (2) days prior to the expected date  
of delivery. Agreed allowance for consumption for the period between the joint survey and the time of physical  
delivery will be subtracted from the figures found during the said survey.

224 Payment under this Clause shall be made at the same time and place and in the same  
225 currency as the Purchase Price.

226 "inspection" in this Clause 7, shall mean the Buyers' inspection according to Clause 4(a) or 4(b)  
227 (Inspection), if applicable. ~~If the Vessel is taken over without inspection, the date of this  
228 Agreement shall be the relevant date.~~

229 ~~\*(a) and (b) are alternatives, delete whichever is not applicable. In the absence of deletions  
230 alternative (a) shall apply.~~

231 **8. Documentation.**

232 The place of closing: **Deposit holder's premises or virtually. And all the original documents to be couriered to  
the Buyers / Sellers.**

233 (a) In exchange for payment of the Purchase Price and all other sums payable on delivery by the Buyers to the  
Sellers under this Agreement the Sellers shall provide the Buyers with the documents reasonably required for the

deletion and registration of the Vessel, and the Buyers shall provide the Sellers with all documents (indicatively corporate, shareholding etc.) evidencing Buyers' lawful actions to authorise the execution, delivery and performance of this Agreement. These documents to be mutually agreed between Buyers and Sellers as promptly as possible and to form an Addendum to this Agreement, but the agreement and execution of such Addendum and any disputes thereof shall not prejudice this agreement nor shall delay the lodging of the Deposit. Should the Parties fail to agree such Addendum, the below Clause 8 will be reinstated and apply. In exchange for payment of the Purchase Price the Sellers shall provide the Buyers with the following delivery documents:

(i) Legal Bill(s) of Sale in a form recordable in the Buyers' Nominated Flag State, transferring title of the Vessel and stating that the Vessel is free from all mortgages, encumbrances and maritime liens or any other debts whatsoever, duly notarially attested and legalised or apostilled, as required by the Buyers' Nominated Flag State;

(ii) Evidence that all necessary corporate, shareholder and other action has been taken by the Sellers to authorise the execution, delivery and performance of this Agreement;

(iii) Power of Attorney of the Sellers appointing one or more representatives to act on behalf of the Sellers in the performance of this Agreement, duly notarially attested and legalised or apostilled (as appropriate);

(iv) Certificate or Transcript of Registry issued by the competent authorities of the flag state on the date of delivery evidencing the Sellers' ownership of the Vessel and that the Vessel is free from registered encumbrances and mortgages, to be faxed or e-mailed by such authority to the closing meeting with the original to be sent to the Buyers as soon as possible after delivery of the Vessel;

(v) Declaration of Class or (depending on the Classification Society) a Class Maintenance Certificate issued within three (3) Banking Days prior to delivery confirming that the Vessel is in Class free of condition/recommendation;

(vi) Certificate of Deletion of the Vessel from the Vessel's registry or other official evidence of deletion appropriate to the Vessel's registry at the time of delivery, or, in the event that the registry does not as a matter of practice issue such documentation immediately, a written undertaking by the Sellers to effect deletion from the Vessel's registry forthwith and provide a certificate or other official evidence of deletion to the Buyers promptly and latest within four (4) weeks after the Purchase Price has been paid and the Vessel has been delivered;

(vii) A copy of the Vessel's Continuous Synopsis Record certifying the date on which the Vessel ceased to be registered with the Vessel's registry, or, in the event that the registry does not as a matter of practice issue such certificate immediately, a written undertaking by the Sellers to provide the original of this certificate promptly upon it being issued together with evidence of submission by the Sellers of a duly executed Form 2 stating the date on which the Vessel shall cease to be registered with the Vessel's registry;

(viii) Commercial Invoice for the Vessel;

(ix) Commercial Invoice(s) for bunkers, lubricating and hydraulic oils and greases;

(x) A copy of the Sellers' letter to their satellite communication provider cancelling the Vessel's communications contract which is to be sent immediately after delivery of the Vessel;

(xi) Any additional delivery documents as may reasonably be required by the competent authorities of the Buyers' Nominated Flag State for the purpose of registering the Vessel, provided the Buyers notify the Sellers of any such documents as soon as possible after the date of this Agreement. The list of documents to be furnished by each of the Parties to be mutually agreed within two (2) weeks of the date of this Agreement and the said list to be incorporated into the Agreement by way of an

Addendum. If the Parties cannot agree on documentation within two (2) weeks of the date of this Agreement, the wording in item (i) – (x) shall be reinstated and apply. ~~and~~

(xii) The Sellers' letter of confirmation that to the best of their knowledge, the Vessel is not black listed by any nation or international organisation; and

~~(xiii) A letter on Sellers' letterhead warranting that to the best of their knowledge the Vessel has not been involved in a grounding affecting vessel's class, serious casualty or collision incident since her last drydock. Such undertaking to be provided by the Sellers only in case the Vessel is delivered without Underwater Inspection~~ A letter on Sellers' letterhead warranting that to the best of their knowledge the Vessel has not been involved in a grounding, serious casualty or collision incident since built.

(b) ~~At the time of delivery the Buyers shall provide the Sellers with:~~

~~(i) Evidence that all necessary corporate, shareholder and other action has been taken by the Buyers to authorise the execution, delivery and performance of this Agreement; and~~

~~(ii) Power of Attorney of the Buyers appointing one or more representatives to act on behalf of the Buyers in the performance of this Agreement, duly notarially attested and legalised or apostilled (as appropriate).~~

(c) If any of the documents listed in the Addendum Sub-clauses (a) and (b) above are not in the English language they shall be accompanied by an English translation by an authorised translator or certified by a lawyer qualified to practice in the country of the translated language.

(d) The Parties shall to the extent possible exchange copies, drafts or samples of the documents listed in the Addendum Sub-clause (a) and Sub-clause (b) above for review and comment by the other party, without undue delay, not later than (state number of days), or if left blank, nine (9) days prior to the Vessel's intended date of readiness for delivery as notified by the Sellers pursuant to Clause 5(b) of this Agreement.

(e) Concurrent with the exchange of documents in the Addendum Sub-clause (a) and Sub-clause (b) above, the Sellers shall also hand to the Buyers the classification certificate(s) as well as all plans, drawings and manuals, (excluding ISM/ISPS manuals, Vessel Response Plan for OPA 90 and SOPEP), which are on board the Vessel. Other certificates which are on board the Vessel shall also be handed over to the Buyers unless the Sellers are required to retain same, in which case the Buyers have the right to take copies.

(f) Other technical documentation which may be in the Sellers' possession shall promptly after delivery be forwarded to the Buyers at their expense, if they so request. The Sellers may keep the Vessel's log books but the Buyers have the right to take copies of same up to six (6) months back counting as from the date the Sellers render Notice of Readiness with all relevant personal data protected by EU GDPR regulation erased. The Buyers undertake that the copies of the log books are solely for their internal reference and shall not be shared with any external person or entity.

(g) The Parties shall sign and deliver to each other a Protocol of Delivery and Acceptance confirming the date and time of delivery of the Vessel from the Sellers to the Buyers.

## 9. Encumbrances

The Sellers warrant that the Vessel, at the time of delivery, is free from all charters, encumbrances, mortgages and maritime liens or any other debts whatsoever, and is not subject to Port State or other administrative detentions. The Sellers hereby undertake to indemnify the Buyers against all consequences of claims made against the Vessel which have been incurred prior to the time of delivery.

## 10. Taxes, fees and expenses

Any taxes, fees and expenses in connection with the purchase and registration in the Buyers' Nominated Flag State shall be for the Buyers' account, whereas similar charges in connection

309 with the closing of the Sellers' register shall be for the Sellers' account.

310 **11. Condition on delivery**

311 The Vessel with everything belonging to her shall be at the Sellers' risk and expense until she is  
312 delivered to the Buyers, but subject to the terms and conditions of this Agreement she shall be  
313 delivered and taken over as she was at the time of inspection, fair wear and tear excepted.

314 However, the Vessel shall be delivered free of cargo with her cargo tanks hot water washed after the last cargo,  
ready for gas-free man entry, and with all cargo tank washings confined in the slop tanks only if the Buyers first  
pay extra US\$ 200,000.00 to the Sellers' account and free of stowaways with her Class  
315 maintained without condition/recommendation\*, free of average damage affecting the Vessel's  
316 class, and with her classification certificates and national certificates, as well as all other

317 certificates the Vessel had at the time of inspection, valid and unextended without  
318 condition/recommendation by the Classification Society or the relevant authorities at the time  
319 of delivery. The Sellers shall use their best endeavours to ensure that all continuous survey cycles for Hull and  
Machinery are clean, fully up to date, and free of any outstanding recommendations, conditions of class, or  
unextended surveys at the time of delivery. The cancelling date shall be extended by any additional time required  
for tank cleaning and gas freeing operations.

320 "Inspection" in this Clause 11, shall mean the Buyers' inspection according to Clause 4(a) ~~or~~  
321 ~~4(b) (Inspections), if applicable. If the Vessel is taken over without inspection, the date of this~~  
322 ~~Agreement shall be the relevant date.~~

323 \* Notes and memoranda, if any, in the surveyor's report which are accepted by the Classification  
324 Society without condition/recommendation are not to be taken into account.

325 **12. Name/markings**

326 Within reasonable time and latest within five (5) calendar days after Upon delivery the Buyers undertake to  
change the name of the Vessel and alter funnel  
327 markings. Buyers to provide proof of the Vessel name change to the Sellers immediately upon effecting same  
according to this Clause.

328 **13. Buyers' default**

329 Should the Deposit not be lodged in accordance with Clause 2 (Deposit), the Sellers have the  
330 right to cancel this Agreement, and they shall be entitled to claim compensation for their losses  
331 and for all expenses incurred together with interest with interest rate at six (6) percent.  
332 Should the Purchase Price not be paid in accordance with Clause 3 (Payment), the Sellers  
333 have the right to cancel this Agreement, in which case the Deposit together with interest  
334 earned, if any, shall be released to the Sellers. If the Deposit does not cover their loss, the  
335 Sellers shall be entitled to claim further compensation for their losses and for all expenses  
336 incurred together with interest.

337 **14. Sellers' default**

338 Should the Sellers fail to give Notice of Readiness in accordance with Clause 5(b) or fail to be  
339 ready to validly complete a legal transfer by the Cancelling Date the Buyers shall have the  
340 option of cancelling this Agreement. If after Notice of Readiness has been given but before  
341 the Buyers have taken delivery, the Vessel ceases to be physically ready for delivery and is not  
342 made physically ready again by the Cancelling Date and new Notice of Readiness given, the  
343 Buyers shall retain their option to cancel. In the event that the Buyers elect to cancel this  
344 Agreement, the Deposit together with interest earned, if any, shall be released to them  
345 immediately.

346 Should the Sellers fail to give Notice of Readiness by the Cancelling Date or fail to be ready to  
347 validly complete a legal transfer as aforesaid they shall make due compensation to the Buyers  
348 for their loss and for all expenses together with interest if their failure is due to proven  
349 negligence and whether or not the Buyers cancel this Agreement.

350 **15. Buyers' representatives**

351 After this Agreement has been signed by the Parties and the Deposit has been confirmed as lodged, the  
352 Buyers have the right to place two (2) representatives on board the Vessel during the last laden voyage prior  
Vessel's intended delivery at their sole risk and  
353 expense and subject to the Vessel's safe manning requirements and those of the Sellers and/or Ship Manager in  
relation to Covid-19 or any other safety precautions.

