

MR01

Particulars of a charge



Companies House

016092/E13

A fee is payable with this form.
Please see 'How to pay' on the
last page.

You can use the WebFiling service to file this form online.
Please go to www.companieshouse.gov.uk

☒ **What this form is for**
You may use this form to register
a charge created or evidenced by
an instrument.

☐ **What this form is NOT for**
You may not use this form to
register a charge where there is no
instrument. Use form MR08.

For further information, please
refer to our guidance at:
www.companieshouse.gov.uk

This form **must be delivered to the Registrar for registration within 21 days** beginning with the day after the date of creation of the charge. If delivered outside of the 21 days it will be rejected unless it is accompanied by a court order extending the time for delivery.



You must enclose a certified copy of the instrument with this form. This must be scanned and placed on the public record. **Do not send the original.**

TUESDAY



SCT *S4LCPW4A* #220
01/12/2015
COMPANIES HOUSE

1 Company details

Company number S C 3 4 8 7 0 5

Company name in full North Isles Marine Limited

For official use

→ **Filling in this form**
Please complete in typescript or in
bold black capitals.

All fields are mandatory unless
specified or indicated by *

2 Charge creation date

Charge creation date 2 5 1 1 2 0 1 5

3 Names of persons, security agents or trustees entitled to the charge

Please show the names of each of the persons, security agents or trustees
entitled to the charge.

Name Clydesdale Bank PLC

Name

Name


Name

If there are more than four names, please supply any four of these names then
tick the statement below.

☐ I confirm that there are more than four persons, security agents or
trustees entitled to the charge.

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4	Brief description	
	Please give a short description of any land, ship, aircraft or intellectual property registered or required to be registered in the UK subject to a charge (which is not a floating charge) or fixed security included in the instrument.	Please submit only a short description. If there are a number of plots of land, aircraft and/or ships, you should simply describe some of them in the text field and add a statement along the lines of, "for more details please refer to the instrument".
Brief description	Fleet deed of covenants collateral to ship mortgages in respect of the vessels "RONJA SETTLER" (to be renamed "SETTLER") (IMO Number 9258703), "NORHOLM" (IMO Number 9139567 and Official Number 915353), and any other vessel which is so designated by the parties from time to time. For more details please refer to the instrument.	Please limit the description to the available space.
5	Other charge or fixed security	
	Does the instrument include a charge (which is not a floating charge) or fixed security over any tangible or intangible or (in Scotland) corporeal or incorporeal property not described above? Please tick the appropriate box. <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
6	Floating charge	
	Is the instrument expressed to contain a floating charge? Please tick the appropriate box. <input type="checkbox"/> Yes Continue <input checked="" type="checkbox"/> No Go to Section 7 Is the floating charge expressed to cover all the property and undertaking of the company? <input type="checkbox"/> Yes	
7	Negative Pledge	
	Do any of the terms of the charge prohibit or restrict the company from creating further security that will rank equally with or ahead of the charge? Please tick the appropriate box. <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
8	Trustee statement ^①	
	You may tick the box if the company named in Section 1 is acting as trustee of the property or undertaking which is the subject of the charge. <input type="checkbox"/>	^① This statement may be filed after the registration of the charge (use form MR06).
9	Signature	
Signature	Please sign the form here. <div style="border: 1px solid black; padding: 5px; display: flex; align-items: center;"> <div style="margin-right: 20px;">Signature</div> <div style="text-align: center;"> <div style="font-size: 2em; margin-bottom: 10px;">X</div>  </div> <div style="margin-left: 20px; text-align: right;">X</div> </div> This form must be signed by a person with an interest in the charge.	

MR01

Particulars of a charge



Presenter information

You do not have to give any contact information, but if you do, it will help Companies House if there is a query on the form. The contact information you give will be visible to searchers of the public record.

Contact name Fraser Janeczko

Company name HBJ Gateley

Address Exchange Tower

19 Canning Street

Post town Edinburgh

County/Region Midlothian

Postcode E H 3 8 E H

Country UK

DX DX ED 27

Telephone 0131-222-9491



Certificate

We will send your certificate to the presenter's address if given above or to the company's Registered Office if you have left the presenter's information blank.



Checklist

We may return forms completed incorrectly or with information missing.

Please make sure you have remembered the following:

- ☐ The company name and number match the information held on the public Register.
- ☐ You have included a certified copy of the instrument with this form.
- ☐ You have entered the date on which the charge was created.
- ☐ You have shown the names of persons entitled to the charge.
- ☐ You have ticked any appropriate boxes in Sections 3, 5, 6, 7 & 8.
- ☐ You have given a description in Section 4, if appropriate.
- ☐ You have signed the form.
- ☐ You have enclosed the correct fee.
- ☐ Please do not send the original instrument; it must be a certified copy.



Important information

Please note that all information on this form will appear on the public record.



How to pay

A fee of £13 is payable to Companies House in respect of each mortgage or charge filed on paper.

Make cheques or postal orders payable to 'Companies House.'



Where to send

You may return this form to any Companies House address. However, for expediency, we advise you to return it to the appropriate address below:

For companies registered in England and Wales:
The Registrar of Companies, Companies House,
Crown Way, Cardiff, Wales, CF14 3UZ.
DX 33050 Cardiff.

For companies registered in Scotland:
The Registrar of Companies, Companies House,
Fourth floor, Edinburgh Quay 2,
139 Fountainbridge, Edinburgh, Scotland, EH3 9FF.
DX ED235 Edinburgh 1
or LP - 4 Edinburgh 2 (Legal Post).

For companies registered in Northern Ireland:
The Registrar of Companies, Companies House,
Second Floor, The Linenhall, 32-38 Linenhall Street,
Belfast, Northern Ireland, BT2 8BG.
DX 481 N.R. Belfast 1.



Further information

For further information, please see the guidance notes on the website at www.companieshouse.gov.uk or email enquiries@companieshouse.gov.uk

This form is available in an alternative format. Please visit the forms page on the website at www.companieshouse.gov.uk



FILE COPY

CERTIFICATE OF THE REGISTRATION OF A CHARGE

Company number: 348705

Charge code: SC34 8705 0006

The Registrar of Companies for Scotland hereby certifies that a charge dated 25th November 2015 and created by NORTH ISLES MARINE LIMITED was delivered pursuant to Chapter A1 Part 25 of the Companies Act 2006 on 1st December 2015.

Given at Companies House, Edinburgh on 7th December 2015



Companies House



**THE OFFICIAL SEAL OF THE
REGISTRAR OF COMPANIES**

 Clydesdale Bank |  Yorkshire Bank

**FLEET DEED OF COVENANTS
COLLATERAL TO SHIP MORTGAGES**

by

NORTH ISLES MARINE LIMITED

in favour of

**Clydesdale Bank PLC (trading as both
Clydesdale Bank and Yorkshire Bank)**

Date: *25 NOVEMBER 2015*

Certified as a true copy of
the original subject to the
exclusion of personal
information permitted by
Section 859G of the
Companies Act 2006



Gateley (Scotland) LLP

DEED OF COVENANT

Dated 25 NOVEMBER 2015

by

Name: North Isles Marine Limited
Company Number: SC348705
Registered Office: Kletterlea Burravoe, Yell, Shetland, ZE2 9BA
("the Company")

in favour of:

Name: Clydesdale Bank PLC
Company Number: SC001111
Registered Office: 30 St Vincent Place, Glasgow, G1 2HL
Details for Notices:
 Address: Business Lending Services, 20 Merrion Way, Leeds
 LS2 8NZ
 Fax Number: 0113 807 2448 (CB) / 0113 807 2359 (YB)
 Reference:
("the Bank")

supplemental to:

A first priority statutory mortgage by the Company in favour of the Bank over the Ship
("the Mortgage")

Other defined terms used in this Deed of Covenant are as set out in Clause 22.