Once at port of delivery and on delivery only, Buyers to have the right place two (2) further Buyers'  
representatives onboard, to assist with the delivery procedure, subject always to vessel's safe manning and local  
regulations.

354 These representatives are on board for the purpose of familiarisation and in the capacity of  
355 observers only, and they shall not interfere in any respect with the operation of the Vessel. The  
356 Buyers and the Buyers' representatives shall sign the Sellers' P&I Club's standard letter of  
357 indemnity prior to their embarkation and the Buyers shall pay US\$20 per day per representative for victualling  
plus any communication expenses at cost as presented by the Seller at the time of delivery. All Buyers'  
representatives that are due to board the Vessel shall a) be seamen and members of the Buyers' crew; and b)  
sign Sellers' P&I Club's standard Letter of Indemnity prior boarding the Vessel.

The Buyers' representatives while on board the Vessel shall at all times comply and follow Sellers' Covid-19 and  
epidemic safety procedures.

358 **16. Law and Arbitration**

359 (a) \*This Agreement shall be governed by and construed in accordance with English law and  
360 any dispute arising out of or in connection with this Agreement shall be referred to arbitration in  
361 London in accordance with the Arbitration Act 1996 or any statutory modification or re-  
362 enactment thereof save to the extent necessary to give effect to the provisions of this Clause.

363 The arbitration shall be conducted in accordance with the London Maritime Arbitrators  
364 Association (LMAA) Terms current at the time when the arbitration proceedings are  
365 commenced.

366 The reference shall be to three arbitrators. A party wishing to refer a dispute to arbitration shall  
367 appoint its arbitrator and send notice of such appointment in writing to the other party requiring  
368 the other party to appoint its own arbitrator within fourteen (14) calendar days of that notice and  
369 stating that it will appoint its arbitrator as sole arbitrator unless the other party appoints its own  
370 arbitrator and gives notice that it has done so within the fourteen (14) days specified. If the  
371 other party does not appoint its own arbitrator and give notice that it has done so within the  
372 fourteen (14) days specified, the party referring a dispute to arbitration may, without the  
373 requirement of any further prior notice to the other party, appoint its arbitrator as sole arbitrator  
374 and shall advise the other party accordingly. The award of a sole arbitrator shall be binding on  
375 both Parties as if the sole arbitrator had been appointed by agreement.

376 In cases where neither the claim nor any counterclaim exceeds the sum of US\$100,000 the  
377 arbitration shall be conducted in accordance with the LMAA Small Claims Procedure current at  
378 the time when the arbitration proceedings are commenced.

379 ~~(b) \*This Agreement shall be governed by and construed in accordance with Title 9 of the~~  
380 ~~United States Code and the substantive law (not including the choice of law rules) of the State~~  
381 ~~of New York and any dispute arising out of or in connection with this Agreement shall be~~  
382 ~~referred to three (3) persons at New York, one to be appointed by each of the parties hereto,~~  
383 ~~and the third by the two so chosen; their decision or that of any two of them shall be final, and~~  
384 ~~for the purposes of enforcing any award, judgment may be entered on an award by any court of~~  
385 ~~competent jurisdiction. The proceedings shall be conducted in accordance with the rules of the~~  
386 ~~Society of Maritime Arbitrators, Inc.~~

387 ~~In cases where neither the claim nor any counterclaim exceeds the sum of US\$100,000 the~~

388 arbitration shall be conducted in accordance with the Shortened Arbitration Procedure of the  
389 Society of Maritime Arbitrators, Inc.

390 ~~(e) This Agreement shall be governed by and construed in accordance with the laws of~~  
391 ~~(state place) and any dispute arising out of or in connection with this Agreement shall be~~  
392 ~~referred to arbitration at (state place), subject to the procedures applicable there.~~

393 \*16(a), 16(b) and 16(c) are alternatives; delete whichever is not applicable. In the absence of  
394 deletions, alternative 16(a) shall apply.

## 395 17. Notices

396 All notices to be provided under this Agreement shall be in writing.

397 Contact details for recipients of notices are as follows:

398 For the Buyers:

MTC ENGINEERING SDN BHD  
MKN Embassy Techzone, Jalan Teknokrat 2  
Cyberjaya, 63000 Sepang, Selangor  
Malaysia

399 For the Sellers: \_\_\_\_\_

MALOELAP SHIPPING COMPANY INC.  
c/o PERFORMANCE SHIPPING MANAGEMENT INC.  
373 Syngrou Ave., 17564, Palaio Faliro, Athens  
Greece

## 400 18. Entire Agreement

401 The written terms of this Agreement comprise the entire agreement between the Buyers and  
402 the Sellers in relation to the sale and purchase of the Vessel and supersede all previous  
403 agreements whether oral or written between the Parties in relation thereto.

404 Each of the Parties acknowledges that in entering into this Agreement it has not relied on and  
405 shall have no right or remedy in respect of any condition, covenant, promise, term, statement, representation,  
assurance or  
406 warranty (whether or not made negligently) other than as is expressly set out in this Agreement.

407 Any terms condition, covenant, promise, terms, statement, representation, assurance or warranty capable of  
being implied into this Agreement by any applicable ~~statute~~custom, practice, statute (including without  
limitation, the Sale of Goods Act or any statutory modification or re-enactment thereof), or law are hereby  
excluded to  
408 the extent that such exclusion can legally be made. Nothing in this Clause shall limit or exclude  
409 any liability for fraud.

### 19. Confidentiality

All details of this transaction to be kept strictly private and confidential. This Agreement and its negotiation and  
terms (the "Confidential Information") are private and confidential between the Buyers, the Sellers and their  
affiliates, and the Parties or their affiliates shall not disclose Confidential Information to any other person without  
the prior written consent of the disclosing party, provided that nothing in

this clause shall preclude a party from disclosing Confidential Information:

1. to the ultimate shareholders of such party, its affiliates and co-investors and its and their members, advisory  
committee members, directors, officers, employees, consultants, agents, representatives, professional advisers,  
insurers, auditors, financiers and to the Vessel's technical and commercial managers (collectively, the "Nominated

Representatives”);

2. to the extent required in connection with the employment of the vessel; to the Vessel’s actual or potential charterers;

3. to the extent required by law or regulation or any governmental or other authority or the rules of any relevant stock exchange, indicatively the US SEC and NASDAQ;

4. for financing and registration purposes of the Vessel; or

5. which is in the public domain, other than as a result of breach of this clause by or through such party. Should however details of the sale become known or reported on the market, neither the Buyers nor the Sellers shall have the right to withdraw from the sale or to fail to fulfil their obligations under this Agreement.

20. Trade and Economic Compliance –

Notwithstanding any other clause in this Agreement:-

a) The Buyers, for themselves and their holding companies, affiliates, associates, directors, senior executives and officers, and shareholders warrant, represent and undertake to the Sellers, that at the date of entering into this Agreement and continuing until the Buyers have paid the purchase price in full and taken possession of the Vessel on delivery by the Sellers, neither the Buyers nor any person or entity on whose behalf or under whose direction the Buyers act or assist, nor any person or entity who the Buyers may nominate to take delivery and transfer of title of the Vessel, or to facilitate any aspect of this transaction are designated pursuant to any trade and economic sanctions, prohibitions or restrictions imposed by a Sanctions Authority, are 50% or more owned or controlled by any such person or entity, or based, organized or resident in a country or territory whose government is the target of sanctions or that is the subject of comprehensive (i.e., country-wide or territory-wide) Sanctions (including, as of the date of signature of this contract, Russia, the Donetsk People’s Republic, Luhansk People’s Republic and Crimea regions of Ukraine, Cuba, Iran, North Korea, Venezuela, Belarus and Syria) (a “Sanctioned Entity”) and that entry into and performance of this Agreement is not prohibited or restricted by, and will not

expose the Sellers, their managers, the Vessel or their employees to sanctions, prohibitions or restrictions under any trade or economic sanctions, prohibitions or restrictions (“Sanctions”). For this purpose, a “Sanctions Authority” means the US, UN, EU, UK, Switzerland, any governmental agencies or

departments of the foregoing and of any other applicable sanctions authority, applicable to Parties.

b) The Sellers, for themselves and their holding companies, affiliates, associates, directors, senior executives and officers, and shareholders warrant, represent and undertake to the Buyers, that at the date of entering into this Agreement and continuing until the Buyers have paid the purchase price in full and taken possession of the Vessel on delivery by the Sellers, neither the Sellers nor any person or entity on whose behalf or under whose direction the Sellers act or assist, nor the Vessel are a Sanctioned Entity and that entry into and performance of this Agreement is not prohibited or restricted by, and will not expose the Buyers to Sanctions.

c) The Vessel is sold on condition that it, and its components, shall not be sold, transferred, released, exported, chartered, provided or used by the Buyers, or any person deriving title or access to the Vessel under them, for any purpose or in any activity which would expose the Sellers, their managers, the Vessel or their employees to Sanctions. The Buyers undertake that such provision will apply in case of the sale of the vessel to the next purchaser, however, Buyers cannot ensure the application of this clause for subsequent transactions which are beyond their reasonable control. In the event the sale by the Buyers

to the next purchaser becomes subject to, or in violation of Sanctions, the Buyers shall notify the Sellers upon receipt of such info.

d) If at any time before delivery the Sellers become aware of any actual breach of the warranty, representation, undertaking and condition contained in paragraph (a), or (c), the Sellers may cancel this Agreement by written notice to the Buyers, without liability to the Buyers, and shall be entitled to compensation for their proven losses and all expenses they have incurred. The Buyers shall indemnify the Sellers, their managers and employees on demand against any and all sanctions, prohibitions,

restrictions, claims, loss or liability whatsoever and howsoever arising directly as a result of breach of the warranty, representation and undertaking and condition contained in paragraph (a) or (c), whether or not the Sellers cancel this Agreement.

e) If at any time before delivery the Buyers become aware of any actual breach of the warranty, representation, undertaking and condition contained in paragraph (b), the Buyers shall comply with Sanctions to which the Buyers or the Vessel are subject and follow any orders or directions which may be given by any Sanctions Authority, acting with powers to compel compliance and irrespective of any such orders, directions, laws or regulations, the Buyers are entitled to compensation for their proven direct losses and expenses they have incurred due to such a breach whether or not they cancel this Agreement.

f) No act or omission of the Sellers shall at any time constitute a waiver of this Clause 20; and the warranties, representations and undertakings contained in this Clause 20 are deemed repeated and in remain in effect before and after delivery, whether or not delivery occurs. g) Notwithstanding anything in this clause to the contrary, Buyers and Sellers shall not be required to do anything which constitutes a violation of the Sanctions laws and regulations to which either of them is subject. The Buyers shall complete the Ship Sale Questionnaire as set out in Schedule C hereto and the Counterparty

Questionnaire which will be sent by the Sellers to Buyer's e-mail address as provided in Clause 17 of this Agreement as soon as practicable after the date of this Agreement and in any event before delivery of the Vessel, failing which the Sellers shall have the right to terminate this Agreement by written notice to the Buyers, without any liability to the Buyers, and shall be entitled to compensation for their proven losses and all expenses they have incurred. Buyer's response and warranties therein are deemed correct, valid and repeated at the time of Delivery.