1. Undertaking to Pay Secured Liabilities

The Company:

- 1.1 undertakes to pay and discharge the Secured Liabilities to the Bank or as the Bank may direct:
 - 1.1.1 on the due date for payment or performance of the Secured Liabilities concerned as provided by the terms of the Loan Agreement or any other agreement or document constituting the same; and
 - 1.1.2 in the absence of any express provision for payment and performance of the Secured Liabilities concerned on written demand by the Bank;
- 1.2 agrees that if it shall fail to pay any part of the Secured Liabilities when due then such amount shall bear interest (after as well as before judgement and payable on demand) at the Unplanned Borrowing Rate as calculated in accordance with paragraph 5 of Schedule 3 of the Loan Agreement from time to time from the due date until paid in full;
- 1.3 agrees with the Bank that a certificate signed by or on behalf of the Bank as to the amount, calculation or nature of the Secured Liabilities or any part of them will, in the absence of manifest error, be conclusive and binding on the Company.

2. Representations and Warranties

The Company hereby represents and warrants to the Bank that:

- 2.1 the Company is the sole, legal and beneficial owner of the Ship;
- 2.2 the Company has the corporate capacity and has taken all corporate action and obtained all necessary consents for it to enter this Deed and the other Security Documents and to make all the payments contemplated by the Security Documents;
- 2.3 the execution by the Company of the Security Documents to which it is a party and its compliance with those Security Documents will not involve or lead to a contravention of any law or regulation, the constitutional documents of the Company or any contractual or other obligation or restriction which is binding on the Company or any of its assets;
- 2.4 save for Permitted Encumbrances, the Ship, her Insurances and any Requisition Compensation are free from all Encumbrances;
- 2.5 save for the SSF Contract, the Ship is not subject to or contracted to perform under any charter or other contract for her employment;
- 2.6 no agreement or arrangement exists whereby the Earnings of the Ship may be shared with any other person;
- 2.7 the Ship is operationally seaworthy and in every way fit for service, is registered in the name of the Company as a British ship on the United Kingdom Register of Ships, and is classed with the Classification Society free from all requirements and recommendations;
- 2.8 except as may have been disclosed by the Company in writing to, and acknowledged in writing by, the Bank:
 - 2.8.1 the Company and any agent or employee of the Company has complied with the provisions of all Environmental Laws;
 - 2.8.2 the Company and any agent or employee of the Company has obtained all Environmental Approvals and are in compliance with such Environmental Approvals, save where failure to do so would have a Material Adverse Effect;
 - 2.8.3 neither the Company nor any agent or employee of the Company has received notice of any Environmental Claim that the Company and/or any such agent or employee of the Company is not in compliance with any Environmental Law or any Environmental Approval, save where failure to do so would have a Material Adverse Effect; and
 - 2.8.4 there is no Environmental Claim pending or, to the best of the Company's knowledge and belief, threatened against the Company or the Ship or any other ship owned, managed or crewed by, or chartered to, the Company or any agent or employee of the Company which if adversely determined would have a Material Adverse Effect;

- 2.9 it is not insolvent and no step has been taken with a view to the winding up or administration of the Company;
- 2.10 no legal or administrative action involving the Company which, if adversely determined would have a Material Adverse Effect, has been commenced or taken or, to the Company's knowledge, is likely to be commenced or taken;
- 2.11 it has complied with all applicable tax laws and regulations and has no material tax liabilities which are due and payable but unpaid except where such tax liabilities are being contested by the Company in good faith;
- 2.12 the Company will not incur any liability or obligation:
 - 2.12.1 except liabilities and obligations owed to the Bank and under the Security Documents and liabilities or obligations reasonably incurred in the ordinary course of operating and chartering the Ship; or
 - 2.12.2 save with the prior consent of the Bank and if required by the Bank provided the rights of the creditors in respect of such liabilities or obligations are fully subordinated to the rights of the Bank on such terms as the Bank may require;
- 2.13 except as may already have been disclosed by it in writing to, and acknowledged in writing by, the Bank there has been no emission, spill, release or discharge of a Pollutant from the Ship or any other ship owned by, managed or crewed by, or chartered to the Company which could give rise to an Environmental Claim which if adversely determined would have a Material Adverse Effect;
- 2.14 no Event of Default or Default has occurred and/or is continuing;
- 2.15 all information which has been provided in writing by or on behalf of the Company to the Bank is true and accurate and not misleading in all material respects when provided and did not omit any material fact or consideration and as at the date hereof there has been no material adverse change in the financial position or state of affairs of the Company from that disclosed;
- 2.16 the Company has obtained all necessary documentation under and is in full compliance with the IMO International Safety Management Code;
- 2.17 full disclosure has been made to all Insurance providers.

3. Mortgage

- 3.1 In consideration of the Bank making facilities available to the Company and as security for the payment of the Secured Liabilities to the Bank and the performance by the Company of its obligations under the Mortgage and this Deed, the Company as beneficial and legal owner of the Ship with full title guarantee:
 - 3.1.1 mortgages and charges all its right, title and interest present and future in and to the Mortgaged Property to and in favour of the Bank; and
 - 3.1.2 assigns and agrees to assign absolutely to the Bank its right, title and interest and benefits present and future in and to the Company's Earnings, the Insurances and any Requisition Compensation and all its benefits and interests present and future therein, provided that:
 - 3.1.2.1 the Owner's Earnings shall, subject to Clause 3.2, be payable to the Owner's Earnings Account until such time as an Event of Default shall occur and the Bank shall direct to the contrary, whereupon the Company shall forthwith, and the Bank may at any time thereafter, instruct the persons from whom the Owner's Earnings are then payable to pay the same to the Bank or as it may direct and any Owner's Earnings then in the hands of the Company's brokers or other agents shall be deemed to have been received by them for the use and on behalf of the Bank;
 - 3.1.2.2 unless and until an Event of Default shall occur (whereupon all insurance recoveries, other than any moneys payable under any loss of

earnings insurance, shall be receivable by the Bank and applied in accordance with Clause 13):

- (i) any moneys payable under the Insurances, other than any moneys payable under any loss of earnings insurance, shall be payable in accordance with the terms of the relevant Loss Payable Clause and the Bank will not in the meantime give any notification to the contrary to the insurers as contemplated by the Loss Payable Clause;
- (ii) any insurance moneys received by the Bank in respect of any major casualty (as specified in the relevant Loss Payable Clause) shall, unless prior to receipt or whilst such moneys are in the hands of the Bank there shall have occurred an Event of Default (whereupon such insurance moneys shall be applied in accordance with Clause 13) be paid over to the Company upon the Company furnishing evidence satisfactory to the Bank that all loss and damage resulting from such casualty has been properly made good and repaired, and that all repair accounts and other liabilities whatsoever in connection with the casualty have been fully paid and discharged by the Company, provided however that the insurers with whom the fire and usual marine risks insurances are effected may, in the case of a major casualty, and with the previous consent in writing of the Bank, make payment on account of repairs in the course of being effected; and
- (iii) any moneys payable under any loss of earnings insurance shall be payable in accordance with the terms of the relevant Loss Payable Clause and shall be subject to such provisions of this Clause 3 as shall apply to Owner's Earnings and the Bank will not give any notification to the insurers as contemplated in such Loss Payable Clause unless and until the Bank shall have become entitled under Clause 3.1.2.1 to direct that the Owner's Earnings be paid to the Bank.

- 3.2 The security created by the Mortgage and this Deed shall be held by the Bank as a continuing security for the payment of the Secured Liabilities and the performance by the Company of its obligations under the Mortgage and this Deed and shall not be satisfied or discharged by any intermediate payment or satisfaction of any part of the amount secured and shall remain in full force and effect until the total and irrevocable satisfaction of all the Secured Liabilities. This security shall be in addition to and shall not be prejudiced by and shall not in any way prejudice any collateral or other security held by the Bank or granted to the Bank after the date of this Deed for all or part of the Secured Liabilities or the moneys thereby secured, whether such security becomes wholly or partly void, voidable or unenforceable on any ground whatsoever or by the Bank dealing with, exchanging, varying or failing to perfect or enforce any of the same, or giving time for payment, performance, indulgence or compounding with any other person liable.
- 3.3 Neither the Bank nor any receiver shall be obliged to make any enquiry as to the nature or sufficiency of any payment received by it under the Mortgage and/or this Deed or to make any claim or take any action to collect any moneys hereby assigned or to enforce any rights or benefits hereby assigned to the Bank or to which the Bank may at any time be entitled under the Mortgage and/or this Deed.
- 3.4 If the Secured Liabilities have been irrevocably and finally paid to the Bank in full and all the express and implied obligations in the Security Documents have been performed and complied with, the Bank will, at the Company's request and expense, discharge the Mortgage and this Deed and re-assign the Earnings, the Insurances and any Requisition Compensation to the Company or as it may direct.

4. Insurance

- 4.1 The Company undertakes with the Bank to insure the Ship and maintain insurance free of cost and expense to the Bank and in the sole name of the Company or, if so required by the Bank, in the joint names of the Company and the Bank (but without liability on the part of the Bank for premiums or calls and with a full waiver of rights of subrogation against the Company) in accordance with the following provisions:
- 4.1.1 against fire, war, hull and usual marine risks (including excess risks), on Institute Time Clauses-Hulls terms or similar, in such amounts (but not in any event less than the market value of the Ship for the time being) and upon such terms as shall from time to time be approved in writing by the Bank;
 - 4.1.2 against protection and indemnity risks including liabilities to third parties in contract and in tort, four fourths collision liability (if the hull insurance covers only three fourths), pollution liabilities (for the highest amount in respect of which cover is or may become available for ships of the same type, size, age and flag as the Ship and a freight, demurrage and defence cover) and all other liabilities usually covered by an International Group protection & indemnity association all for the full value of the Ship (as approved in writing by the Bank) and upon such terms as shall from time to time be approved in writing by the Bank;
 - 4.1.3 against loss of earnings in such amounts and upon such terms as shall from time to time be approved in writing by the Bank;
 - 4.1.4 while the Ship is laid up, and if the Bank approves, port risk insurance may be taken out on the Ship by the Company instead of hull insurance, on terms and for amounts approved by the Bank; and
 - 4.1.5 in respect of such other matters of whatsoever nature and howsoever arising in respect of which, having regard to the practices and other circumstances prevailing at the relevant time, insurance would be maintained by a prudent owner of the Ship and which are specified and/or agreed to in writing by the Bank.
- 4.2 The Company further undertakes with the Bank:
- 4.2.1 to pay when due all premiums (including additional premiums), calls, contributions and other amounts payable in respect of the Insurances and to produce evidence of such payment to the Bank when so required;
 - 4.2.2 to renew the Insurances at least 21 days before the expiry date and to procure that the insurers have given written confirmation to the Bank as and when the Insurances have been renewed;
 - 4.2.3 to procure that the insurers issue letters of undertaking to the Bank in such form as the Bank may reasonably require, undertaking to give notice to the Bank if the insurance is cancelled for any reason or if they are not renewed at least 21 days before the expiry date;
 - 4.2.4 to apply all claim payments and/or sums receivable under the Insurances received by it in payment of the repair of any damage to the Ship and settlement of the liability or loss in respect of which the claim is paid or sums received and hold all other claim payments and/or sums received under the Insurances received by the Company on trust for the Bank;
 - 4.2.5 to arrange for the execution of any guarantee or indemnity as may be from time to time required by the protection & indemnity association and/or war risks association;
 - 4.2.6 not to do nor omit to do any act or thing (nor allow anything to be done or not done) as a result of which the Insurances may be avoided or cancelled or any sum rendered payable and not to allow the Ship to commence or continue any voyage or carry any passengers or cargo not permitted under the Insurances;
 - 4.2.7 if any of the insurances referred to in Clause 4.1 above form part of a fleet cover, to procure that the insurers shall undertake to the Bank that they shall not set off

against any claims in respect of the Ship (1) any premiums due in respect of other vessels under such fleet cover or (2) any premiums due for other insurances, nor cancel the insurance for reason of non-payment of premiums for other vessels under such fleet cover or of premiums for such other insurances, and shall undertake to issue a separate policy in respect of the Ship if and when so requested by the Bank;

- 4.2.8 not to employ the Ship or allow the Ship to be employed otherwise than in conformity with the terms of the Insurances (including any warranties express or implied therein) without first obtaining the consent of the insurers to such employment and complying with such requirements as to extra premium or otherwise as the insurers may prescribe;
 - 4.2.9 to provide to the Bank pro forma copies of all policies and, at the time of any and each correspondence with the insurers, brokers and/or approved war risks and protection & indemnity associations, copies of all written communications between the Company and such insurers, brokers and/or associations which relate to compliance with requirements from time to time applicable to the Insurances including, without limitation, all requisite declarations and payments of additional premiums or calls referred to in Clause 4.1 above;
 - 4.2.10 to do all things necessary and provide all documents, evidence and information to enable the Bank to collect or recover any moneys which shall at any time become due in respect of the Insurances;
 - 4.2.11 to procure that any protection & indemnity and/or war risks association in which the Ship is for the time being entered shall endorse the relevant Loss Payable Clause on the relevant certificate of entry or policy and shall furnish the Bank with a copy of such certificate of entry or policy and a letter or letters of undertaking in such form as shall from time to time be required by the Bank;
 - 4.2.12 neither to make nor agree to any alteration to the terms of any Insurance nor waive any right relating to any Insurance;
 - 4.2.13 not without the prior written consent of the Bank to settle, compromise or abandon any claim under the Insurances for Total Loss or for a major casualty; and
 - 4.2.14 to apply all sums receivable under the Insurances which are paid to it in accordance with the Loss Payable Clause in repairing all damage and/or in discharging the liability in respect of which such sums shall have been received.
- 4.3 The Company further undertakes with the Bank to effect and keep effected in the name of the Bank but at the expense of the Company or (at the Bank's option) to reimburse to the Bank the costs incurred by the Bank in effecting in its own name a mortgagee's interest insurance and mortgagee's additional perils (pollution) insurance on the Ship in such terms as the Bank requires and/or any other insurance cover which the Bank may from time to time effect in respect of the Ship and/or in respect of its interest or potential third party liability as mortgagee of the Ship as the Bank shall deem desirable.
- 4.4 The Bank shall be entitled to review the requirements of this Clause 4 from time to time in order to take account of any changes in circumstances after the date of this Deed which are, in the opinion of the Bank, significant and capable of affecting the Company or the Ship and its insurance (including, without limitation, changes in the availability or the cost of insurance coverage or the risks to which the Company may be subject).
- 4.5 The Bank shall notify the Company of any proposed modification under Clause 4 to the requirements of this Clause 4 which the Bank considers appropriate in the circumstances and such modification shall take effect on and from the date it is notified in writing to the Company as an amendment to this Clause 4 and shall bind the Company accordingly.