## 21. Anti-Corruption Obligation

(a) Buyers and Sellers each agree, undertake and warrant to the other on a continuing basis that:

(i) that it complies with the Bribery Act 2010 of the United Kingdom, the United States Foreign Corrupt Practices Act of 1977 and any anti-corruption laws and statutes, rules or regulations issued, administered or enforced by Greece, United Kingdom, the United States of America, or any other jurisdiction in which the Sellers or Buyers conduct business or operations and any related or similar rules, regulations or guidelines, issued, administered or enforced by any applicable government entity or proceeding by or before any applicable court or government entity.

(ii) in connection with the MOA each Party will comply with all applicable anti-corruption legislation and have procedures in place that are, to the best of its knowledge and belief, designed to prevent the commission of any offence under such legislation by any member of its organisation or by any person or entity providing services for it or on its behalf in connection with this MOA; and

(iii) in connection with the negotiation of this MOA neither it nor any member of its organisation has committed any breach of applicable anti-corruption legislation.

(b) If at any time before delivery the Buyers have breached any applicable anti-corruption legislation in connection with this MOA, the Sellers may cancel this MOA by written notice to the Buyers, without liability to the Sellers, and shall be entitled to compensation for their proven losses and all expenses they have incurred. The Sellers shall be under no obligation to procure the return of the Deposit (or any interest thereon) to the Buyers;



and the Deposit shall be released to the Sellers if and to the extent that release of the Deposit is permitted under the applicable national, international and supranational anti-corruption laws and regulations. The Buyers shall defend and indemnify Sellers against any and all fines, penalties, claims, proven losses, damages, costs (including, without limitation, court fees and legal costs), expenses and liabilities whatsoever and howsoever arising directly as a result of such breach, whether or not the Sellers cancel this MOA.

(c) If at any time before delivery the Sellers have breached any applicable anti-corruption legislation in connection with this MOA, the Buyers may cancel this MOA (as per lines 343-344) by written notice to the Sellers, without liability to the Buyers, and in addition to that they should be entitled to compensation for their proven direct losses and expenses they have incurred as a result of such breach.

(d) Any such right to terminate must be exercised without undue delay.

## 22. Sanctions Clause

The Buyers and Sellers each represent, warrant and undertake to each other that at the date of entering into this Agreement and continuing until the Buyers have paid the purchase price in full and taken possession of the Vessel on delivery by the Sellers neither they nor any of their holding companies, affiliates or directors, senior executives or officers, or to their knowledge, any person on whose behalf they are acting in connection with this Agreement, is an individual or entity ("Person") that is, or is 50% or more owned or controlled by, a Person (or Persons) that is the subject of any economic or financial sanctions or trade embargoes administered or enforced by the U.S. Department of the Treasury's Office of Foreign Assets Control ("OFAC"), the U.S. Departments of State or Commerce, the United Nations Security Council ("UNSC"), the European Union ("EU"), Switzerland, the United Kingdom ("UK") or other applicable sanctions authority (collectively "Sanctions") or based, organized or resident in a country or territory that is the subject of comprehensive (i.e., country-wide or territory-wide) Sanctions (including, as of the date of signature of this contract, Russia, Crimea, Cuba, Iran, North Korea, Venezuela, Belarus and Syria). If at any time during the performance of this Agreement either party becomes aware that the other party is in breach of warranty as aforesaid, the party not in breach may terminate this Agreement forthwith. The party in breach shall be liable to indemnify the other party against any and all claims, losses, damages, costs and fines whatsoever suffered by the other party resulting from any breach of warranty as aforesaid and in accordance with this Agreement.

This Clause 22 to read in conjunction with Clause 20 above.

## 23. Further Operations Clause

23.1 The Buyers irrevocably and unconditional represent that they have purchased the Vessel for further operations for a period at least six (6) months from the date of this Agreement (the Minimum Period).

23.2 The Buyers expressly undertake that the Vessel will not be scrapped, disposed of, dismantled, recycled, reclaimed, regenerated, recovered and/or any other purpose whatsoever similar thereto (Recycling), in full or in part for the duration of the Minimum Period.

23.3 The Buyers irrevocably and unconditionally warrant that any recycling after the Minimum Period, whether done by the Buyers or any third party, shall be undertaken in accordance with:

(i) the 2009 Hong Kong International Convention for the Safe and Environmentally Sound Recycling of Ships (which shall apply even if not in force);

(ii) The EU Ship Recycling Regulation (IEC/1257/2013) or the EU Waste Regulation (EEC/1013/2006) (as applicable);

(iii) The Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal.

1989, as amended.

(iv) The guidelines standards and regulations issued from time to time by the IMO (International Maritime Organization) related to Recycling; and

(v) Any other laws, standards, regulations or rules which are applicable to Recycling, including without limitation any national, international, state or local environmental or waste laws.

23.4 The Buyers warrant that the Buyers will include this Clause (including the same obligation as this Sub Clause 1.4) in the sales agreement, if the vessel is sold to any third party, whether or not the sale is for the purpose of recycling.

23.5 The Buyers shall indemnify and hold harmless the Sellers from and against any loss, liability, penalty, claim, fine or costs (including legal costs) which the Sellers may incur due to a breach by the Buyers of any of the provisions of this Clause.

23.6 The Sellers shall be entitled (in addition to any other remedy to which they may be entitled in law or in equity) to injunctive relief, including specific performance, to enforce such obligations, and if any action should be brought in equity to enforce any of the provisions of this Agreement, the Buyers shall not raise the defence that there is an adequate remedy at law.

24. The Buyer hereby warrants that they do not intend to call at any port in Russia with the Vessel (whether to load or discharge cargo or otherwise) for so long as EU, USA, UK, UN sanctions targeting the export of crude oil and petroleum products from Russia are in place, and the Buyer agrees to provide the Seller, on request, with necessary information to demonstrate compliance with this warranty.

For and on behalf of the Sellers	For and on behalf of the Buyers
Name: Andreas Nicolaos Michalopoulos	Name: MOHD FAUZI BIN YA'AKOB
Title: Director / Attorney-in-fact	Title: DIRECTOR
Date: 17th February 2025	Date: 17th February 2025
/s/ Andreas Nicolaos Michalopoulos	/s/ MOHD FAUZI BIN YA'AKOB

## MEMORANDUM OF AGREEMENT

SALEFORM 2012  
Norwegian Shipbrokers' Association's  
Memorandum of Agreement for sale and purchase of ships

1 Dated: **13 March 2025**

2 **ARNO SHIPPING COMPANY INC.** a company Incorporated in the Republic of the Marshall Islands with  
**Its registered office at Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands, MH**  
**96960** (~~Name of sellers~~), hereinafter called the "Sellers", have agreed to sell, and

3 **CONCORD VOYAGE LIMITED** (Company Registry No. 76385248), Unit 2406b 24/F Low Block, Grand  
**Millennium Plaza, 181 Queen's Rd, Central Sheung Wan, Hong Kong** (~~Name of buyers~~), hereinafter called the  
"Buyers", have agreed to buy:

4 Name of vessel: **P. YANBU**

5 IMO Number: **9460564**

6 Classification Society: **LR**

7 Class Notation: **✘ 100A1 Double Hull Oil Tanker, ESP, ShipRight CM, FDA, SDA), \*IWS, LI, DSPM4**

8 Year of Build: **2011** Builder/Yard: **Sumitomo Heavy Industries, Ltd.**

9 Flag: **Marshall Islands** Place of Registration: **Majuro** GT/NT: **55,909 / 29,810**

10 hereinafter called the "Vessel", on the following terms and conditions:

11 **Definitions**

12 **"Agreement" means this Memorandum of Agreement, as it may be amended, supplemented**  
**annexed, varied or supplemented from time to time.**

13 "Banking Days" are days on which banks are open both in the country of the currency stipulated for  
the Purchase Price in Clause 1 (Purchase Price) and in the place of closing stipulated in Clause 8  
14 (Documentation) and U.S., **UK, Greece, Hong Kong, Beijing (PRC), Dubai (UAE)**. (~~add additional jurisdictions as~~  
appropriate):

15 "Buyers' Nominated Flag State" means the Republic of Panama (state flag state).

16 "Class" means the class notation referred to above.

17 "Classification Society" means the Society referred to above.

18 "Deposit" shall have the meaning given in Clause 2 (Deposit)

19 "Deposit Holder" means **Haridass Ho & Partners, 4 Shenton Way, #10-03/06 SGX Centre 2 Singapore**  
**068807 or Oon Bazul LLP, 36 Robinson Rd, #08-01/06 City House, Singapore 068877** (state name and  
20 location of Deposit Holder) ~~or, if left blank, the~~  
~~Sellers' Bank~~, which shall hold and release the Deposit and the Balance Payment in accordance with this  
Agreement and the Escrow Agreement.

“Deposit Holder’s Account” means the account indicated in the Escrow Agreement held with the Deposit Holder’s Bank.

“Deposit Holder’s Bank” means the bank indicated in the Escrow Agreement

“Escrow Agreement” means the escrow agreement in respect of the Deposit and the Balance Payment entered into after signing of this Agreement amongst the Sellers, the Buyers and the Deposit Holder.

21 “In writing” or “written” means a letter handed over from the Sellers to the Buyers or vice versa, a  
22 registered letter, e-mail or telefax.

23 “Parties” means the Sellers and the Buyers.

24 “Purchase Price” means the price for the Vessel as stated in Clause 1 (Purchase Price).

25 “Sellers’ Account” means an account in the name of the Sellers at the Sellers\* Bank.

26 “Sellers’ Bank” means (state name of bank, branch and details) or, if left blank, the bank  
27 notified by the Sellers to the Buyers for receipt of the balance of the Purchase Price.

28 **1. Purchase Price**

29 The Purchase Price is **US\$ 39,000,000.- (United States Dollars Thirty-Nine Million only)** ~~(state currency and~~  
~~amount both in words and figures).~~

30 **2. Deposit**

31 As security for the correct fulfilment of this Agreement the Buyers shall lodge a deposit of  
32 **15% (Fifteen per cent)** ~~or, if left blank, 10% (ten percent)~~, of the Purchase Price (the  
33 “Deposit”) in an interest bearing account for the Parties with the Deposit Holder within three (3)  
34 Banking Days after the date that:

35 (i) this Agreement has been signed by the Parties and exchanged in original or by  
36 e-mail ~~or telefax~~;

**(ii) the Escrow Agreement between the Parties and the Deposit Holder has been entered into, is fully  
executed and exchanged in original or by e-mail; and**

37 (iii) the Deposit Holder has confirmed in writing to ~~the~~ **both** Parties that the account has been  
38 opened **and is ready to receive funds.**

39 The Deposit shall be released in accordance with joint written instructions of the Parties.  
40 Interest, if any, shall be credited to the Buyers. Any fee charged for holding and releasing the  
41 Deposit, Balance Payment shall be borne equally by the Parties. The Parties shall provide the Deposit Holder  
with

42 all necessary documentation ~~to~~ **(including but not limited to KYC requirements)** to open and maintain the  
account without delay **and latest within two (2) Banking Days after execution of this Agreement by both the  
Sellers and the Buyers.**

43 **3. Payment**

44 On delivery of the Vessel, but not later than three (3) Banking Days after the date that Notice of  
45 Readiness has been given in accordance with Clause 5 (Time and place of delivery and  
46 notices):

47 (i) the Deposit shall be released to the Sellers as per the Escrow Agreement in immediately available  
funds, net, free of any bank charges; and

48 (ii) the balance of the Purchase Price (the “Balance Money”) and all other sums payable on delivery by the  
Buyers

49 to the Sellers under this Agreement held in the Deposit Holder’s Account shall be released in full in  
immediately available funds, net, free of bank charges to the

50 Sellers’ Account. in accordance with the terms of this Agreement and the Escrow Agreement.

The Buyers shall remit the Balance Money Including the value of the estimated bunker and lubricating oils remaining on board at the time of delivery and any other charges and money whatsoever (the “Agreed Extra” and together with the Balance Money shall constitute the “Balance Payment”) to be paid by the Buyers to the Sellers in accordance with this Agreement and the Escrow Agreement by telegraphic transfer to the Deposit Holder’s Account held with the Deposit Holder at least two (2) Banking Days prior to the intended date of delivery of the Vessel as per the 2/1 days definite Notice of Readiness (see Clause 5b). The Balance Money Payment shall remain to the order of the Buyers and will be released in accordance with the terms of this Agreement and the Escrow Agreement

The Deposit and the Balance Payment shall be irrevocably and unconditionally released to the Sellers’ account in accordance with the terms of this Agreement and the Escrow Agreement against the Seller’s presentation and handing over to the Deposit Holder of:

- (a) Protocol of Delivery and Acceptance executed but not timed, by both Sellers and Buyers authorized representatives; and
- (b) duly executed written irrevocable instructions of the Buyers’ authorized representatives to proceed to their release.