5. Chartering

The Company undertakes that, for the duration of the Security Period, it shall not without the prior written consent of the Bank and then only subject to such conditions as the Bank may impose, let the Ship:

- 5.1 on demise charter for any period;
- 5.2 by any time or consecutive voyage charter which exceeds or may exceed 12 months in length;
- 5.3 on terms by which more than 2 month's hire (or equivalent) is payable in advance; and
- 5.4 below the market rate prevailing at the time the Ship is fixed or other than on arms' length terms;

and forthwith upon being required to do so by the Bank to assign to the Bank as further security for the Secured Liabilities the benefit (but not the burden) of any letting of the Ship whether or not the Bank's consent thereto is required under this Clause 5.

6. Company's General Undertakings

The Company covenants with the Bank and undertakes that throughout the Security Period the Company will:

- 6.1 comply with all legal requirements applicable to the Company under Applicable Law (save where any failure to comply would not, or is not reasonably likely to, have a Material Adverse Effect) and inform the Bank immediately if any winding up or bankruptcy petition is issued or if any application is made for the appointment of an administrator or receiver of the Company or its assets;
- 6.2 keep the Ship registered as a British Ship in Part I of the Register of Ships and:
 - 6.2.1 not do or permit anything to be done which may result in such registration being suspended, cancelled or imperilled;
 - 6.2.2 not register the Ship or permit its registration under any other flag or at any other port without the prior written consent of the Bank; and
 - 6.2.3 if the said registration of the Ship is for a limited period, renew the registration of the Ship at least 45 days prior to the expiry of such registration and provide evidence of such renewal to the Bank at least 30 days prior to such expiry;
- 6.3 not change the name of the Ship without the Banks' prior written consent;
- 6.4 not remove the Ship from European waters without the consent of the Bank;
- 6.5 not without the prior written consent of the Bank (and then only subject to such terms as the Bank may impose) sell, transfer, mortgage, charge, hypothecate or abandon the Ship or any share or interest in the Ship nor assign the Insurances or the Requisition Compensation;
- 6.6 not without the prior written consent of the Bank (and then only subject to such conditions as the Bank may impose) create or purport to create or agree to create or permit to arise or subsist any Encumbrances (other than the Permitted Encumbrances) over or in respect of the Ship, any share or part therein or any other part of the Mortgaged Property otherwise than to or in favour of the Bank;
- 6.7 save for Permitted Encumbrances, not allow any lien or encumbrance to be created on the Ship (other than a lien for salvage or for crew wages) and promptly pay and discharge all debts, damages, liabilities and outgoings whatsoever which have given or which, if not paid, may give rise to maritime, statutory or possessory liens or encumbrances on, or claims enforceable against, the Ship, her Earnings or Insurances or any part thereof;
- 6.8 immediately notify the Bank:
 - 6.8.1 if the Ship is removed from United Kingdom or Norwegian waters (even if for the purpose of dry-docking);

6.8.2 if the Ship is arrested, attached or detained by any legal proceedings or any lien or encumbrance on the Ship or the Earnings is exercised or purportedly exercised and cause the Ship to be released as soon as practicable and all liens and encumbrances (except those created by the Mortgage and this Deed) to be discharged;

6.8.3 of any legal proceedings commenced against the Company or the Ship in any jurisdiction; and

6.8.4 of the occurrence of any Event of Default;

6.9 execute and deliver from time to time at its own expense any further document or documents required by the Bank to complete the security required by the Mortgage and this Deed.

7. Company's Financial Undertakings

The Company covenants with the Bank and undertakes throughout the Security Period:

7.1 to pay all debts incurred by the Company as they fall due (or at such time and on such terms as may be agreed among the Company and the Bank from time to time) and in particular to pay all taxes, social security and national insurance contributions and all other amounts payable to the relevant United Kingdom authorities and to pay all fines and penalties imposed on the Company or the Ship by any lawful authority;

7.2 when so requested by the Bank to provide evidence that the wages and all other amounts payable to the master and the crew are being paid in accordance with the Articles of Agreement of the Ship, contracts of employment of the master and crew and applicable regulations;

7.3 if the Ship is requisitioned for title or otherwise compulsorily acquired by a government or government agency, to execute any assignment of the Requisition Compensation that the Bank requires and in the event that such Requisition Compensation is paid to the Company to hold it on trust for the Bank.

8. Operational Undertakings

The Company covenants with the Bank and undertakes that throughout the Security Period it will:

8.1 maintain the Ship in a seaworthy condition and in good operational order in accordance with first class ship management practice and to procure that all repairs to or replacement of any damaged, worn or lost parts or equipment are effected in such manner (both as regards workmanship and quality of materials) as not to diminish the value of the Ship;

8.2 not lay up the Ship;

8.3 maintain the annual certification of the Ship with the Maritime and Coastguard Agency free of recommendations and limitations and to arrange that the Maritime and Coastguard Agency confirms in writing each year to the Bank that such annual certification is retained;

8.4 arrange for the Ship to be inspected or surveyed and the safety system to be audited on an annual basis by the Maritime and Coastguard Agency in accordance with the terms of its Passenger Certificate and its Domestic Safety Management Certificate and as may be required for classification and/or registration purposes and to provide the Bank with copies of all survey reports, audits and other documents relating to the continued certification of the Ship;

8.5 advise the Bank immediately if the Company fails to or cannot comply with any recommendation or requirement imposed by and insurer, or by any Government authority or agency or the insurer or the Classification Society;

8.6 advise the Bank immediately of any intended dry-docking of the Ship;

8.7 inform the Bank promptly of any casualty or damage to the Ship if the estimated cost of repairs may exceed 10% of the market value of the Ship or if as a result of such

casualty the Ship may become a Total Loss and any casualty or incident which may give risk to an environmental or pollution claim or a personal injury claim against the Ship or Company and any requisition of the Ship for hire;

- 8.8 inform the Bank promptly of any incident involving death or serious personal injury of any passenger or crew member of the Ship;
- 8.9 not without the prior written consent of the Bank which shall not unreasonably be withheld arrange or permit the Ship to enter a shipyard for the purpose of carrying out repairs or renewals, the cost of which may exceed 15% of the market value of the Ship unless the repairer shall first have given to the Bank, in terms satisfactory to it, a written undertaking not to exercise any lien on the Ship or the earnings for the cost of such work or otherwise;
- 8.10 not make or permit to be made any alteration to the Ship in consequence of which the structure type or performance characteristics of the Ship would be materially altered without the prior consent of the Bank (not to be unreasonably withheld);
- 8.11 not remove any material part of the Ship or any equipment the value of which is such that its removal from the Ship would materially reduce the value of the Ship without replacing the same with equivalent parts or equipment which are owned by the Company free from encumbrances;
- 8.12 not install on the Ship any equipment owned by a third party which cannot be removed without causing damage to the structure or fabric of the Ship;
- 8.13 permit the Bank (acting reasonably) and its authorised representative at reasonable times and on reasonable notice unrestricted access to the Ship in order to inspect the condition of the Ship or for the purpose of satisfying themselves in regard to proposed or executed repairs and to afford all proper facilities for such inspection and give the Bank reasonable notice of any dry docking or underwater inspection so that the Bank can arrange for its authorised representative to be present if it so requires;
- 8.14 comply in all material respects with requirements imposed by statute, statutory instrument or regulation or by international convention and to have on board the Ship at all times valid certificates evidencing compliance with such requirements;
- 8.15 ensure that the Ship and its operation complies with Applicable Law;
- 8.16 maintain the classification of the Ship and at all times to comply with and ensure that the Ship complies with the provisions of the Merchant Shipping Acts and all regulations and requirements (statutory or otherwise) from time to time applicable to vessels registered in Part I of the Register of Ships or otherwise applicable to the Ship;
- 8.17 not operate the Ship nor allow the Ship to be operated in breach of any law, regulation or international convention or employ the Ship in a way that may result in its destruction, confiscation, seizure or forfeiture and, in the event of hostilities in any part of the world (whether war be declared or not), not operate the Ship nor allow the Ship to be operated in carrying any contraband goods, or enter or trade to or to continue to trade in any zone which has been declared a war zone by any Government Entity or by the Ship's war risk insurers unless the prior written consent of the Bank is obtained and such special insurance cover as the Bank may require shall have been effected by and at the expense of the Company;
- 8.18 save as may have been disclosed to the Bank at the date of this Deed, not appoint a manager of the Ship who is not an employee of the Company without prior written consent of the Bank (and then only on and subject to such terms as the Bank may agree);
- 8.19 upon request, promptly furnish the Bank with all such information as it may from time to time reasonably require regarding the Ship, her employment position and engagements, particulars of all towages and salvages and copies of all charters and other contracts for her employment or otherwise howsoever concerning her, the earnings and amounts due to the Ship's master and crew, any expenses incurred or likely to be incurred in connection with the operation, maintenance or repair of the Ship

and the Company's or the Ship's compliance with the International Safety Management Code;

- 8.20 not without the prior written consent of the Bank enter into any agreement or arrangement whereby the Earnings may be shared with any other person;
- 8.21 promptly pay all tolls, dues and other outgoings whatsoever in respect of the Ship and to keep proper books of account in respect of the Ship and her Earnings and as and when the Bank may so require make such books available for inspection on behalf of the Bank and furnish satisfactory evidence that the wages and allotments and the insurance and pension contributions of the Master and crew are being regularly paid and that all deductions from the crew's wages in respect of any tax liability are being properly accounted for and that the Master has no claim for disbursements other than those incurred by him in the ordinary course of trading on the voyage then in progress;
- 8.22 promptly inform the Bank of any incident giving rise to a claim (either by or against the Company) under any charter, of any period of off-hire under any charter and/or of any incident that may give rise or has given rise to the termination of any charter;
- 8.23 not to consent to any sub-let of the Ship by any charterer without the prior written consent of the Bank; and
- 8.24 at all times carry on board the Ship a duly certified copy of this Deed and the Mortgage (which shall form a part of the Ship's documents) and cause the same to be shown to any person having business with the Ship which might create or imply any commitment or encumbrances whatsoever on the Ship and place and maintain in a conspicuous place in the navigation room and in the cabin of the Captain of the Ship a printed notice in the following form:

"NOTICE OF MORTGAGE

This Ship is mortgaged by the Company in favour of Clydesdale Bank PLC by a First Priority Mortgage and a Deed of Covenant, certified copies of which are preserved with the Ship's papers.

Under the said Mortgage and Deed of Covenant neither the Company nor the Captain of this Ship has any power, right or authority whatsoever to create, incur or permit the imposition on the Ship of any commitments or encumbrances except for crew's wages or salvage."

9. Bank's Powers to Protect its Security

- 9.1 Without prejudice to any other rights, powers and remedies it may have under any of the Security Documents, the Bank shall have the power at any time to take such action as it considers necessary in its absolute discretion to protect the security created by the Security Documents. In particular and without limiting this general power if the Company fails to insure the Ship in accordance with the requirements of Clause 4.1 the Bank shall have the power either: (i) to place the Insurances and pay any premiums, calls or other amounts due in respect of the Insurances; or (ii) to require the Ship (at the Company's risk) to remain in or proceed to and remain in a port designated by the Bank until such requirements are fully complied with, and if the Company fails to pay and discharge its debts and liabilities or to maintain the Ship in accordance with this Deed the Bank shall have the power (but not be bound) to pay and discharge all debts and liabilities of the Company (as appropriate), to take any measures as it may deem expedient or necessary for securing the release of the Ship and to carry out all surveys and repairs to the Ship.
- 9.2 The Bank shall be under no obligation to take any such action to protect the security and shall be under no liability to the Company or any third party to pay any amount due from the Company unless it has specifically agreed to do so in writing.
- 9.3 The Company undertakes to pay to the Bank on demand all amounts paid or payable by the Bank under the terms of this Clause and such amounts shall be secured by the Mortgage and this Deed and shall bear interest at 6% over the Bank of England Base Rate as it may vary from time to time from the date the same are incurred, computed and compounded monthly.

10. Events of Default

In the case that any one or more of the following events ("Events of Default") shall occur then the Bank shall have the powers provided in Clause 11:

- 10.1 the Company defaults in the payment on the due date of any of the Secured Liabilities;
- 10.2 the Company defaults in the due performance of any of its obligations (other than the payment obligation referred to in Clause 10.1) under this Deed provided that if it is possible for the Company to remedy the default no Event of Default shall occur until ten (10) Business Days after the Bank has given written notice of such default to the Company and it has failed to remedy such default;
- 10.3 any representation, warranty or statement made or deemed to be made or repeated by or in respect of the Company to the Bank in or pursuant to this Deed or in any notice, certificate or statement referred to in this Deed is or proves to have been incorrect, inaccurate or misleading in any material respect;
- 10.4 any other borrowing by the Company shall become due and payable and is not paid in full on or before the due date for payment or any event occurs which gives the creditor the right to require the immediate repayment of such borrowing before its maturity date;
- 10.5 any order shall be made by any competent court or a resolution shall be passed by the Company for the appointment of a liquidator or for the winding-up or dissolution of the Company;
- 10.6 the Company shall be unable to pay its debts as they fall due;
- 10.7 an administrator, receiver, administrative receiver, trustee, manager or similar official is appointed by a creditor or a competent court of the property of the Company;
- 10.8 any distress or execution is levied or enforced against the property of the Company and such distress or execution is not withdrawn within five (5) Business Days;
- 10.9 anything is done or suffered or omitted to be done by the Company which in the reasonable opinion of the Bank prejudices and/or may prejudice or imperil the security created by the Mortgage and/or this Deed;
- 10.10 the Ship is arrested, confiscated, seized, taken in execution, impounded, forfeited, detained in exercise or purported exercise of any possessory lien or other claim or otherwise taken from the possession of the Company and the Company fails to procure the release of the Ship within a period of 28 days thereafter;
- 10.11 the registration of the Ship under the laws and flag of the United Kingdom is cancelled or terminated without the prior consent of the Bank;
- 10.12 any Encumbrance (other than a Permitted Encumbrance) becomes enforceable;
- 10.13 there occurs, in the reasonable opinion of the Bank, a material adverse change in the financial condition of the Company which, in the Bank's reasonable opinion, is likely to materially and adversely affect the ability of the Company to pay and perform the Secured Liabilities or perform all or any of its obligations under or otherwise to comply with the terms of this Deed;
- 10.14 the Company and/or any of its agents and employees fail to comply with Environmental Law or any Environmental Approval or the Ship is involved in any incident which gives rise or could give rise to any Environmental Claim if, in any such case, such non-compliance or incident or the consequences thereof could, in the Bank's opinion, reasonably be expected to have a material adverse effect on the business, assets or financial condition of the Company;
- 10.15 the Company fails or omits to comply with any requirements of the protection & indemnity association or other insurer with which the Ship is entered for insurance or insured against protection and indemnity risks (including oil pollution risks) to the effect that any cover is or may be liable to cancellation, qualification or exclusion at any time;
or