Any surplus money after the release of the Deposit and the Balance Payment shall be remitted back to the Buyers in accordance with the provisions of the Escrow Agreement.

In exchange of the delivery documents as agreed in the Addendum No. 1 and as per Clause 8 of this Agreement, and upon:

1. Execution and submission to the Deposit Holder of the duly executed irrevocable and unconditional release instructions for the Deposit and the Balance Payment; and
2. Confirmation from the Deposit Holder that the Deposit and Balance Money has been remitted to the Sellers Account accompanied by the SWIFT copy (or copies, as the case may be) issued by the Deposit Holder’s Bank concerning the payment of the Deposit and the Balance Payment, the Protocol of Delivery and Acceptance will be timed and dated and the Vessel will immediately be legally and physically delivered to the Buyers; relevant procedure to be described in a closing memo which to be agreed by the Sellers, the Buyers and the Deposit Holder not later than five (5) Banking Days prior to the intended date of delivery of the Vessel. Notice of Readiness can be serviced anytime, including non-Banking Days.

51 4. Inspection

52 (a)\* The Buyers have waived their right to inspect the Vessel and have reviewed the Vessel’s complete class records on 17 January 2025 and approved and accepted the Vessel’s classification records. The Buyers

53 have ~~also inspected the vessel at/in (state place) on (state date) and have~~  
54 accepted the Vessel following ~~this said reviews/approvals, and~~ inspection of her classification records and the sale is outright and definite, subject only

55 to the terms and conditions of this Agreement.  
56 ~~(b)\* The Buyers shall have the right to inspect the Vessel’s classification records and declare~~  
57 ~~whether same are accepted or not within (state date/period).~~

58 ~~The Sellers shall make the Vessel available for inspection at/in (state place/range) within~~

59 ~~(state date/period):~~

60 ~~The Buyers shall undertake the inspection without undue delay to the Vessel. Should the~~  
61 ~~Buyers cause undue delay they shall compensate the Sellers for the losses thereby incurred.~~

62 ~~The Buyers shall inspect the Vessel without opening up and without cost to the Sellers.~~

63 ~~During the inspection, the Vessel's deck and engine log books shall be made available for~~  
64 ~~examination by the Buyers.~~

65 ~~The sale shall become outright and definite, subject only to the terms and conditions of this~~  
66 ~~Agreement, provided that the Sellers receive written notice of acceptance of the Vessel from~~  
67 ~~the Buyers within seventy two (72) hours after completion of such inspection or after the~~  
68 ~~date/last day of the period stated in Line 59, whichever is earlier.~~

69 ~~Should the Buyers fail to undertake the inspection as scheduled and/or notice of acceptance of~~  
70 ~~the Vessel's classification records and/or of the Vessel not be received by the Sellers as~~  
71 ~~aforsaid, the Deposit together with interest earned, if any, shall be released immediately to the~~

72 ~~Buyers, when after this Agreement shall be null and void.~~

73 ~~\*4(a) and 4(b) are alternatives; delete whichever is not applicable. In the absence of deletions,~~  
74 ~~alternative 4(a) shall apply.~~

75 **5. Time and place of delivery and notices**

76 (a) The Vessel shall be delivered and taken over safely afloat at a safe and accessible berth or  
77 anchorage **at Le Havre, France** ~~(state place/range)~~ in the Sellers' option.

78 Notice of Readiness ("NOR") shall not be tendered before: **19<sup>th</sup> March 2025** in Sellers' option

79 Cancelling Date (see Clauses 5(c), 6 (a)(i), 6 (a) (iii) and 14): **26<sup>th</sup> March 2025**  
**Sellers will not perform any additional voyage or enter into a new charterparty after the date in line 84,**  
**without Buyer's concurrence.**

80 (b) The Sellers shall keep the Buyers well informed of the Vessel's itinerary and shall

81 provide the Buyers with twenty (20), ten (10), **seven (7)**, five (5) and three (3) **days' approximate notice, and two (2) and one (1) definite days'** notice of the date the

82 Sellers intend to tender Notice of Readiness and of the intended place of delivery. **Delivery shall take place on a Banking Day.**

83 When the Vessel is at the place of delivery and physically and documentarily ready for delivery in accordance with  
84 this Agreement, the Sellers shall give the Buyers a written Notice of Readiness for delivery.

**The Buyers shall take over the Vessel latest within three (3) Banking Days from the day of receipt of such**  
**Notice of Readiness for Delivery.**

**In the event the Buyers do not take delivery of the Vessel within the period specified above, the Buyers shall**  
**pay to the Sellers USO 15,000 (United States Dollars Fifteen Thousand only) for each/ per calendar day of the**  
**delay up to the tenth (10<sup>th</sup>) day of the delay as liquidated damages. If the delay exceeds ten (10) calendar**  
**days, then the Sellers shall have the right to cancel this Agreement and claim damages for their losses flowing**  
**therefrom.**

85 (c) If the Sellers anticipate that, notwithstanding the exercise of due diligence by them, the  
86 Vessel will not be ready for delivery by the Cancelling Date they may notify the Buyers in writing  
87 stating the date when they anticipate that the Vessel will be ready for delivery and proposing a  
88 new Cancelling Date. Upon receipt of such notification the Buyers shall have the option of

89 either cancelling this Agreement in accordance with Clause 14 (Sellers' Default) within three (3)  
90 **Banking-calendar** Days of receipt of the notice or of accepting the new date as the new Cancelling Date.  
91 If the Buyers have not declared their option within three (3) **Banking-calendar** Days of receipt of the  
92 Sellers' notification or if the Buyers accept the new date, the date proposed in the Sellers'  
93 notification shall be deemed to be the new Cancelling Date and shall be substituted for the  
94 Cancelling Date stipulated in line 79.

95 If this Agreement is maintained with the new Cancelling Date all other terms and conditions  
96 hereof including those contained in Clauses 5(b) and 5(d) shall remain unaltered and in full  
97 force and effect.

98 (d) Cancellation, failure to cancel or acceptance of the new Cancelling Date shall be entirely  
99 **without prejudice to any claim for direct costs and damages the Buyers may have under Clause 14 (Sellers'**  
100 **Default) for the Vessel not being ready by the original Cancelling Date.**

101 **(e) Should the Vessel become an actual, constructive or compromised total loss before delivery**  
102 **or not be able to be delivered through outbreak of war, political reasons, restraint of Governments, Princes or**  
103 **people or any other cause which either Party hereto cannot prevent or control,**  
104 **the Deposit together with interest earned, if any, shall be released immediately to the Buyers**  
105 **whereafter this Agreement shall be null and void and neither Party shall have an obligation or liability of**  
106 **any nature whatsoever to the other Party.**

#### 104 6. Divers Inspection / Drydocking

105 (a)\*

106 (i) The Buyers shall have the option at their cost and expense to arrange for an underwater  
107 inspection by a diver approved by the Classification Society prior to the delivery of the  
108 Vessel. Such option shall be declared latest nine (9) days prior to the Vessel's intended  
109 date of readiness for delivery as notified by the Sellers pursuant to Clause 5(b) of this  
110 Agreement. The Sellers shall at their cost and expense make the Vessel available for  
111 such inspection. This inspection shall be carried out without undue delay, **and latest within 24 hours after**  
112 **notification by the Sellers that the Vessel has arrived at the delivery port and is available for an underwater**  
113 **inspection,** and in the

114 presence of a Classification Society surveyor arranged for by the Sellers and paid for by  
115 the Buyers. The Buyers' representative(s) shall have the right to be present at the diver's  
116 inspection as observer(s) only without interfering with the work or decisions of the  
117 Classification Society surveyor. The extent of the inspection and the conditions under  
118 which it is performed shall be to the satisfaction of the Classification Society. If the  
119 conditions at the place of delivery are unsuitable for such inspection, the Sellers shall at  
120 their cost and expense make the Vessel available at a suitable alternative place near to  
121 the delivery port, in which event the Cancelling Date shall be extended by the additional  
122 time required for such positioning and the subsequent re-positioning. **In such event, the Sellers have the**  
123 **right to choose this alternative port as the new port of delivery, provided Buyers' crew change is possible.**

The Sellers may

121 not tender Notice of Readiness prior to completion of the underwater inspection.

122 (ii) If the rudder, propeller, bottom or other underwater parts below the deepest load line are  
123 found broken, damaged or defective so as to affect the Vessel's class, then (1) unless  
124 repairs can be carried out afloat to the satisfaction of the Classification Society, the  
125 Sellers shall arrange for the Vessel to be drydocked at their expense for inspection by  
126 the Classification Society of the Vessel's underwater parts below the deepest load line,  
127 the extent of the inspection being in accordance with the Classification Society's rules (2)  
128 such defects shall be made good by the Sellers at their cost and expense to the  
129 satisfaction of the Classification Society without condition/recommendation\*\* and (3) the  
130 Sellers shall pay for the underwater inspection and the Classification Society's  
131 attendance.

132 Notwithstanding anything to the contrary in this Agreement, if the Classification Society  
133 do not require the aforementioned defects to be rectified before the next class  
134 drydocking survey, the Sellers shall be entitled to deliver the Vessel with these defects  
135 against a deduction from the Purchase Price of the estimated direct cost (of labour and  
136 materials) of carrying out the repairs to the satisfaction of the Classification Society,  
137 whereafter the Buyers shall have no further rights whatsoever in respect of the defects  
138 and/or repairs. The estimated direct cost of the repairs shall be the average of quotes  
139 for the repair work obtained from two reputable independent shipyards at or in the  
140 vicinity of the port of delivery, one to be obtained by each of the Parties within two (2)  
141 Banking Days from the date of the imposition of the condition/recommendation, unless  
142 the Parties agree otherwise. Should either of the Parties fail to obtain such a quote within  
143 the stipulated time then the quote duly obtained by the other Party shall be the sole basis  
144 for the estimate of the direct repair costs. The Sellers may not tender Notice of  
145 Readiness prior to such estimate having been established.