- 10.16 the Ship becomes a Total Loss and the Bank shall not have received within ninety (90) days following the occurrence of such Total Loss (or such earlier date as the Total Loss claim is paid by the Insurers) payment of the Secured Liabilities.

11. Bank's Powers of Enforcement

- 11.1 If an Event of Default occurs and is continuing, then the Secured Liabilities shall become immediately due and payable, the Bank shall forthwith be entitled to exercise the powers possessed by it as mortgagee of the Ship conferred by the law of any country or territory the courts of which have or claim jurisdiction in respect of the Company or the Ship, and in particular and without prejudice to the foregoing the Bank shall have the right and power:
- 11.1.1 to order the master of the Ship to remain in or proceed immediately to a port or place specified by the Bank;
 - 11.1.2 to take possession of the Ship, whether actually or constructively and to cause the Company or whoever may be in possession of the Ship forthwith upon demand to surrender the same to the Bank without legal process and without liability of the Bank for any losses or damages incurred thereby and without having to render accounts to the Company in connection therewith;
 - 11.1.3 to sell the Ship or any shares therein (whether as mortgagee, attorney-in-fact for the Company or otherwise) by public auction or private contract at such place and on such terms and by such method as the Bank may in its absolute discretion decide, the Bank having the power to postpone such sale without being liable for any resulting loss;
 - 11.1.4 to insure, manage, maintain, repair, charter, employ or lay up the Ship for such time and on such terms as it may consider to its advantage and for these purposes the Bank shall be entitled to do all acts and things incidental or conducive thereto and in particular to enter into such arrangements respecting the Ship, her insurance, management, maintenance, repair, classification and employment in all respects as if the Bank was the owner of the Ship and without being liable for any resulting loss to the Company or damage to the Ship, provided such loss or damage has not been caused by the deliberate default of the Bank;
 - 11.1.5 to arrest or attach the Ship in legal proceedings and to apply to the court for an order for the sale of the Ship;
 - 11.1.6 to take such other action as the Bank considers appropriate in order to recover the Secured Liabilities from the Company;
 - 11.1.7 to require all documents relating to the Insurances and all correspondence concerning outstanding claims to be delivered to the Bank or to the broker and/or adjuster and/or other insurers nominated by it;
 - 11.1.8 to take over or institute (if necessary using the name of the Company) all such proceedings in connection with the Ship as the Bank in its absolute discretion thinks fit and to defend, compound, release or compromise all claims against the Company in connection with the Ship including (but not limited to) those which have given or may give rise to any charge or lien on the Ship (whether ranking in priority or subordinate to the Mortgage) or which are or may be enforceable by proceedings against the Ship;
 - 11.1.9 to collect, recover, compromise and give a good discharge for all claims by the Company then outstanding or thereafter arising against the Insurers, any charterer or any other third party in connection with the Ship, the Insurances and the Requisition Compensation and to institute or commence all such proceedings in connection therewith as the Bank in its absolute discretion thinks fit and to permit any brokers through whom collection or recovery is effected to charge their usual brokerage;

- 11.1.10 to combine all accounts which the Company may have with the Bank and to apply any credit balances on any such accounts of the Company in payment of the Secured Liabilities; and
- 11.1.11 to recover from the Company on demand or all amounts incurred in connection with the exercise by it of all or any of its powers and rights conferred by this Clause 11 or otherwise.
- 11.2 If the Bank sells or is to sell the Ship in exercise of any power contained in this Deed or otherwise conferred on the Bank then the Company undertakes to execute and deliver to the Bank, on the request of the Bank, all such documents as the Bank may require in order to transfer the legal and beneficial ownership in the Ship to the purchaser.
- 11.3 After an Event of Default the Bank may appoint a receiver of the Ship and the Insurances. The receiver shall be the agent of the Company who will be responsible for his remuneration and for all his acts and omissions and for all contracts entered into by the receiver. The receivers shall have all the powers conferred on the Bank in this Deed and all the powers (to the extent relevant) set out in Schedule 1 of the Insolvency Act 1986 (as amended). If the Bank considers it appropriate at any time it may remove the receiver and appoint another person in his place.
- 11.4 The Bank may exercise each power and right which it has under the Mortgage and this Deed at any time and from time to time and as often as the Bank decides is appropriate in its absolute discretion.

12. Attorney

- 12.1 By way of security, the Company hereby irrevocably appoints the Bank as its attorney (with powers to appoint substitute attorneys) for the Security Period for the purpose of doing in its name all acts and deeds which the Company itself could do in relation to the Ship, the Insurances, and the Requisition Compensation, including (but not limited to) transferring the legal and beneficial ownership in the Ship to a buyer.
- 12.2 For the avoidance of doubt, the Bank shall not exercise the power conferred on it by Clause 12.1 prior to an Event of Default or the Company is otherwise in breach of this Deed and further, upon any sale of the Ship pursuant to such power the purchaser shall not be bound to see or enquire whether the Bank's power of sale has arisen in the manner herein provided and the sale shall be deemed to be within the power of the Bank and the receipt of the Bank for the purchase money shall be a sufficient discharge for the purchaser who shall not be concerned with the manner of application of the proceeds of sale or be in any way answerable therefor.
- 12.3 The exercise of such power by or on behalf of the Bank shall not put any person dealing with the Bank on enquiry as to whether any amount is due under this Deed nor shall such person be in any way affected by notice that any such amount may not have become payable. The exercise by the Bank of such power shall be conclusive evidence as between the Bank and any third party of its right to exercise such power.
- 12.4 The Company hereby ratifies and confirms and agreed to ratify and confirm immediately upon request by the Bank the actions of the attorney appointed under Clause 12.1.

13. Application of Moneys

- 13.1 The proceeds of a sale of the Ship, Requisition Compensation, Earnings, the net earnings of any charter operation or other use of the Ship by the Bank under the Bank's powers set out in this Deed, recovery under the Insurances (other than any loss of earnings insurance or any such sum or sums as may have been received by the Bank in accordance with the relevant Loss Payable Clause in respect of a major casualty as therein defined and paid over to the Company in accordance with Clause 4 hereof) and all other amounts the application of which has not been specifically provided for shall be applied in the following order:
 - 13.1.1 FIRST in payment of all amounts paid and losses incurred by the Bank (together with interest thereon) in connection with the exercise by the Bank of its powers under Clause 11 or otherwise;

13.1.2 SECOND in payment of the Secured Liabilities;

13.1.3 THIRD in retention of an amount equal to any part or parts of the Secured Liabilities as is or are not then due and payable but which (in the sole and absolute opinion of the Bank) will or may become due and payable in the future and, upon the same becoming due and payable, in or towards satisfaction thereof in accordance with the foregoing provisions of this Clause 13; and

13.1.4 FOURTH in payment of the balance (if any) to the Company or to whoever shall have the right to receive such balance.

13.2 In the event that the proceeds are insufficient to pay the amounts specified in paragraphs FIRST and SECOND above, the Bank shall have the right to recover the balance from the Company or any other person liable to pay such amount.

14. Costs, Indemnity and Interest

14.1 The Company shall reimburse the Bank on demand on a full indemnity basis all expenses, costs, fees and disbursements (including but not limited to legal, surveyor's and shipbroker's fees and expenses), and taxes thereon, incurred by the Bank or for which the Bank may become liable in connection with the protection and enforcement of the security created by the Security Documents or in connection with the negotiation, preparation, completion, execution, or registration of the Mortgage and this Deed.

14.2 The Company hereby agrees and undertakes to indemnify and hold harmless the Bank and each agent or attorney appointed under or pursuant to this Deed from and against all expenses, claims, liabilities, losses, taxes, costs, dues, fees and charges which the Bank or such agent or attorney may suffer or incur in good faith in connection with the security created by the Security Documents including the exercise or purported exercise or the preservation or enforcement of any of the Bank's rights under the Security Documents (or any of them) and the Bank and each such agent or attorney may retain and pay all sums in respect of the same out of money received under the powers conferred by the Security Documents (or any of them). All such amounts recoverable by the Bank and each such agent or attorney shall be recoverable on a full indemnity basis and shall bear interest at 6% over the Bank of England Base Rate as it may vary from time to time from the date the same are incurred, computed and compounded monthly.

15. Further Assurance

The Company undertakes, at its own expense from time to time, to execute, sign, perfect, do and (if required) register every such further assurance, document, act or matter as in the opinion of the Bank may be necessary or desirable for the purpose of more effectually mortgaging and charging the Mortgaged Property, protecting the propriety of or perfecting the security constituted or intended to be constituted by the Mortgage and this Deed.

16. Delay and Waiver

16.1 No failure or delay by the Bank in the exercise of any right or power under the Security Documents shall be deemed to impair or be a waiver of such right or power or an acquiescence in any default by the Company nor shall any express waiver given by the Bank in relation to any default by the Company or breach by the Company of any of its obligations under this Deed prejudice the Bank's rights under this Deed arising from any subsequent default or breach (whether or not such subsequent default or breach is of a different nature to the previous default or breach). The remedies provided in the Security Documents are cumulative and are not exclusive of any remedies provided by law.

16.2 The granting of time by the Bank or compounding with any other person or company liable to the Bank under any document of security relating to the Secured Liabilities shall not in any way affect the Bank's rights against the Company under the Mortgage or this Deed.

16.3 Any waiver or consent given by the Bank to the Company under this Deed shall be in writing.

17. Delegation

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

18. Invalidity

Each of the provisions of this Deed are severable and distinct from the others, and if at any time any part of this Deed is found by any court or tribunal of competent jurisdiction to be wholly or partly illegal, invalid or unenforceable, then that provision will, to the extent necessary, be severed from this Deed and the remainder of this Deed will remain in full force and effect and the Company undertakes to execute such further document or documents as the Bank may reasonably require to complete the security created by the Mortgage and this Deed. Any invalid or unenforceable provision shall be modified to the extent necessary to make such provision valid and enforceable provided the Bank consents in writing to such modification.

19. Notices

- 19.1 All notices, demands or other communications to be given under this Deed shall be given in accordance with the Security Documents.
- 19.2 The Company shall comply with any notice served pursuant to this Deed by the date specified in the notice.

20. Miscellaneous

- 20.1 This Deed may be executed in any number of counterparts, and this has the same effect as if the signatures on the counterparts were on a single copy of this Deed.
- 20.2 A person who is not a party to this Deed has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce the benefit of any terms of this Deed.
- 20.3 Each party to this Deed intends it to be a deed and confirms that it is executed and delivered as a deed in each case notwithstanding that any party may only execute it under hand.

21. Assignment

- 21.1 The Company may not assign or transfer all or any part of their rights and/or obligations under the Mortgage and this Deed (or any of them) without the prior written consent of the Bank.
- 21.2 The Bank may assign or transfer all or any part of its rights and/or obligations under the Mortgage and this Deed to any assignee or transferee. The Bank shall notify the Company promptly following any such assignment or transfer.

22. Interpretation

- 22.1 In this Deed:

"Applicable Law" means any applicable regulation, Legislation, practice or concession or official directive, ruling, request, notice, guideline, statement of policy or practice by any relevant legislative authority, the European Union, governmental, local, international, national or other competent authority or agency (whether or not having the force of law in respect of which compliance by owners and operators of vessels of a type similar to the Ship is generally customary);

"Assignment of Insurances" means the assignment of Insurances entered into by the Company in favour of the Bank on or about the date hereof;

"Business Day" means any day (excluding Saturdays, Sundays and bank holidays) on which banks are generally open in the City of London for the transaction of normal banking business;

"Charges over Earnings Accounts" means the charges over the Owner's Earnings Account granted by the Company in favour of the Bank on or about the date hereof;

"Classification Society" means Det Norske Veritas;

"Default" has the meaning given to this term in the Loan Agreement;

"Earnings" means all moneys whatsoever from time to time due or payable to any person during the Security Period arising out of the use or operation of the Ship including (but without limiting the generality of the foregoing) all freight, hire and passage moneys, income arising under pooling arrangements, compensation payable to such person in the event of requisition of the Ship 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 Ship;

"Encumbrance" means any mortgage, standard security, charge (whether fixed or floating), assignment, assignation, pledge, encumbrance, hyopethecation, security interest, title retention or other preferential right having the effect of creating security;

"Environmental Approvals" means all approvals, licenses, permits, exemptions or authorisations required under applicable Environmental Laws applicable to the Ship or its operation or the carriage of goods and/or passengers thereon and/or the provision of goods and/or services on or from the Ship;

"Environmental Claim" means (a) any claim by, or directive from, any applicable governmental, judicial or other regulatory authority alleging breach of, or non-compliance with, any Environmental Laws or Environmental Approvals or otherwise howsoever relating to or arising out of an Environmental Incident or (b) any claim by any other third party howsoever relating to or arising out of an Environmental Incident (and, in each such case, claim shall mean a claim for damages, clean-up costs, compliance, remedial action or otherwise);

"Environmental Incident" means (a) any release of any Pollutant from the Ship, (b) any incident in which any Pollutant is released from a vessel other than the Ship and which involves collision between the Ship and such other vessel or some other incident of navigation or operation, in either case, where the Ship and/or the Company are actually or allegedly at fault or otherwise liable (in whole or in part) or (c) any incident in which any Pollutant is released from a vessel other than the Ship and where the Ship is actually or potentially liable to be arrested as a result and/or where the Company is actually or allegedly at fault or otherwise liable;

"Environmental Laws" means all laws, regulations, conventions and agreements whatsoever relating to pollution or protection of the environment (including, without limitation, the United States Oil Pollution Act of 1990, the United States Comprehensive Environmental Response, Compensation and Liability Act 1980 and any comparable laws of the individual states of the United States of America and any applicable laws or regulations arising out of the International Convention on Marine Pollution 1973);