146 (iii) If the Vessel is to be drydocked pursuant to Clause 6(a)(ii) and no suitable dry-docking  
147 facilities are available at the port of delivery, the Sellers shall take the Vessel to a port  
148 where suitable drydocking facilities are available, whether within or outside the delivery  
149 range as per Clause 5(a). Once drydocking has taken place the Sellers shall deliver the  
150 Vessel at a port within the delivery range as per Clause 5(a) which shall, for the purpose  
151 of this Clause, become the new port of delivery. In such event the Cancelling Date shall  
152 be extended by the additional time required for the drydocking and extra steaming, but  
153 limited to a maximum of fourteen (14) days.

154 ~~(b)\* The Sellers shall place the Vessel in drydock at the port of delivery for inspection by the  
155 Classification Society of the Vessel's underwater parts below the deepest load line, the extent  
156 of the inspection being in accordance with the Classification Society's rules. If the rudder,  
157 propeller, bottom other underwater parts below the deepest load line are found broken  
158 damaged or defectives as to affect the Vessel's class, such defects shall be made good at the  
159 Sellers' cost and expense to the satisfaction of the Classification Society without  
160 condition/recommendation\*\*. In such event the Sellers are also to pay for the costs and  
161 expenses in connection with putting the Vessel in and taking her out of drydock, including the  
162 drydock dues and the Classification Society's fees. The Sellers shall also pay for these costs  
163 and expenses if parts of the tailshaft system are condemned or found defective or broken so as  
164 to affect the Vessel's class. In all other cases, the Buyers shall pay the aforesaid costs and  
165 expenses, dues and fees.~~

166 (c) If the Vessel is drydocked pursuant to Clause 6 (a)(ii) or 6 (b) above:

167 (i) The Classification Society may require survey of the tailshaft system, the extent of the  
168 survey being to the satisfaction of the Classification surveyor. If such survey is  
169 not required by the Classification Society, the Buyers shall have the option to require the  
170 tailshaft to be drawn and surveyed by the Classification Society, the extent of the survey  
171 being in accordance with the Classification Society's rules for tailshaft survey and  
172 consistent with the current stage of the Vessel's survey cycle. The Buyers shall declare  
173 whether they require the tailshaft to be drawn and surveyed not later than by the  
174 completion of the inspection by the Classification Society. The drawing and refitting of  
175 the tailshaft shall be arranged by the Sellers. Should any parts of the tailshaft system be  
176 condemned or found defective so as to affect the Vessel's class, those parts shall be  
177 renewed or made good at the Sellers' cost and expense to the satisfaction of  
178 Classification Society without condition/recommendation\*\*.

179 (ii) The costs and expenses relating to the survey of the tailshaft system shall be borne by  
180 the Buyers unless the Classification Society requires such survey to be carried out or if



181 parts of the system are condemned or found defective or broken so as to affect the  
182 Vessel's class, in which case the Sellers shall pay these costs and expenses.

183 (iii) The Buyers' representative(s) shall have the right to be present in the drydock, as  
184 observer(s) only without interfering with the work or decisions of the Classification  
185 Society surveyor.

186 (iv) The Buyers shall have the right to have the underwater parts of the Vessel cleaned  
187 and painted at their risk, cost and expense without interfering with the Sellers' or the  
188 Classification Society surveyor's work, if any, and without affecting the Vessel's timely  
189 delivery. If, however, the Buyers' work in drydock is still in progress when the  
190 Sellers have completed the work which the Sellers are required to do, the additional  
191 docking time needed to complete the Buyers' work shall be for the Buyers' risk, cost and  
192 expense. In the event that the Buyers' work requires such additional time, the Sellers  
193 may upon completion of the Sellers' work tender Notice of Readiness for delivery whilst  
194 the Vessel is still in drydock and, notwithstanding Clause 5(a), the Buyers shall be  
195 obliged to take delivery in accordance with Clause 3 (Payment), whether the Vessel is in  
196 drydock or not.

197 ~~\*6 (a) and 6 (b) are alternatives; delete whichever is not applicable. In the absence of deletions,~~  
198 alternative 6 (a) shall apply.

199 \*\*Notes or memoranda, if any, in the surveyor's report which are accepted by the Classification  
200 Society without condition/recommendation are not to be taken into account.

## 201 **7. Spares, bunkers and other items**

202 The Sellers shall deliver the Vessel to the Buyers with everything belonging to her on board  
203 and on shore. All spare parts and spare equipment including spare tail-end shaft(s) and/or  
204 spare propeller(s)/propeller blade(s), if any, belonging to the Vessel at the time of this Agreement  
205 used or unused, whether on board or not shall become the Buyers' property, but spares on  
206 order are excluded. Forwarding charges, if any, shall be for the Buyers' account. The Sellers  
207 are not required to replace spare parts including spare tail-end shaft(s) and spare  
208 propeller(s)/propeller blade(s) which are taken out of spare and used as replacement prior to  
209 delivery, but the replaced items shall be the property of the Buyers. Unused stores and  
210 provisions shall be included in the sale and be taken over by the Buyers without extra payment.

211 Library and forms exclusively for use in the Sellers' vessel(s) and captain's, officers' and crew's  
212 personal belongings including the slop chest are excluded from the sale without compensation,  
213 as well as the following additional items: (include list) **Such list to be incorporated into this Agreement  
through an Addendum**

214 Items on board which are on hire or owned by third parties, listed as follows, are excluded from  
215 the sale without compensation: (include list) **Such list to be incorporated into this Agreement  
through an Addendum**

216 ~~items on board at the time of inspection which are on hire or owned by third parties, not listed  
217 above, shall be replaced or procured by the Sellers prior to delivery at their cost and expense.~~

218 The Buyers shall take over remaining bunkers and unbroached, unopened and unused lubricating and  
hydraulic oils and  
219 greases that have not passed through the Vessels main system, and in storage tanks and unopened drums  
and pay ~~either~~ **extra to the Sellers:**

220 (a) \*the actual net price **basis FIFO calculation** (excluding barging expenses) as evidenced by **latest** invoices  
or vouchers; ~~or at Sellers'/ time charterers'/ pool's last net purchase prices;~~

One (1) calendar day prior to the anticipated date of delivery of the Vessel, the quantities of bunkers, lubricating and hydraulic oils and greases remaining on board shall be measured jointly by the Seller's Chief Engineer (acting as Seller's representative) and the Buyer's familiarization crew on board (acting as Buyer's representative) with an agreed allowance of reasonable consumption up to the actual physical delivery and a relevant statement to be agreed and signed by both Parties. Agreed allowance for consumption for the period between the joint survey and the time of physical delivery will be subtracted from the figures agreed in said survey and shall be included in the above statement. The Buyers shall pay for the quantities mentioned in the aforesaid duly executed statement in United States Dollars according to Clause 3 of this Agreement.

221 ~~(b) \*the current net market price (excluding barging expenses) at the port and date of delivery~~  
222 ~~of the Vessel or, if unavailable, at the nearest bunkering port;~~

223 ~~for the quantities taken over.~~

224 Payment under this Clause shall be made at the same time and place and in the same  
225 currency as the Purchase Price.

226 "inspection" in this Clause 7, shall mean the Buyers' inspection according to Clause 4(a) or 4(b)  
227 (Inspection), if applicable. If the Vessel is taken over without inspection, the date of this  
228 Agreement shall be the relevant date.

229 \*(a) and (b) are alternatives, delete whichever is not applicable. In the absence of deletions  
230 alternative (a) shall apply.

## 231 **8. Documentation**

232 The place of closing: **in the premises of the Deposit Holder with the physical presence of the Parties, or by**  
**virtual/ electronic attendance of the Parties' authorised representatives.**

**In exchange for payment of the Purchase Price and Agreed Extra the Sellers shall provide the Buyers with**  
**the Closing documents, which are to be mutually agreed between Buyers and Sellers as promptly as possible**  
**and to form an Addendum to this Agreement, but the agreement and execution of such Addendum shall not**  
**delay the lodging of the Deposit. Otherwise as per NSF 2012.**

233 ~~(a) In exchange for payment of the Purchase Price and the Extras the Sellers shall provide the Buyers with the~~  
234 ~~following delivery documents:~~

235 ~~(i) Two Legal Bill(s) of Sale in a form recordable in the Buyers' Nominated Flag State;~~  
236 ~~transferring title of the Vessel and stating that the Vessel is free from all mortgages;~~  
237 ~~encumbrances tax and maritime liens or any other debts whatsoever, duly notarially attested~~  
238 ~~and legalised or apostilled, as required by the Buyers' Nominated Flag State;~~

239 ~~(ii) Original True extract copy of written resolution of Sellers' Board of Director resolving and approving the~~  
~~seal of the Vessel, approve and/ or ratifying the execution of the MIA, any and all Addenda thereto as well as the~~  
~~Completion Services Agreement entered into by and among the Sellers, the Buyers and the Deposit Holder (the "Eserow~~  
~~Agreement") and authorizing the issuance of a Power of Attorney to specific person(s) to execute any addenda to the~~  
~~MOA, the Eserow Agreement and any addenda thereto, the Bill of Sale, Protocol of Delivery and Acceptance and all~~  
~~other documents and to deal with all matters relating to the completion of the sale and transfer of title to the Buyers~~  
~~pursuant to the MOA. The resolution shall be certified by a Notary and legalized by apostille. Evidence that all necessary~~  
~~corporate, shareholder and other action has been taken by~~  
240 ~~the Sellers to authorise the execution, delivery and performance of this Agreement;~~

241 ~~(iii) (iii) One (1) Original Extract of the Shareholder(s)' resolutions resolving and approving the resolutions of~~  
~~the Sellers' Board of Directors duly notarised and apostilled~~  
~~(iv) Power of Attorney of the Sellers issued in line with the above appointing one or more representatives to~~  
~~act on behalf~~

242 — of the Sellers in the performance of this Agreement, duly notarially attested and legalised  
243 — or apostilled (as appropriate);

244 — ~~(iv) (v) Scanned copy of Sellers' Certificate of Good Standing and Certificate of Incumbency issued by the  
competent authority showing the company is in good standing, their authorized person(s)/directors and shareholders  
and dated not earlier than (7) seven banking days prior the date of closing;~~

~~(vi) Scanned copy of the Sellers' Certificate of Incorporation, Articles of Incorporation and By Laws,  
certified as true and complete by a Director or lawyer of the Sellers;~~

~~(viii) Certificate or Transcript of Registry issued by the competent authorities of the flag state~~

245 — on the date of delivery evidencing the Sellers' ownership of the Vessel and that the

246 — Vessel is free from registered encumbrances and mortgages, to be faxed or e-mailed by

247 — such authority to the closing meeting prior release of Purchase Price with the original to be sent to the Buyers as

soon as

248 — possible after delivery of the Vessel;

249 — ~~(viii) Declaration of Class or (depending on the Classification Society) a Class Maintenance~~

250 — ~~Certificate issued within three (3) Banking Days prior to delivery confirming that the~~

251 — ~~Vessel is in Class free of condition/recommendation;~~

253 — ~~(ix) (ix) — Permission to Sale issued by the flag registration authority of the Vessel;~~

~~(x) Certificate of Deletion of the Vessel from the Vessel's registry or other official evidence of~~

253 — ~~deletion appropriate to the Vessel's registry at the time of delivery, or, in the event that~~

254 — ~~the registry does not as a matter of practice issue such documentation immediately, a~~

255 — ~~written undertaking by the Sellers to effect deletion from the Vessel's registry forthwith~~

256 — ~~and provide a certificate or other official evidence of deletion to the Buyers promptly and~~

257 — ~~latest within four (4) weeks after the Purchase Price has been paid and the Vessel has~~

258 — ~~been delivered;~~

259 — ~~(xii) (vii) A copy of the Vessel's Continuous Synopsis Record certifying the date on which the~~

260 — ~~Vessel ceased to be registered with the Vessel's registry, or, in the event that the registry~~

261 — ~~does not as a matter of practice issue such certificate immediately, a written undertaking~~

262 — ~~from the Sellers to provide the copy of this certificate promptly upon it being issued~~

263 — ~~together with evidence of submission by the Sellers of a duly executed Form 2 stating~~

264 — ~~the date on which the Vessel shall cease to be registered with the Vessel's registry;~~

265 — ~~(xiii) (viii) Commercial Invoice for the Vessel marked fully paid;~~

266 — ~~(xiii) Commercial Invoice(s) for bunkers, lubricating and hydraulic oils and greases marked fully paid;~~

268 — ~~(xiv) A copy of the Sellers' letter to their satellite communication provider cancelling the~~

~~Vessel's communications contract which is to be sent immediately after delivery of the~~

~~Vessel and a Letter of Undertaking from Sellers to cancel their communication Vessel's~~

communications contract which is to be sent immediately after delivery of the

269 — Vessel;

270 — ~~(xvi) Any additional documents as may reasonably be required by the competent authorities of~~

271 — ~~the Buyers' Nominated Flag State for the purpose of registering the Vessel, provided the~~

272 — ~~Buyers notify the Sellers of any such documents as soon as possible after the date of~~

273 — ~~this Agreement; and~~

274 — ~~(xvi) (ii) The Sellers' letter of confirmation signed by a Director or authorised person that to the best of their  
knowledge, the Vessel is not~~

275 — ~~black listed by any nation or international organisation/organization nor is subject to sanctions, prohibitions or~~

~~designations anywhere in the world and that the Sellers are not designated, as well as the Vessel is not a sanctioned~~

~~Vessel, under US, EU (or any of its member states) or UK or the UN;~~

~~(xvii) A letter of confirmation from Master confirming that all crew wages have been paid in full until the time and date of delivery;~~

~~(xix) Copies of the passport of Sole Director of the Sellers and of the attorney in fact/ authorised signatory who signed or shall sign the MOA, Escrow Agreement, release instructions and the delivery documents;~~

~~(xx) Letter of Undertaking dated on the date of Delivery signed by the Sellers' Director or duly authorised attorney in fact to send the original documents stated above (where available) to the Buyers within seven (7) Banking Days from Delivery of the Vessel;~~

~~Statement of compliance for IMO DCS and DOC for EU MRV (Updated fuel oil consumption till date of delivery, as required by IMO), to be provided well after the Vessels' delivery (DOC for EU MRV for years 2022, 2023 and 2021, and SOC for IMO DCS data for years 2022, 2023 and 2024)~~

276 (b) At the time of delivery the Buyers shall provide the Sellers with:

277 (i) Evidence that all necessary corporate, shareholder and other action has been taken by  
278 the Buyers to authorise the execution, delivery and performance of this Agreement; and

279 (ii) Power of Attorney of the Buyers appointing one or more representatives to act on behalf  
280 of the Buyers in the performance of this Agreement, duly notarially attested and legalised  
281 or apostilled (as appropriate).

282 (c) If any of the documents listed in **the Addendum** are not in the English  
283 language they shall be accompanied by an English translation by an authorised translator or  
284 certified by a lawyer qualified to practice in the country of the translated language.

285 (d) The Parties shall to the extent possible exchange copies, drafts or samples of the  
286 documents listed in **the Addendum** for review and comment by the  
287 other party **without undue delay** (state number of days), or if left blank, **nine (9) days prior to the**  
288 **Vessels intended date of readiness for delivery as notified by the Sellers pursuant to**  
289 **Clause 5(b) of this Agreement.**

290 (e) Concurrent with the exchange of documents in **the Addendum** above,  
291 the Sellers shall also hand to the Buyers the classification certificate(s) as well as all plans,  
292 drawings and manuals, (excluding ISM/ISPS ~~manuals~~) **manuals, Vessel Response Plan for OPA 90 and**  
293 **SOPEP**), which are on board the Vessel. Other  
294 certificates which are on board the Vessel shall also be handed over to the Buyers unless  
the Sellers are required to retain same, in which case the Buyers have the right to take copies.

295 (f) Other technical and operational documentation which may be in the Sellers' possession shall promptly  
after  
296 delivery be forwarded to the Buyers at their expense, if they so request. The Sellers may keep  
297 the Vessel's log books but the Buyers have the right to take copies of same **up to six (6) months back**  
**counting as from the date the Sellers tender Notice of Readiness with all relevant personal data protected**  
**by EU GDPR regulation erased. The Buyers undertake that the copies of the log books are solely for their**  
**internal reference and shall not share same with any external person or entity.**  
Sellers to provide last 5 port clearance on board the Vessel at time of Delivery.

298 (g) The Parties shall sign and deliver to each other a Protocol of Delivery and Acceptance  
299 confirming the date and time of delivery of the Vessel from the Sellers to the Buyers.

## 300 9. Encumbrances

301 The Sellers warrant that the Vessel, at the time of delivery, is free from all charters,  
302 encumbrances, mortgages and maritime liens or any other debts whatsoever, and is not subject  
303 to Port State or other administrative detentions. The Sellers hereby undertake to indemnify the

304 Buyers against all consequences of claims made against the Vessel which have been incurred  
305 prior to the time of delivery.

306 **10. Taxes, fees and expenses**

307 Any taxes, fees and expenses in connection with the purchase and registration in the Buyers'  
308 Nominated Flag State shall be for the Buyers' account, whereas similar charges in connection  
309 with the closing of the Sellers' register shall be for the Sellers' account.

310 **11. Condition on delivery**

311 The Vessel with everything belonging to her shall be at the Sellers' risk and expense until she is  
312 delivered to the Buyers, but subject to the terms and conditions of this Agreement she shall be  
313 delivered and taken over **in substantially the same condition** as she was at the time of inspection **of her  
records according to Clause 4 of this Agreement**, fair wear and tear excepted.

314 However, the Vessel shall be delivered free of slops, free of cargo and free of stowaways with her current Class  
315 maintained without condition/recommendation\*, free of average damage affecting the Vessel's  
316 class, and with her classification certificates and national/ **international trading** certificates, as well as all other  
317 certificates the Vessel had at the time of inspection, **clean and valid and unextended for min. 3 months** without  
318 condition/recommendation\* by the Classification Society or the relevant authorities at the time  
319 of delivery.

320 "inspection" in this Clause 11, shall mean the Buyers' inspection according to Clause 4(a) or  
321 4(b) (Inspections), if applicable. If the Vessel is taken over without inspection, the date of this  
322 Agreement shall be the relevant date.

323 \*Notes and memoranda, if any, in the surveyor's report which are accepted by the Classification  
324 Society without condition/recommendation are not to be taken into account.

325 **12. Name/markings**

326 Upon delivery the Buyers undertake to change the name of the Vessel and alter funnel  
327 markings.

328 **13. Buyers' default**

329 Should the Deposit not be lodged in accordance with Clause 2 (Deposit), the Sellers have the  
330 right to cancel this Agreement, and they shall be entitled to claim compensation for their losses  
331 and for all expenses incurred together with interest.  
332 Should the Purchase Price not be paid in accordance with Clause 3 (Payment), the Sellers  
333 have the right to cancel this Agreement, in which case the Deposit together with interest  
334 earned, if any, shall be released to the Sellers. If the Deposit does not cover their loss, the  
335 Sellers shall be entitled to claim further compensation for their losses and for all expenses  
336 incurred together with interest.

337 **14. Sellers' default**

338 Should the Sellers fail to give Notice of Readiness in accordance with Clause 5(b) or fail to be  
339 ready to validly complete a legal transfer by the Cancelling Date the Buyers shall have the  
340 option of cancelling this Agreement. If after Notice of Readiness has been given but before  
341 the Buyers have taken delivery, the Vessel ceases to be physically ready for delivery and is not  
342 made physically ready again by the Cancelling Date and new Notice of Readiness given, the  
343 Buyers shall retain their option to cancel. In the event that the Buyers elect to cancel this  
344 Agreement, the Deposit together with interest earned, if any, shall be released to them

345 immediately.

346 Should the Sellers fail to give Notice of Readiness by the Cancelling Date or fail to be ready to  
347 validly complete a legal transfer as aforesaid they shall make due compensation to the Buyers  
348 for their loss and for all expenses together with interest if their failure is due to proven  
349 negligence and whether or not the Buyers cancel this Agreement.

350 **15. Buyers' representatives**

351 After this Agreement has been signed by the Parties and the Deposit has been **confirmed as** lodged, the  
352 Buyers have the right to place two (2) representatives on board the Vessel **during the last voyage prior**  
353 **Vessel's intended delivery** at their sole risk and  
354 **expense and subject to the requirements of the Sellers and/or Ship Manager in relation to Covid-19**  
355 **or any other safety precaution.**  
356 **Once at port of delivery and on delivery only, Buyers to have the right place one (1) further Buyers'**  
357 **representative onboard, to assist with the delivery procedure, subject always to vessel's safe**  
358 **manning and local regulations.**

354 These representatives are on board for the purpose of familiarisation and in the capacity of  
355 observers only, and they shall not interfere in any respect with the operation of the Vessel. The  
356 Buyers and the Buyers' representatives shall sign the Sellers' P&I Club's standard letter of  
357 indemnity prior to their embarkation **and the Buyers shall pay US\$20 per day per representative for**  
358 **victualling plus any communication expenses at cost as presented by the Seller at the time of delivery. All**  
359 **Buyers' representatives that are due to board the Vessel shall a) be seamen and members of the Buyers'**  
360 **crew; and b) sign Sellers' P&I Club's standard Letter of Indemnity prior boarding the Vessel.**  
361 **The Buyers' representatives while on board the Vessel shall at all times comply and follow Sellers' Covid-**  
362 **19 and epidemic safety procedures.**

358 **16. Law and Arbitration**

359 (a) \*This Agreement shall be governed by and construed in accordance with English law and  
360 any dispute arising out of or in connection with this Agreement shall be referred to arbitration in  
361 London in accordance with the Arbitration Act 1996 or any statutory modification or re-  
362 enactment thereof save to the extent necessary to give effect to the provisions of this Clause.

363 The arbitration shall be conducted in accordance with the London Maritime Arbitrators  
364 Association (LMAA) Terms current at the time when the arbitration proceedings are  
365 commenced.

366 The reference shall be to three arbitrators. A party wishing to refer a dispute to arbitration shall  
367 appoint its arbitrator and send notice of such appointment in writing to the other party requiring  
368 the other party to appoint its own arbitrator within fourteen (14) calendar days of that notice and  
369 stating that it will appoint its arbitrator as sole arbitrator unless the other party appoints its own  
370 arbitrator and gives notice that it has done so within the fourteen (14) days specified. If the  
371 other party does not appoint its own arbitrator and give notice that it has done so within the  
372 fourteen (14) days specified, the party referring a dispute to arbitration may, without the  
373 requirement of any further prior notice to the other party, appoint its arbitrator as sole arbitrator  
374 and shall advise the other party accordingly. The award of a sole arbitrator shall be binding on  
375 both Parties as if the sole arbitrator had been appointed by agreement.

376 In cases where neither the claim nor any counterclaim exceeds the sum of US\$100,000 the  
377 arbitration shall be conducted in accordance with the LMAA Small Claims Procedure current at  
378 the time when the arbitration proceedings are commenced.

379 ~~(b) \*This Agreement shall be governed by and construed in accordance with Title 9 of the~~  
380 ~~United States Code and the substantive law (not including the choice of law rules) of the State~~

381 of New York and any dispute arising out of or in connection with this Agreement shall be  
382 referred to three (3) persons at New York, one to be appointed by each of the parties hereto,  
383 and the third by the two so chosen; their decision or that of any two of them shall be final, and  
384 for the purposes of enforcing any award, judgment may be entered on an award by any court of  
385 competent jurisdiction. The proceedings shall be conducted in accordance with the rules of the  
386 Society of Maritime Arbitrators, Inc.

387 In cases where neither the claim nor any counterclaim exceeds the sum of US\$ 100,000 the  
388 arbitration shall be conducted in accordance with the Shortened Arbitration Procedure of the  
389 Society of Maritime Arbitrators, Inc.

390 (c) This Agreement shall be governed by and construed in accordance with the laws of  
391 (state place) and any dispute arising out of or in connection with this Agreement shall be  
392 referred to arbitration at (state place), subject to the procedures applicable there.

393 \*16(a), 16(b) and 16(e) are alternatives; delete whichever is not applicable. In the absence of  
394 deletions, alternative 16(a) shall apply.

#### 395 17. Notices

396 All notices to be provided under this Agreement shall be in writing.

397 Contact details for recipients of notices are as follows:

398 For the Buyers: **Concord Voyage Limited**

**Unit 2406b 24/F Low Block, Grand Millennium Plaza, 181 Queen's Rd, Central Sheung Wan, Hong Kong**

399 For the Sellers: **c/o PERFORMANCE SHIPPING MANAGEMENT INC.**

**373 Syngrou Ave. & 2-4 Ymittou str.**

**17564, Palaio Faliro, Athens, Greece**

**Tel: +**

**Email:**

#### 400 18. Entire Agreement

401 The written terms **and conditions** of this Agreement comprise the entire agreement between the Buyers and  
402 the Sellers in relation to the sale and purchase of the Vessel and supersede all previous  
403 agreements whether oral or written between the Parties in relation ~~thereto~~ **to the subject matter of this**  
**Agreement.**

404 Each of the Parties acknowledges that in entering into this Agreement it has not relied on and  
405 shall have no right or remedy in respect of any **condition, covenant, promise, term,** statement, representation, assurance or  
406 warranty (whether or not made negligently) other than as is expressly set out in this Agreement.

407 Any ~~terms condition, covenant, promise, terms, statement, representation, assurance or warranty capable~~  
**of being** implied into this Agreement by any applicable ~~statute or law~~ **are custom, practice, statute**  
**(including without limitation, the Sale of Goods Act or any statutory modification or re-enactment**  
**thereof), or law** is hereby excluded to

408 the extent that such exclusion can legally be made. Nothing in this Clause shall limit or exclude  
409 any liability for fraud.

#### 19. Confidentiality

All details of this transaction to be kept strictly private and confidential. This Agreement and its negotiation and terms (the “Confidential Information”) are private and confidential between the Buyers, the Sellers and their affiliates, and the Parties or their affiliates shall not disclose Confidential Information to any other person without the prior written consent of the disclosing party, provided that nothing in this clause shall preclude a party from disclosing Confidential Information:

1. to the ultimate shareholders of such party, its affiliates and co-investors and its and their members, advisory committee members, directors, officers, employees, consultants, agents, representatives, professional advisers, insurers, auditors, financiers and to the Vessel’s technical and commercial managers (collectively, the “Nominated Representatives”);
2. to the extent required in connection with the employment of the vessel, to the Vessel’s actual or potential charterers;
3. to the extent required by law or regulation or any governmental or other authority, or the rules of any relevant stock exchange, indicatively the US SEC and NASDAQ;
4. for financing and registration purposes of the Vessel; or
5. which is in the public domain, other than as a result of breach of this clause by or through such party. Should however details of the sale become known or reported on the market, neither the Buyers nor the Sellers shall have the right to withdraw from the sale or to fail to fulfil their obligations under this Agreement.

#### 20. Trade and Economic Compliance

Notwithstanding any other clause in this Agreement:-

a) The Buyers, for themselves and their holding companies, affiliates, associates, directors, senior executives and officers, and shareholders warrant, represent and undertake to the Sellers, that at the date of entering into this Agreement and continuing until the Buyers have paid the purchase price in full and taken possession of the Vessel on delivery by the Sellers, neither the Buyers nor any person or entity on whose behalf or under whose direction the Buyers act or assist, nor any person or entity who the Buyers may nominate to take delivery and transfer of title of the Vessel, or to facilitate any aspect of this transaction are designated pursuant to any trade and economic sanctions, prohibitions or restrictions imposed by a Sanctions Authority, are 50% or more owned or controlled by any such person or entity, or based, organized or resident in a country or territory whose government is the target of sanctions or that is the subject of comprehensive (i.e., country-wide or territory-wide) Sanctions (including, as of the date of signature of this contract, Russia, the Donetsk People’s Republic, Luhansk People’s Republic and Crimea regions of Ukraine, Cuba, Iran, North Korea, Venezuela, Belarus and Syria) (a “Sanctioned Entity”) and that entry into and performance of this Agreement is not prohibited or restricted by, and will not expose the Sellers, their managers, the Vessel or their employees to sanctions, prohibitions or restrictions under any trade or economic sanctions, prohibitions or restrictions (“Sanctions”). For this purpose, a “Sanctions Authority” means the US, UN, EU, UK, Switzerland, any governmental agencies or departments of the foregoing and any other applicable sanctions authority, applicable to Parties.

b) The Sellers, for themselves and their holding companies, affiliates, associates, directors, senior executives and officers, and shareholders warrant, represent and undertake to the Buyers, that at the date of entering into this Agreement and continuing until the Buyers have paid the purchase price in full and taken possession of the Vessel on delivery by the Sellers, neither the Sellers nor any person or entity on whose behalf or under whose direction the Sellers act or assist, nor the Vessel are a Sanctioned Entity and that entry into and performance of this Agreement is not prohibited or restricted by, and will not expose the Buyers to Sanctions.

c) The Vessel is sold on condition that it, and its components, shall not be sold, transferred, released, exported, chartered, provided or used by the Buyers, or any person deriving title or access to the Vessel under them, for any purpose or in any activity which would expose the Sellers, their managers, the Vessel or their employees to Sanctions. The Buyers undertake that such provision will apply in case of the sale of the vessel to the next purchaser, however, Buyers cannot ensure the application of this clause for subsequent transactions which are beyond their reasonable control. In the event the sale by the Buyers



to the next purchaser becomes subject to, or in violation of Sanctions, the Buyers shall notify the Sellers upon receipt of such info.

d) If at any time before delivery the Sellers become aware of any actual breach of the warranty, representation, undertaking and condition contained in paragraph (a) or (c), the Sellers may cancel this Agreement by written notice to the Buyers, without liability to the Buyers, and shall be entitled to compensation for their proven losses and all expenses they have incurred. The Buyers shall indemnify the Sellers, their managers and employees on demand against any and all sanctions, prohibitions, restrictions, claims, loss or liability whatsoever and howsoever arising directly as a result of breach of the warranty, representation and undertaking and condition contained in paragraph (a) or (c), whether or not the Sellers cancel this Agreement.

e) If at any time before delivery the Buyers become aware of any actual breach of the warranty, representation, undertaking and condition contained in paragraph (b), the Buyers shall comply with Sanctions to which the Buyers or the Vessel are subject and follow any orders or directions which may be given by any Sanctions Authority, acting with powers to compel compliance and irrespective of any such orders, directions, laws or regulations, the Buyers are entitled to compensation for their proven direct losses and expenses they have incurred due to such a breach whether or not they cancel this Agreement.

f) No act or omission of the Sellers shall at any time constitute a waiver of this Clause 20; and the warranties, representations and undertakings contained in this Clause 20 are deemed repeated and remain in effect before and after delivery, whether or not delivery occurs. g) Notwithstanding anything in this clause to the contrary, Buyers and Sellers shall not be required to do anything which constitutes a violation of the Sanctions laws and regulations to which either of them is subject. The Buyers shall complete the Ship Sale Questionnaire as set out in Schedule C hereto and the Counterparty Questionnaire which will be sent by the Sellers to Buyer's e-mail address as provided in Clause 17 of this Agreement as soon as practicable after the date of this Agreement and in any event before delivery of the Vessel, failing which the Sellers shall have the right to terminate this Agreement by written notice to the Buyers, without any liability to the Buyers, and shall be entitled to compensation for their proven losses and all expenses they have incurred. Buyer's response and warranties therein are deemed correct, valid and repeated at the time of Delivery.

## 21. Anti-Corruption Obligation

(a) Buyers and Sellers each agree, undertake and warrant to the other on a continuing basis that:

(i) that it complies with the Bribery Act 2010 of the United Kingdom, the United States Foreign Corrupt Practices Act of 1977 and any anti-corruption laws and statutes, rules or regulations issued, administered or enforced by Greece, United Kingdom, the United States of America, or any other jurisdiction in which the Sellers or Buyers conduct business or operations and any related or similar rules, regulations or guidelines, issued, administered or enforced by any applicable government entity or proceeding by or before any applicable court or government entity.

(ii) in connection with the MOA each Party will comply with all applicable anti-corruption legislation and have procedures in place that are, to the best of its knowledge and belief, designed to prevent the commission of any offence under such legislation by any member of its organisation or by any person or entity providing services for it or on its behalf in connection with this MOA; and

(iii) in connection with the negotiation of this MOA neither it nor any member of its organisation has committed any breach of applicable anti-corruption legislation.

(b) If at any time before delivery the Buyers have breached any applicable anti-corruption legislation in connection with this MOA, the Sellers may cancel this MOA by written notice to the Buyers, without liability to the Sellers, and shall be entitled to compensation for their proven losses and all expenses they have incurred. The Sellers shall be under no obligation to procure the return of the Deposit (or any interest thereon) to the Buyers; and the Deposit shall be released to the Sellers if and to the extent that

release of the Deposit is permitted under the applicable national, international and supranational anti-corruption laws and regulations. The Buyers shall defend and indemnify Sellers against any and all fines, penalties, claims, proven losses, damages, costs (including, without limitation, court fees and legal costs), expenses and liabilities whatsoever and howsoever arising directly as a result of such breach, whether or not the Sellers cancel this MOA.

(c) If at any time before delivery the Sellers have breached any applicable anti-corruption legislation in connection with this MOA, the Buyers may cancel this MOA (as per lines 343-344) by written notice to the Sellers, without liability to the Buyers, and in addition to that they should be entitled to compensation for their proven direct losses and expenses they have incurred as a result of such breach.

(d) Any such right to terminate must be exercised without undue delay.

## 22. Sanctions Clause

The Buyers and Sellers each represent, warrant and undertake to each other that at the date of entering into this Agreement and continuing until the Buyers have paid the purchase price in full and taken possession of the Vessel on delivery by the Sellers neither they nor any of their holding companies, affiliates or directors, senior executives or officers, or to their knowledge, any person on whose behalf they are acting in connection with this Agreement, is an individual or entity ("Person") that is, or is 50% or more owned or controlled by, a Person (or Persons) that is the subject of any economic or financial sanctions or trade embargoes administered or enforced by the U.S. Department of the Treasury's Office of Foreign Assets Control ("OFAC") the U.S. Departments of State or Commerce, the United Nations Security Council ("UNSC"), the European Union ("EU"), Switzerland, the United Kingdom ("UK") or other applicable sanctions authority (collectively, "Sanctions") or based, organized or resident in a country or territory that is the subject of comprehensive (i.e., country-wide or territory-wide) Sanctions (including, as of the date of signature of this contract, Russia, Crimea, Cuba, Iran, North Korea, Venezuela, Belarus and Syria). If at any time during the performance of this Agreement either party becomes aware that the other party is in breach of warranty as aforesaid, the party not in breach may terminate this Agreement forthwith. The party in breach shall be liable to indemnify the other party against any and all claims, losses, damage, costs and fines whatsoever suffered by the other party resulting from any breach of warranty as aforesaid and in accordance with this Agreement.

This Clause 22 to read in conjunction with Clause 20 above.

## 23. Onward Trading Clause

Buyers represent and warrant that:

- a) Buyers are purchasing the Vessel for continued operation, and
- b) Buyers have no intentions or plans to recycle the Vessel within the 12 months following delivery to the Buyers under this Agreement (unless the Vessel is declared a casualty by her insurers).

However should the Buyers' intentions or plans change, the Buyers undertake and warrant that the Vessel shall be recycled in compliance with the applicable laws/regulations/conventions in relations to the recycling of Vessels and/or the disposal of waste including but not limited to the Regulation (EU)No. 1257/2013 of the European Parliament and of the Council of 20 November 2013 on ship recycling (the EU Ship Recycling Regulation) and the Hong Kong international Convention for the Sale and Environmentally Sound Recycling of Ships.

c. If the Buyers are in breach of the above provisions, they will compensate the Sellers for any loss or expense suffered by them or related companies in the Sellers' group and/or the Vessel's present managers.

## 24. No assignment and transfer

No Party shall assign or transfer any of its rights or obligations under this Agreement without the prior written consent of the other Party. Save as expressly provided elsewhere in this Agreement, no person

who is not a party to this Agreement shall have any right under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Agreement.

#### 25. Anti- Money Laundering

Each Party warrants that from the date of this Agreement and on a continuing basis that it complies with any anti-money laundering and anti-corruption laws and statutes, rules or regulations issued, administered or enforced by Greece, United Kingdom, the United States of America, or any other jurisdiction in which the Sellers or Buyers conduct business or operations and any related or similar rules, regulations or guidelines, issued, administered or enforced by any applicable government entity or proceeding by or before any applicable court or government entity and ensure it has instituted and maintained procedures designed to promote and achieve compliance with such laws. In the event of breach of the aforesaid warranty, the non-breaching party shall have the right to terminate this Agreement with no liability to the other party.

#### 26. Disease

For the purposes of this clause "Disease" means COVID-19 (any mutation of COVID-19 and/or any other disease for which restrictions apply). "Restrictions" means any mandatory order of authorities or other circumstances that relate to the Disease that prevent either:

(i) the Sellers' master, officers or crew disembarking from the Vessel and travelling from the place of delivery to their country of residence; or

(ii) the Buyers' master, officers or crew travelling to the place of delivery from their country of residence or boarding the vessel at the time of delivery. Pursuant to Clause 5, the Sellers' nominated intended place of delivery shall be a port/place where, according to the information provided to the Sellers at/before the time of its nomination, there are no restrictions as per above at the time of nomination.

(a) If, prior to the arrival of the Vessel at the intended place of delivery, the Sellers reasonably believe that they will be unable to deliver or the Buyers reasonably believe that they will be unable to take delivery of the Vessel at the intended place of delivery due to Restrictions, then the party affected shall notify the other party without delay, and in any event no later than the day the Sellers' give their three (3) day notice pursuant to Clause 5 of this Agreement. Then Sellers and Buyers shall discuss in good faith and cooperate in order to quickly find the best/nearest "Alternative Place of Delivery". In such event, the Cancelling Date shall be extended by the time taken for the Vessel to move from her location at the time of the new nomination until she arrives at the Alternative Place of Delivery.

(b) If, after the arrival of the Vessel at the intended place of delivery, such place suddenly becomes subject to Restrictions, the Sellers shall nominate, and move the Vessel to, an Alternative Place of Delivery, and the Sellers shall keep the Buyers advised about the expected new delivery date, but no new pre-delivery notices shall be required to be given by the Sellers. The Cancelling Date shall be extended by the additional time required for such repositioning of the Vessel (as advised by the Sellers, acting reasonably). In case the restrictions come into place after Sellers have tendered Notice of readiness, such Notice of Readiness shall not be considered valid until the vessel is moved to "Alternate Place of Delivery" and Notice of Readiness tendered again.

(c) Any additional bunkers consumed arising from the Vessel proceeding to an Alternative Place of Delivery instead of the place of deliver originally nominated in accordance with Clause 5 shall be shared on a 50:50 basis, against presentation of reasonable supporting documentation.

(d) If the Vessel or its crew is/are quarantined at any place, then all time in connection with such quarantine shall automatically extend the Cancelling Qate by the period required for the Vessel or the crew to be released from quarantine.

/s/ Andreas Nikolaos Michalopoulos  
For and on behalf of the Sellers

Name: Andreas Nikolaos Michalopoulos

Title: Attorney-in-fact

/s/ Elzod Erkinjonov  
For and on behalf of the Buyers

Name: Elzod Erkinjonov

Title: Director



## List of Subsidiaries as at December 31, 2024

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<b>Name of Subsidiary</b>	<b>Place of Incorporation</b>
Performance Shipping Management Inc. (ex Unitized Ocean Transport Limited)	Marshall Islands
Taburao Shipping Company Inc.	Marshall Islands
Tarawa Shipping Company Inc.	Marshall Islands
Arno Shipping Company Inc.	Marshall Islands
Maloelap Shipping Company Inc.	Marshall Islands
Garu Shipping Company Inc.	Marshall Islands
Bock Shipping Company Inc.	Marshall Islands
Arbar Shipping Company Inc.	Marshall Islands
Nakaza Shipping Company Inc.	Marshall Islands
Sri Lanka Shipping Company Inc.	Marshall Islands
Guadeloupe Shipping Company Inc.	Marshall Islands
Toka Shipping Company Inc.	Marshall Islands
Saint Barth Shipping Company Inc.	Marshall Islands
Mustique Shipping Company Inc.	Marshall Islands
Rongelap Shipping Company Inc.	Marshall Islands
Rongerik Shipping Company Inc.	Marshall Islands
Utirik Shipping Company Inc.	Marshall Islands
Oruk Shipping Company Inc.	Marshall Islands
Performance Shipping USA LLC	Delaware, USA

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## CERTIFICATION OF THE PRINCIPAL EXECUTIVE OFFICER

I, Andreas Michalopoulos, certify that:

1. I have reviewed this annual report on Form 20-F of Performance Shipping Inc. (the "Company");
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this report;
4. The Company's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Company and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the Company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the Company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting; and
5. The Company's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company's auditors and the audit committee of the Company's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting.

Date: April 16, 2025

/s/ Andreas Michalopoulos

Andreas Michalopoulos

Chief Executive Officer, Director and Secretary (Principal Executive Officer)

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**CERTIFICATION OF THE PRINCIPAL FINANCIAL OFFICER**

I, Anthony Argyropoulos, certify that:

1. I have reviewed this annual report on Form 20-F of Performance Shipping Inc. (the "Company");
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this report;
4. The Company's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Company and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the Company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the Company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting; and
5. The Company's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company's auditors and the audit committee of the Company's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting.

Date: April 16, 2025

/s/ Anthony Argyropoulos

Anthony Argyropoulos  
Chief Financial Officer (Principal Financial Officer)

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**PRINCIPAL EXECUTIVE OFFICER CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350**

In connection with this Annual Report of Performance Shipping Inc. (the "Company") on Form 20-F for the year ended December 31, 2024 as filed with the Securities and Exchange Commission (the "SEC") on or about the date hereof (the "Report"), I, Andreas Michalopoulos, Chief Executive Officer, Director and Secretary of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

A signed original of this written statement has been provided to the Company and will be retained by the Company and furnished to the SEC or its staff upon request.

Date: April 16, 2025

/s/Andreas Michalopoulos

Andreas Michalopoulos  
Chief Executive Officer, Director and Secretary (Principal Executive Officer)

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**PRINCIPAL FINANCIAL OFFICER CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350**

In connection with this Annual Report of Performance Shipping Inc. (the "Company") on Form 20-F for the year ended December 31, 2024 as filed with the Securities and Exchange Commission (the "SEC") on or about the date hereof (the "Report"), I, Anthony Argyropoulos, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

A signed original of this written statement has been provided to the Company and will be retained by the Company and furnished to the SEC or its staff upon request.

Date: April 16, 2025

/s/ Anthony Argyropoulos

Anthony Argyropoulos  
Chief Financial Officer (Principal Financial Officer)

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**Consent of Independent Registered Public Accounting Firm**

We consent to the incorporation by reference in the following Registration Statements:

- (1) Registration Statement (Form F-3 No. 333-271398) of Performance Shipping Inc.,
- (2) Registration Statement (Form F-3 No. 333-266946) of Performance Shipping Inc., and
- (3) Registration Statement (Form F-3 No. 333-197740) of Performance Shipping Inc.;

of our report dated April 16, 2025, with respect to the consolidated financial statements of Performance Shipping Inc. included in this Annual Report (Form 20-F) of Performance Shipping Inc. for the year ended December 31, 2024.

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

Athens, Greece  
April 16, 2025

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**CONSENT OF WATSON FARLEY & WILLIAMS LLP**

Reference is made to the annual report on Form 20-F of Performance Shipping Inc. (the “Company”) for the year ended December 31, 2024 (the “Annual Report”) and the registration statements on Form F-3 (Registration No. 333-271398, Registration No. 333-266946 and Registration No. 333-197740) of the Company, including the prospectuses contained therein (the “Registration Statements”). We hereby consent to (i) the filing of this letter as an exhibit to the Annual Report, which is incorporated by reference into the Registration Statements and (ii) each reference to us and the discussions of advice provided by us in the Annual Report under the section “Item 10. Additional Information-E. Taxation” and to the incorporation by reference of the same in the Registration Statements, in each case, without admitting we are “experts” within the meaning of the Securities Act of 1933, as amended, or the rules and regulations of the U.S. Securities and Exchange Commission promulgated thereunder with respect to any part of the Registration Statements.

/s/ Watson Farley & Williams LLP

Watson Farley & Williams LLP

New York, New York

April 16, 2025

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