"Event of Default" means any of the events listed in Clause 10;

"Government Entity" means the governments of any country or any of their administrative sub-divisions; any authority or agency of or established by that government; and any person exercising any regulatory or other powers conferred by that government, authority or agency;

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

"Loan Agreement" means the loan agreement between the Bank and the Company dated on or around the date hereof in connection with a loan of £5,200,000 to be used for the purchase of marine vessel "RONJA SETTLER" registered or to be registered at the UK Ship Registry with IMO Number 9258703;

"Legislation" means any Act of Parliament, including any local, personal or private Act of Parliament, any subordinate legislation (as that expression is defined in section 21(1) of the Interpretation Act 1978), any exercise of the Royal Prerogative and any enforceable community right (as that expression is defined in section 2 of the European Communities Act 1972) and any bylaws, statutory instruments, orders, notices, directions, codes of practice, consents or permissions properly and lawfully made or given under any of the foregoing (including for the avoidance of doubt, any applicable legislation enacted by the Scottish Parliament or any similar body and any subordinate or delegated legislation made by any person deriving authority from such legislation);

"Loss Payable Clause" means the provision regulating the manner of payment of sums receivable under the Insurances which is to be incorporated in the relevant insurance documents, such Loss Payable Clause to be in the form required or agreed in writing by the Bank;

"Material Adverse Effect" has the meaning given to this term in the Loan Agreement;

"Mortgaged Property" means: (a) the Ship; (b) the Insurances; (c) all Owner's Earnings; and (d) any Requisition Compensation;

"Owner's Earnings" means any charter income and all other Earnings payable to the Company;

"Owner's Earnings Account" means an account of the Company with the Bank designated as such and includes any other account designated in writing by the Bank to be an Owner's Earnings Account for the purposes of this Deed;

"Permitted Encumbrances" means: (a) a fixed security in favour of the Bank; (b) any Encumbrance arising by operation of law and in the ordinary and usual course of trading of the Company; and (c) an Encumbrance consented to in writing by the Bank;

"Pollutant" means oil, oil products, any other substance which is polluting, toxic or hazardous or any substance the release of which into the environment is regulated, prohibited or penalised by or pursuant to any Environmental Law;

"Register of Ships" means the register maintained by the Registry of Shipping and Seamen;

"Requisition Compensation" means any sums due or compensation payable because of any requisition for title or other compulsory acquisition of the Ship by any government or government agency or other competent body but excludes requisition for hire;

"Secured Liabilities" means all present and future obligations and liabilities (including without limitation all sums of principal, interest and expenses), whether actual or contingent and whether owed solely or jointly and whether as principal debtor, guarantor, cautioner, surety, indemnifier or otherwise (or the equivalent in any other relevant jurisdiction) of the Company to the Bank; and in whatever manner and on any account;

"Security Documents" means the Mortgage, this Deed, the Charges over Earnings Accounts, the Assignment of Insurances and any other such document provided as collateral to the Loan Agreement as may have been or may hereafter be executed to guarantee and/or secure all or any part of the Secured Liabilities or as security for the discharge by the Company of all or part of the Secured Liabilities, interest thereon and other moneys from time to time owing by the Company;

"Security Period" means the period commencing on the date hereof and terminating upon discharge of the security created by the Security Documents after total and irrevocable payment of all monies payable thereunder whether actually or contingently presently or in the future;

"Ship" means (i) the vessel currently named "RONJA SETTLER" and to be named "SETTLER" registered or to be registered at the UK Ship Registry with IMO Number 9258703, (ii) the vessel "NORHOLM" registered under the United Kingdom flag at Lerwick under Official Number 915353 and IMO Number 9139567, and (iii) any other vessel which is designated by the parties as such from time to time, and includes any share or interest therein and her or their engines, machinery, boats, tackle, outfit, equipment, spare gear, fuel, consumable or other stores, belongings and appurtenances whether on board or ashore and whether now or hereafter acquired and also any and all additions, improvements and replacements hereafter made in or to such vessel(s) or any part thereof or in or to her or their equipment and appurtenances;

"SSF Contract" means a time charter contract between the Company and Scottish Sea Farms Limited (Company Number 00958001) for a minimum period of 1 year at a value of 18.7M Norwegian Krone per annum and otherwise in a form satisfactory to the Lender;

"Total Loss" means: (a) the actual, constructive or compromised or agreed total loss of the Ship; (b) the capture, seizure, arrest, detention or expropriation of the Ship by any government or by a person acting or purporting to act on behalf of any government unless the Ship is released from such restraint and restored to the Company within thirty (30) days; and/or (c) the requisition for title or other compulsory acquisition of the Ship not including requisition for hire;

- 22.2 References to any statute or statutory provision include, unless the context otherwise requires, a reference to the statute or statutory provision as modified, replaced or re-enacted from time to time;
- 22.3 References to the Mortgage and this Deed are references to those documents as they may have been amended, varied, supplemented, substituted, novated or replaced from time to time;
- 22.4 Where any matter requires the approval or consent of the Bank such approval or consent shall not be deemed to have been given unless it is given in writing;
- 22.5 The headings in this Deed will not affect its interpretation;
- 22.6 Words importing the plural shall include the singular and vice versa;
- 22.7 References to clauses, paragraphs or schedules are, unless otherwise specified, references to clauses and paragraphs of and parts of the schedule to this Deed or the relevant part thereof, as the same may be from time to time amended, substituted or supplemented in accordance with the provisions hereof;
- 22.8 References to any person or party shall include its successors, permitted assignees and permitted transferees in accordance with their respective interests.

23. Governing Law and Submission to Jurisdiction

- 23.1 The governing law of this Deed and any non-contractual obligations arising out of or in connection with it is the law of England.
- 23.2 The Company irrevocably:
 - 23.2.1 submits to the jurisdiction of the Courts of England in respect of any dispute arising out of or in connection with this Deed and any non-contractual obligations arising out of or in connection with it; and
 - 23.2.2 agrees that nothing in Clause 23.2.1 prevents the Bank or any administrator or receiver taking proceedings in any other jurisdiction nor shall the taking of proceedings in any jurisdiction preclude the Bank or any administrator or receiver taking proceedings in any other jurisdiction.

IN WITNESS WHEREOF this Fleet Deed of Covenants has been duly executed and delivered as a Deed on the date first above written.

This is an important document. You should take independent legal advice before signing and sign only when you fully understand the consequences and if you want to be legally bound.

SIGNED as a Deed by NORTH ISLES MARINE LIMITED

acting by:

GILBERT IAN CLARK Director
(Print Full Name)

 Director
(Signature)

in the presence of:

 Witness
ROSEMARY MARSDEN Full Name
 Address

SIGNED for and on behalf of CLYDESDALE BANK PLC by its duly authorised signatory

 Authorised Signatory

Discharge

Clydesdale Bank PLC (trading as both Clydesdale Bank and Yorkshire Bank) releases the within named Company from the obligations comprised in the Fleet Deed of Covenants.

SIGNED for and on behalf of CLYDESDALE
BANK PLC (trading as both Clydesdale Bank and
Yorkshire Bank) by its duly authorised signatory
in the presence of:

Witness

Full Name

Business Lending Services, 20 Merrion Way,
Leeds LS2 8NZ

Authorised
Signatory

Date: