



Registration of a Charge

Company name: **TEEKAY PETROJARL FLOATING PRODUCTION UK LTD.**

Company number: **02436350**



X5BNZNRL

Received for Electronic Filing: **21/07/2016**

Details of Charge

Date of creation: **15/07/2016**

Charge code: **0243 6350 0009**

Persons entitled: **DNB BANK ASA, NEW YORK BRANCH**

Brief description: **THE SHIP, FPSO "PETROJARL BANFF" EXCLUDING THE TOPSIDES AND RELATED TOPSIDES EQUIPMENT OWNED BY BANFF L.L.C. AND LEASED TO TEEKAY PETROJARL FLOATING PRODUCTION UK LTD. (THE CHARGOR) REGISTERED IN THE OWNERSHIP OF THE CHARGOR UNDER THE FLAG OF THE ISLE OF MAN WITH OFFICIAL NUMBER 730473 TOGETHER WITH ALL HER ENGINES, MACHINERY, BOATS, TACKLE, OUTFIT, FUELS, SPARES, CONSUMABLE AND OTHER STORES, BELONGINGS AND APPURTENANCES, WHETHER ON BOARD OR ASHORE, INCLUDING ANY WHICH MAY IN THE FUTURE BE PUT ON BOARD OR MAY IN THE FUTURE BE INTENDED TO BE USED FOR THE VESSEL IF ON SHORE.**

Contains negative pledge.

Authentication of Form

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

Authentication of Instrument

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

Certified by: **STEPHENSON HARWOOD LLP**



CERTIFICATE OF THE REGISTRATION OF A CHARGE

Company number: 2436350

Charge code: 0243 6350 0009

The Registrar of Companies for England and Wales hereby certifies that a charge dated 15th July 2016 and created by TEEKAY PETROJARL FLOATING PRODUCTION UK LTD. was delivered pursuant to Chapter A1 Part 25 of the Companies Act 2006 on 21st July 2016 .

Given at Companies House, Cardiff on 22nd July 2016

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



Companies House



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

**Deed of Covenants
FPSO "PETROJARL BANFF"**

Dated 15 July 2016

(1) Teekay Petrojarl Floating Production UK Ltd.

and

(2) DNB Bank ASA, New York Branch

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Deed of Covenants

Dated 15 July 2016

Between:

- (1) **Teekay Petrojarl Floating Production UK Ltd.**, a company incorporated in England and Wales whose registered office is at 20-22 Bedford Row, London WC1R 4JS, United Kingdom (the "**Owner**"); and
- (2) **DNB Bank ASA, New York Branch** acting through its office at 200 Park Avenue, New York, NY 10166-0396, United States of America (the "**Mortgagee**").

Whereas:

- (A) Each of the banks listed in Schedule 1 to the Loan Agreement (as defined below) (collectively the "**Lenders**") has agreed to lend to TPO Investments Inc. (the "**Borrower**") its participation in a loan not exceeding one hundred and fifty million Dollars (\$150,000,000) (the "**Loan**") on the terms and subject to the conditions set out in a loan agreement dated 28 June 2016 made between the Borrower (as borrower), TPO Investments AS, the Lenders (as lenders), DNB Markets, Inc., BNP Paribas, Swedbank AB (publ) and Nordea Bank Finland Plc, New York Branch as mandated lead arrangers (the "**MLAs**") and the Mortgagee (as agent and security trustee) (the "**Loan Agreement**").
- (B) Pursuant to the Loan Agreement, and as a condition precedent to the several obligations of the Lenders to make the Loan available to the Borrower, the Owner and Banff L.L.C. have executed and delivered in favour of the Mortgagee as security trustee for the Finance Parties a joint and several guarantee and indemnity dated 15 July 2016 (the "**Guarantee**") in respect of the obligations of the Borrower under the Finance Documents and the Owner has agreed to execute and deliver in favour of the Mortgagee as security trustee for the Finance Parties a first priority statutory mortgage of all the shares in the Vessel, together with this Deed of Covenants, as security for the payment of the Indebtedness.
- (C) The Owner is the legal and beneficial owner of the hull of the Vessel and leases the topsides and related topsides equipment from Banff L.L.C. and has executed, delivered and registered in favour of the Mortgagee a statutory mortgage with first priority bearing the same date as this Deed over all the shares in the Vessel (the "**Mortgage**").

This Deed witnesses as follows:

1 Definitions and Interpretation

1.1 In this Deed:

"Assigned Property" means the Insurances, the Earnings and the Requisition Compensation.

"Default Rate" means interest at the rate calculated in accordance with clause 7.8 of the Loan Agreement.

"Indebtedness" means the aggregate from time to time of: the amount of the Loan outstanding; all accrued and unpaid interest on the Loan; and all other sums of any nature (together with all accrued and unpaid interest on any of those sums) payable by the Owner to any of the Finance Parties under all or any of the Finance Documents.

"Mortgagees' Insurances" means all policies and contracts of mortgagees' interest insurance, mortgagees' additional perils (oil pollution) insurance and any other insurance from time to time taken out by the Mortgagee in relation to the Vessel.

"Obligatory Insurances" means the insurances and entries referred to in Clause 5.1 and, where applicable, those referred to in Clauses 5.2, 5.5 and/or 6.16.

"Policy" means, in relation to the Obligatory Insurances, any binder, contract slip, note, certificate of entry, record or any other document evidencing the contract of the Obligatory Insurances or its term.

"SOLAS" means the International Convention for the Safety of Life at Sea.

"Threshold Amount" means ten million Dollars (\$10,000,000) or its equivalent in any other currency.

"Vessel" means the FPSO "PETROJARL BANFF" excluding the topsides and related topsides equipment owned by Banff L.L.C. and leased to the Owner registered in the ownership of the Owner under the flag of the Isle of Man with Official Number 730473 together with all her engines, machinery, boats, tackle, outfit, fuels, spares, consumable and other stores, belongings and appurtenances, whether on board or ashore, including any which may in the future be put on board or may in the future be intended to be used for the Vessel if on shore.

1.2 Unless otherwise specified in this Deed, or unless the context otherwise requires, all words and expressions defined in the Loan Agreement shall have the same meaning when used in this Deed.

1.3 In this Deed:

1.3.1 words denoting the plural number include the singular and vice versa;

1.3.2 words denoting persons include corporations, partnerships, associations of persons (whether incorporated or not) or governmental or quasi-governmental bodies or authorities and vice versa;

1.3.3 references to Clauses are references to clauses of this Deed;

1.3.4 references to this Deed include the recitals to this Deed;

1.3.5 the headings and contents page(s) are for the purpose of reference only, have no legal or other significance, and shall be ignored in the interpretation of this Deed;

1.3.6 references to any document (including, without limitation, to any of the Finance Documents) are, unless the context otherwise requires, references to that document as amended, supplemented, novated or replaced from time to time;

- 1.3.7 references to statutes or provisions of statutes are references to those statutes, or those provisions, as from time to time amended, replaced or re-enacted; and
- 1.3.8 references to any Finance Party include its successors, transferees and assignees and, in particular, any reference to Nordea Bank Finland Plc, New York Branch (either directly or indirectly in its capacity as lender, mandated lead arranger or any other capacity) in the Finance Documents shall be automatically construed as a reference to Nordea Bank AB in the event of any corporate reconstruction, merger, amalgamation or consolidation between Nordea Bank Finland Plc, New York Branch and Nordea Bank AB where Nordea Bank AB is the surviving entity and acquires all the rights of and assumes all the obligations of Nordea Bank Finland Plc, New York Branch and nothing in the Finance Documents shall be construed so as to restrict, limit or impose any notification or other requirement or condition on either Nordea Bank Finland Plc, New York Branch or Nordea Bank AB in respect of the acquisition of rights to or assumption of obligations by Nordea Bank AB hereunder pursuant to such merger.
- 1.4 If the Owner is not party to the Loan Agreement, the Owner agrees to be bound clause 1.4 of the Loan Agreement as if it is a party to the Loan Agreement.
- 1.5 In the Mortgage:
 - 1.5.1 references to "interest" means interest covenanted to be paid in accordance with Clauses 3, 7.2.13 and 8.4;
 - 1.5.2 references to "principal" means all other sums of money for the time being comprised in the Indebtedness; and
 - 1.5.3 the expression "all sums for the time being owing" means the whole of the Indebtedness.

2 Representations and Warranties

The Owner represents and warrants to the Mortgagee that:

- 2.1 it is not necessary to ensure the legality, validity, enforceability or admissibility in evidence of the Mortgage or this Deed that either of them be filed, recorded or enrolled with any governmental authority or agency or stamped with any stamp or similar transaction tax, except for the registration of the Mortgage at the Vessel's Ship Registry and the registration of the Mortgage and this Deed with the Registrar of Companies in England and Wales; and
- 2.2 It is the sole legal and beneficial owner of the Vessel and that the Owner is the legal and beneficial owner of all of the shares in the Vessel and (with the exception of the Mortgage and this Deed) the Vessel is free from any Encumbrance and is not under arrest or in the possession of any person (other than her master and crew) who may become entitled to assert a maritime or possessory lien on her; and
- 2.3 the Vessel is insured and classed in accordance with the requirements of this Deed.
- 2.4 (a) all applicable Environmental Laws and Environmental Approvals relating to

the Vessel, its operation and management and the business of the Owner and the Charterer relating to the Vessel (as now conducted and as reasonably anticipated to be conducted in the future) have been complied with;

- (b) no Environmental Claim has been made or threatened against the Owner or, so far as the Owner is aware, any Environmental Affiliate, or the managers, for the time being, of the Vessel, or otherwise in connection with the Vessel, which has or is reasonably likely to have a Material Adverse Effect; and
- (c) no Environmental Incident has occurred.

3 Covenant to Pay and Perform

The Owner agrees in accordance with the Guarantee to guarantee and indemnify the Finance Parties in respect of all moneys comprised in the Indebtedness and to perform all its other obligations arising out of the Finance Documents as and when the same shall be due for payment or performance.

4 Mortgage and Amount Secured

- 4.1 In order to secure the payment of the Indebtedness and the performance by the Owner of all its other obligations under or arising out of the Finance Documents the Owner, by the Mortgage and this Deed, mortgages and charges the Vessel to the Mortgagee as security trustee for the Finance Parties.
- 4.2 The security constituted by the Mortgage and this Deed shall be continuing and shall not be satisfied by any intermediate payment or satisfaction until the Indebtedness shall have been paid in full and none of the Finance Parties shall be under any further actual or contingent liability to any third party in relation to the Vessel, the Assigned Property or any other matter referred to in the Finance Documents. The security constituted by the Mortgage and this Deed shall be in addition to any other security now or in the future held by any of the Finance Parties for or in respect of the Indebtedness, and shall not merge with or prejudice or be prejudiced by any such security or any other contractual or legal rights of any of the Finance Parties nor be affected by any irregularity, defect or informality or by any release, exchange or variation of any such security.

5 Insurance

- 5.1 The Owner hereby covenants with the Mortgagee throughout the Facility Period:
 - 5.1.1 to procure that the Vessel is fully insured at the expense of the Owner against such risks, in such amounts, on such terms (always applying the terms of the Norwegian Marine Insurance Plan of 1996, version 2002 (as amended from time to time) or the International Time Clauses or other generally accepted insurance conditions in relation to losses payable thereunder) and with such insurance brokers and such insurers as the Mortgagee may approve, such approval not to be unreasonably withheld or delayed, including, but not limited to:
 - (a) Hull and Machinery Insurance; and

- (b) War Risk Insurance (including terrorism and piracy); and
- (c) Protection & Indemnity Insurance (including oil pollution liability for the Vessel at least equal to the amount which the Owner and/or the Charterer in relation to the Vessel are required to insure the Vessel under the Charter relating to the Vessel) with a first class club that is a member of the International Protection and Indemnity Association (IGA); and

The total insured value of the Vessel shall be on an agreed value basis and shall always be for an amount which is the greater from time to time of (a) her full market value and (b) an amount which (when aggregated with the amounts for which any other vessels providing first priority security for the Indebtedness are insured for such risks) equals one hundred and ten per cent (110%) of the amount of the Loan then outstanding. For the avoidance of doubt, the total value of the Vessel can be insured by way of a hull and machinery policy of not less than eighty per cent (80%) of the insured value (excluding freight interest) with the remaining cover insured by way of Hull Interest and/or Freight Interest.

- 5.1.2 to procure that the insurances may not lapse, be terminated, cancelled or materially modified without fourteen (14) days prior written notice to the Mortgagee and to such other persons as the Mortgagee may reasonably nominate;
- 5.1.3 to register and maintain the registration of the Mortgagee as mortgagee in all insurance policies in accordance with the Norwegian Marine Insurance Plan of 1996, Version 2002, Chapter 7 (but without liability on the part of the Mortgagee for premiums or calls) and to register and maintain the registration of the Mortgagee as assignee in any of the insurances if such insurances are taken out otherwise than in conformity with the Norwegian Marine Insurance Plan of 1996, Version 2002, and advise the Mortgagee in writing about the intention to enter into such insurance agreements thirty (30) Business Days before the expiry of the current insurance arrangement;
- 5.1.4 when requested, to produce the policy or policies, certificates of insurance or entry and cover notes (or evidence of their existence) to the Mortgagee and in the case of renewals of such policy or policies or certificates the Owner shall deliver to the Mortgagee at least seven (7) days in respect of Hull and Machinery Insurance and War Risks insurance, and at least one (1) day in respect of Protection & Indemnity insurance, before the expiry of the policy or policies or entry in a protection and indemnity association or certificates being renewed a certificate from the insurance broker(s) through whom the insurances relevant to the Vessel have been placed, evidencing that all insurances referred to in Clause 5.1.1 have been renewed and taken out in respect of the Vessel with insurance values as required thereunder, that such insurances are in full force and effect and that the Mortgagee's interest therein have been noted by the relevant insurers;
- 5.1.5 at its own expense give or procure that its insurance brokers give to the Mortgagee and its insurance advisers such information as to the insurances

taken out or being or to be taken out or effected in compliance with the Owner's obligations under the foregoing provision of this Clause or as to any other matter which may be relevant to such insurances as the Mortgagee or its Insurance advisers may reasonably request;

- 5.2 If at any time the Owner shall fail to comply with any of the provisions of Clause 5.1.1 in relation to the Vessel then the Mortgagee shall be entitled either to procure such Insurance in accordance with the aforesaid provisions, at the Owner's expense, or at any time whilst such failure requires the Vessel to remain in port, or as the case may be to proceed to and remain in a reasonably convenient port designated by the Mortgagee, until such provisions are fully complied with; and
- 5.3 The Owner shall procure that the Vessel always is employed in conformity with the terms of the instruments of insurances (including any warranties expressed or implied therein) and comply with such requirements as to extra premium or otherwise as the insurers may prescribe;
- 5.4 The Mortgagee shall be at liberty to take out Mortgagees' Insurance in relation to the Vessel on such terms and conditions as the Mortgagee may from time to time decide in an amount not exceeding one hundred and ten per cent (110%) of the Loan outstanding and the Owner shall from time to time on demand reimburse the Mortgagee for all costs, provisions and expenses reasonably paid or incurred by the Mortgagee in connection with any Mortgagees' Insurance.

6 Operation and Maintenance

The Owner hereby covenants with the Mortgagee throughout the Facility Period:

- 6.1 to keep the Vessel registered on a Pre-Approved Flag or such other flag as may be approved by the Mortgagee acting on the instructions of the Majority Lenders, such approval not to be unreasonably withheld or delayed and not do or allow to be done anything whereby such registration may be forfeited or imperilled, and not without the previous consent in writing of the Mortgagee on behalf of the Finance Parties, such consent not to be unreasonably withheld or delayed, change the name or port of registry of the Vessel;
- 6.2 to keep the Vessel in a good and safe condition and state of repair consistent with first class ownership and management practice and to procure that the Vessel is classified and maintained in the highest class, free of any overdue recommendations, with a Pre-Approved Classification Society, and at all times comply with the rules and regulations of the relevant class society;
- 6.3 to comply with the provisions of the Merchant Shipping Acts and all other regulations and requirements (statutory or otherwise) from time to time applicable to vessels registered in the Isle of Man and applicable to vessels trading to any jurisdiction to which the Vessel may, subject to the provisions of this Deed, trade from time to time, all Environmental Laws and all other laws and regulations relating to the Vessel, its ownership, operation and management or to the business of the Owner, international conventions and regulations, including SOLAS conventions and the International Management Code for the Safe Operation of Ships and for Pollution Prevention adopted by the International Maritime Organization and the ISM-Code, and to ascertain that any charterer, any Approved Manager and any other company

performing management services on behalf of the Owner comply with said conventions and regulations;

- 6.4 to submit or procure the Vessel to be submitted regularly to such periodical or other surveys as may be required for classification purposes and to supply to the Mortgagee if the Mortgagee shall so request copies of the latest inspection reports available with the Owner or any Approved Manager related to the Vessel;
- 6.5 to permit, and procure that any charterer permits, one person appointed by the Mortgagee to inspect the Vessel at reasonable times limited, however, to once every twelve months, for the account of the Owner upon the Mortgagee giving prior reasonable written notice thereof, such inspections not to interfere with the running management, operation and safety of the Vessel (provided, however, that if an Event of Default shall occur and is continuing unremedied and unwaived the Mortgagee shall have the right to a reasonable number of inspections of the Vessel for the account of the Owner);
- 6.6 to instruct the classification society referred to in Clause 6.2 above to send to the Mortgagee, following receipt of a written request from the Mortgagee, copies of all class records held by the classification society in relation to the Vessel;
- 6.7 to pay and discharge when due or to cause to be paid and discharged when due all debts, damages and liabilities whatsoever which have given or may give rise to maritime or possessory liens on or claims enforceable against the Vessel and in event of arrest of the Vessel pursuant to legal process or in event of her detention in exercise or purported exercise of any such lien as aforesaid to procure the release of the Vessel from such arrest or detention within 15 days upon receiving notice thereof by providing bail or otherwise as the circumstances may require;
- 6.8 to furnish the Mortgagee promptly with all such information as it may from time to time reasonably require regarding the Vessel:
 - (a) the Vessel's employment, position and engagements including any particulars of all towage's and salvages;
 - (b) documents relating to all charters and other contracts for the Vessel's employment; and
 - (c) otherwise howsoever concerning her, of certain events;
- 6.9 to immediately notify the Mortgagee by fax upon becoming aware of:
 - (a) any accident to the Vessel involving (a) repairs the cost of which or (b) a claim or an aggregate of claims against insurers (before adjustment for any relevant franchise or deductible) which is likely to exceed US\$10,000,000 (or the equivalent in any other currency);
 - (b) any Total Loss relevant to the Vessel;
 - (c) the occurrence of any Environmental Claim against the Owner or the Vessel, or any incident, event or circumstances which may give rise to any such Environmental Claim;

- (d) any capture, seizure, arrest, confiscation or detention of the Vessel which remains in existence five (5) Business Days after the initial capture, seizure, arrest, confiscation or detention (as the case may be) or the exercise or purported exercise of any lien on the Vessel;
 - (e) any exercise or purported exercise of any lien on the Earnings;
 - (f) any requisition of the Vessel;
 - (g) any requirement or recommendation made by any insurer or classification society or by any competent authority which is not complied with within any time limit specified by such insurer or classification society or authority as extended or modified by such insurer or classification society or authority (or, if no such time limit is specified, as soon as may be reasonably practical) in accordance with its terms; and
 - (h) any petition or notice of meeting to consider any resolution to wind up the Owner or any event analogous thereto under the laws of the place of its incorporation;
- 6.10 not without the previous consent in writing of the Mortgagee, such consent not to be unreasonably withheld or delayed, to put the Vessel into the possession of any person for the purpose of work or repairs being done upon her and which may cause any lien on the Vessel or her earnings to be incurred;
- 6.11 in the event that the Vessel shall suffer a Total Loss, the Owner shall, as soon as possible but in any event within a period of 180 days after the Total Loss Date, obtain and present to the Mortgagee, a written confirmation from the relevant insurers that the claim relating to the Total Loss has been accepted in full, and the insurance proceeds shall as soon as it is released be paid to the Mortgagee and applied as prepayment of the Loan in accordance with clause 6.3.2 of the Loan Agreement;
- 6.12 not materially amend or terminate the Charter relating to the Vessel, or without the prior written consent of the Mortgagee (acting on the instruction of the Majority Lenders) (such consent not to be unreasonably withheld or delayed), waive any of its rights thereunder, nor shall the Owner enter into any further agreements related to the management or operation of the Vessel (other than with any Approved Managers).
- 6.13 to carry or procure to be carried on board the Vessel a certified copy of the Mortgage and this Deed and to place and maintain or to procure to be placed and maintained in a conspicuous place on the Vessel, a framed printed notice stating that the Vessel is mortgaged by the Owner to the Mortgagee;
- 6.14 not without the prior written consent of the Mortgagee (and then only subject to such terms as the Mortgagee may impose) further mortgage charge or otherwise assign the Vessel or to suffer the creation of any such mortgage charge or assignment to or in favour of any person other than the Mortgagee and this Deed in favour of the Mortgagee;

- 6.15 not without the prior written consent of the Mortgagee, to sell, agree to sell or otherwise dispose of the Vessel or any share or interest therein, other than in accordance with the Loan Agreement (including without limitation, clause 6.3.2 of the Loan Agreement or as part of the Banff Reorganisation or as part of a Dropdown in relation to the Vessel or the Owner in accordance with Clause 3.6 of the Loan Agreement);
- 6.16 to keep proper books of account in respect of the Vessel and the earnings and, as and when the Mortgagee may so reasonably require, to make such books available for inspection by the Mortgagee;
- 6.17 do and permit to be done each and every act or thing whatsoever which the Mortgagee may require to be done for the purpose of enforcing the Mortgagee's rights hereunder and to allow the Mortgagee to use the Owner's name and/or to act for and on behalf of the Owner as may be required for that purpose;
- 6.18 to procure that no material change in the structure, or type or speed of the Vessel be made, permitted or caused without the prior written consent of the Mortgagee (such consent not to be unreasonably withheld or delayed); and
- 6.19 to procure that all repairs to the Vessel or replacement of parts or equipment of the Vessel are effected in such way so as not to diminish the value of the Vessel and with replacement parts or equipment the property of the Owner procure that such equipment or property are free of all Encumbrances (other than Permitted Encumbrances).

7 Mortgagee's Powers

- 7.1 If an Event of Default shall occur which is continuing unwaived or unremedied, and the Mortgagee shall demand payment of all or any part of the Indebtedness, the security constituted by the Mortgage and this Deed shall become immediately enforceable and the Mortgagee shall be entitled (and the Owner agrees that the Mortgagee shall be so entitled), without notice or further demand to exercise all or any of the rights, powers, discretions and remedies vested in the Mortgagee by this Clause without any requirement for any court order or declaration that an Event of Default which is continuing unwaived or unremedied has occurred. The Mortgagee's right to exercise those rights, powers, discretions and remedies shall be in addition to and without prejudice to all other rights, powers, discretions and remedies to which it may be entitled, whether by statute or otherwise. The Mortgagee shall be entitled to exercise its rights, powers, discretions and remedies despite any rule of law or equity to the contrary, and whether or not any previous default shall have been waived.
- 7.2 In the circumstances described in Clause 7.1, the Mortgagee shall be entitled (but not obliged) to:-
 - 7.2.1 take possession of the Vessel wherever she may be and exercise all the rights and powers of a mortgagee; and/or
 - 7.2.2 discharge the master and crew of the Vessel and employ a new master and crew; and/or

- 7.2.3 to navigate the Vessel to such places as the Mortgagee may decide or order the Vessel to proceed forthwith at the Owner's risk and expense to a port or place nominated by the Mortgagee and require the Owner to give the necessary instructions to the master and/or crew of the Vessel to comply with any such instructions of the Mortgagee and if the Owner fails to give such instructions for any reason whatsoever the Mortgagee shall have the right and power to give such instructions directly to the master and/or crew; and/or
- 7.2.4 to manage and, for such purpose, to appoint and/or remove any Charterer or other manager of the Vessel and to insure the Vessel on such terms and with such insurers and against such risks as the Mortgagee may in its absolute discretion think fit, and to maintain and repair the Vessel and to detain, hold, lay up, lease, charter, operate or otherwise use the Vessel in such manner and for such period as the Mortgagee in its absolute discretion deems expedient and to do all acts and things incidental or conducive thereto in all respects as if the Mortgagee were the owner of the Vessel without being responsible for any loss thereby incurred unless such loss has occurred due to the gross negligence or wilful misconduct of the Mortgagee; and/or
- 7.2.5 in the name of the Mortgagee or the name of the Owner, demand, sue for, receive and give a good receipt for all sums due to the Owner in connection with the Vessel and, in the name of the Mortgagee or the name of the Owner or the name of the Vessel, commence such legal proceedings as it may consider appropriate, or conduct the defence of any legal proceedings commenced against the Vessel or the Owner in its capacity as owner of the Vessel and, to recover, defend, discharge, compound, release or compromise claims including without limitation those which (i) have given or may give rise to any charge or lien on the Vessel, (ii) have priority over the Mortgage or (iii) are or may be enforceable by proceedings against the Vessel; and/or
- 7.2.6 sell or dispose of all or any shares in the Vessel (whether as mortgagee, attorney in fact for the Owner or otherwise) either by private treaty or auction, on such terms as the Mortgagee shall think fit (including deferred payment terms and with or without the benefit of any charterparty or other contract of employment, for cash, on credit or otherwise and upon such terms as the Mortgagee in its absolute discretion may determine), with the power to make a loan on such terms as the Mortgagee may decide to any prospective purchaser to assist in the purchase of the Vessel, and the power to postpone any sale, and to execute any legal bills or bill of sale in respect of a sale without being liable for any loss caused by any such sale or the postponement of any such sale unless such loss is caused principally by the gross negligence or wilful misconduct of the Mortgagee and at any public sale to purchase the Vessel and to set off the price of the Vessel against the Indebtedness; and/or
- 7.2.7 replace or repair any part of the Vessel and put her through all appropriate surveys; and/or

- 7.2.8 employ agents, servants and others on such terms as the Mortgagee may in its discretion determine; and/or
 - 7.2.9 charter or load the Vessel on such terms and for the carriage of such cargoes as the Mortgagee may in its discretion determine; and/or
 - 7.2.10 to recover and collect all freights, passage moneys, remuneration for salvage or towage services, hire moneys and all other income or earnings then due or to become due to the Owner in respect of the Vessel and to give a good receipt therefor on behalf of the Owner and to pay collecting brokers the customary commission on all sums collected in respect of those claims; to compromise all such claims or refer them to arbitration or any other form of judicial or non-judicial determination; and otherwise to deal with such claims in such manner as the Mortgagee shall in its discretion think fit.;
 - 7.2.11 to require that all Policies relating to any of the Obligatory Insurances (including details of and correspondence concerning outstanding claims) be delivered to such adjusters and/or brokers and/or other insurers as the Mortgagee may nominate;
 - 7.2.12 to collect, recover, compromise and give a good discharge for all claims then outstanding or thereafter arising under any of the Obligatory Insurances and to take over or institute or pursue all proceedings in connection therewith (as the Mortgagee in its absolute discretion thinks fit) and to permit the relevant marine insurance brokers through whom collection or recovery is effected to charge and retain the usual brokerage therefor;
 - 7.2.13 recover from the Owner on first demand, all losses, expenses, payments and disbursements (including, without limitation, legal fees) incurred reasonably by the Mortgagee in respect of or, incidental to the exercise by it of any of its powers under the Loan Agreement or the Mortgage together with interest thereon at the Default Rate from the date when such losses, expenses, payments or disbursements (including, without limitation, legal fees) were incurred by the Mortgagee until the date of reimbursement whether before or after judgment.
- 7.3 Notwithstanding the terms of this Clause 7, the Mortgagee shall be under no duty to enquire as to the sufficiency of any payment received by it in relation to the Vessel or to take any action to recover amounts due or to enforce its rights and powers in relation thereto.
- 7.4 For the avoidance of doubt, if the Mortgagee takes any action or enters into or completes any transaction pursuant to Clause 7.2 after an Event of Default has been remedied, that action or transaction shall not be affected by the remedying of the Event of Default.

8 Ancillary Provisions

- 8.1 In connection with the exercise of its rights, powers, discretions and remedies under Clause 7 or otherwise as mortgagee of the Vessel, the Mortgagee shall have power to

buy in, rescind or vary any contract for sale of the Vessel and generally to do all things in connection with the sale of the Vessel as it shall think fit.

- 8.2 On any sale of the Vessel by the Mortgagee, the purchaser shall not be bound to enquire whether the Mortgagee's power of sale has become exercisable or whether its exercise has become expedient, and the purchaser shall not be affected by any notice that the sale was or may have been irregular in any way. The receipt of the Mortgagee for any amounts paid to it shall be a complete discharge to the purchaser who shall not be concerned with the application of the payment or be answerable for any misapplication. As regards any purchaser, any such sale shall be deemed to be within the power of sale conferred on the Mortgagee by this Deed and at law and any remedy of the Owner in respect of any irregularity or impropriety shall be in damages only.
- 8.3 If the Mortgagee takes possession of the Vessel and until sale the Mortgagee shall be entitled to deal with the Vessel in all respects as if it were the owner of the Vessel.
- 8.4 The Mortgagee shall be entitled to recover from the Owner on demand all losses, expenses, payments and disbursements incurred by the Mortgagee in or about or incidental to the exercise by it of any of its rights, powers, discretions and remedies under Clause 7 or otherwise as mortgagee of the Vessel together with interest at the Default Rate.
- 8.5 No failure to exercise, nor any delay in exercising, on the part of the Mortgagee, any right or remedy under Clause 7 or otherwise as mortgagee of the Vessel shall operate as a waiver, nor shall any single or partial exercise of any right or remedy prevent any further or other exercise or the exercise of any other right or remedy. The rights and remedies provided in this Deed are cumulative and not exclusive of any rights or remedies provided by law.
- 8.6 The Mortgagee may at any time and from time to time delegate to any person all or any of its rights, powers, discretions and remedies pursuant to the Finance Documents on such terms as the Mortgagee may consider appropriate (including the power to sub-delegate).
- 8.7 Every right, power, discretion and remedy conferred on the Mortgagee under or pursuant to the Finance Documents shall be cumulative and in addition to every other right, power, discretion or remedy to which the Mortgagee may at any time be entitled by law or in equity. The Mortgagee may exercise each of its rights, powers, discretions and remedies as often and in such order as it deems appropriate.
- 8.8 Neither the Mortgagee nor any agent or employee of the Mortgagee shall be liable for any losses which may be incurred in or about the exercise of any of the rights, powers, discretions or remedies of the Mortgagee under or pursuant to the Mortgage or this Deed, nor liable as mortgagee in possession for any loss on realisation or for any neglect or default of any nature for which a mortgagee in possession might otherwise be liable.

9 Receiver

- 9.1 At any time after the occurrence and during the continuation of an Event of Default which is unwaived or unremedied the Mortgagee may (but shall not be obliged to)

appoint any person to be receiver and/or manager of the Vessel and/or any of the Assigned Property.

- 9.2 The appointment of a receiver and/or manager by the Mortgagee may be made in writing under the hand of any authorised signatory of the Mortgagee.
- 9.3 The Mortgagee shall have the power to authorise any joint receiver and/or manager to exercise any or all of his powers independently of any other joint receiver and/or manager.
- 9.4 The Mortgagee may at any time and from time to time remove any receiver and/or manager from office and appoint a replacement.
- 9.5 The Mortgagee shall have the power from time to time to fix the remuneration of any receiver and/or manager on the basis of charging from time to time adopted by him or his firm and any receiver and/or manager shall not be limited to any maximum amount or rate specified by law.
- 9.6 Any receiver and/or manager appointed pursuant to this Clause shall be the agent of the Owner and the Owner shall be solely responsible for his acts and defaults and for the payment of his remuneration.
- 9.7 Without limitation, any receiver and/or manager shall have power on behalf of the Owner (and at the Owner's expense) to do or omit to do anything which the Owner could do or omit to do in relation to the Vessel or any of the Assigned Property and may exercise all or any of the rights, powers, discretions and remedies conferred on the Mortgagee by the Finance Documents or at law.
- 9.8 No receiver and/or manager shall be liable as mortgagee in possession to account or be liable for any loss on realisation of, or any default of any nature in connection with, the Vessel or any of the Assigned Property or the exercise of any of the rights, powers, discretions and remedies vested in the receiver and/or manager by virtue of the Finance Documents or at law.

10 Application of Moneys

All amounts received by the Mortgagee arising from the exercise by the Mortgagee of its rights, powers, discretions and remedies under or pursuant to the Mortgage and this Deed (including, without limitation, all amounts received by the Mortgagee in connection with the taking possession and/or sale of the Vessel, any chartering or other use of the Vessel by the Mortgagee, and any claims for damages or claims on any insurance received by the Mortgagee while in possession of or while chartering or using the Vessel) shall, unless otherwise agreed by the Mortgagee or otherwise expressly provided in the Loan Agreement, be applied by the Mortgagee in or towards satisfaction of, or retention on account for, the Indebtedness in such manner as the Mortgagee may in its discretion determine.

11 Power of Attorney

- 11.1 The Owner by way of security irrevocably appoints the Mortgagee and any receiver and/or manager appointed by the Mortgagee severally to be its attorney (with unlimited power of substitution and delegation) with power (in the name of itself or otherwise) to do all acts which the Owner could do in connection with the Vessel or

the Assigned Property including, without limitation, to execute and deliver a bill of sale transferring title in the Vessel to a third party and to give a good receipt for any purchase price.

11.2 The Mortgagee agrees that it will not exercise any of its powers as attorney of the Owner unless an Event of Default shall have occurred and is continuing unwaived or unremedied, but the exercise of any such powers by the Mortgagee shall not put any person dealing with the Mortgagee on enquiry as to whether an Event of Default has occurred and any such person shall not be affected by notice that no Event of Default which is continuing unwaived or unremedied has in fact occurred.

11.3 The exercise by the Mortgagee or by any receiver and/or manager of any of their powers as attorney of the Owner shall be conclusive evidence of their right to do so.

12 Partial Invalidity

If, at any time, any provision of the Mortgage or this Deed is or becomes illegal, invalid or unenforceable in any respect under any law of any jurisdiction, neither the legality, validity or enforceability of the remaining provisions nor the legality, validity or enforceability of such provision under the law of any other jurisdiction will in any way be affected or impaired.

13 Further Assurance

The Owner agrees that from time to time on the written request of the Mortgagee it will immediately execute and deliver to the Mortgagee all further documents which the Mortgagee may require for the purpose of perfecting or protecting the security intended to be created by the Mortgage and this Deed.

14 Waiver of Rights as Surety

14.1 The rights of the Mortgagee under the Mortgage and/or this Deed, the security constituted by the Mortgage and/or this Deed and the warranties, covenants and obligations of the Owner contained in the Mortgage and/or this Deed shall not in any way be discharged, impaired or otherwise affected by:

14.1.1 any forbearance (whether as to payment or otherwise) or any time or other indulgence granted to any of the other Security Parties under or in connection with any of the Finance Documents;

14.1.2 any amendment, variation, novation or replacement of any of the other Finance Documents;

14.1.3 any failure of any of the Finance Documents to be legal, valid, binding and enforceable in relation to any of the other Security Parties for any reason;

14.1.4 the winding-up or dissolution of any of the other Security Parties;

14.1.5 the release (whether in whole or in part) of, or the entering into of any compromise or composition with, any of the other Security Parties; or

14.1.6 any other act, omission, thing or circumstance which would or might, but for this provision, operate to discharge, impair or otherwise affect the same.

14.2 Until the Indebtedness has been unconditionally and irrevocably paid and discharged in full, the Owner shall not by virtue of any payment made under this Deed or under the Mortgage on account of the Indebtedness or by virtue of any enforcement by the Mortgagee of its rights under, or the security constituted by, the Mortgage and/or this Deed or by virtue of any relationship between or transaction involving, the Owner and any of the other Security Parties:

14.2.1 exercise any rights of subrogation in relation to any rights, security or moneys held or received or receivable by the Mortgagee or any other person; or

14.2.2 exercise any right of contribution from any of the other Security Parties under any of the Finance Documents; or

14.2.3 exercise any right of set-off or counterclaim against any of the other Security Parties; or

14.2.4 receive, claim or have the benefit of any payment, distribution, security or indemnity from any of the other Security Parties; or

14.2.5 unless so directed by the Mortgagee (when the Owner will prove in accordance with such directions), claim as a creditor of any of the other Security Parties in competition with the Mortgagee

and the Owner shall hold in trust for the Finance Parties and forthwith pay or transfer (as appropriate) to the Mortgagee any such payment (including an amount equal to any such set-off), distribution or benefit of such security, indemnity or claim in fact received by it.

15 Miscellaneous

15.1 In the event of there being any conflict between this Deed and the Loan Agreement, the Loan Agreement shall prevail.

15.2 All the covenants and agreements of the Owner in this Deed shall bind the Owner and its successors and permitted assignees and shall inure to the benefit of the Finance Parties and their respective successors, transferees and assignees.

15.3 The representations and warranties on the part of the Owner contained in this Deed shall survive the execution of the Mortgage and this Deed and the registration of the Mortgage.

15.4 The rights of the Mortgagee under the Mortgage and this Deed shall not be affected by any change in the constitution of the Owner or by the liquidation, bankruptcy or insolvency of the Owner.

15.5 No variation or amendment of this Deed shall be valid unless in writing and signed on behalf of the Owner and the Mortgagee.

15.6 Other than the Finance Parties, a person who is not a party to this Deed has no right under the Contracts (Rights of Third Parties) Act 2001 to enforce or to enjoy the benefit of any term of this Deed.

16 Discharge of Security

- 16.1 Following the expiry of the Facility Period the Mortgagee will, at the cost of and on the request of the Owner, execute and deliver to the Owner a discharge of the Mortgage.
- 16.2 Any discharge, release or reassignment by the Mortgagee of any of the security constituted by, or any of the obligations of the Owner contained in, any of the Finance Documents shall be (and be deemed always to have been) void if any act (including, without limitation, any payment) as a result of which such discharge, release or reassignment was given or made is subsequently wholly or partially rescinded or avoided by operation of any law.

17 Notices

The provisions of clause 15 of the Guarantee shall apply (*mutatis mutandis*) to this Deed as if it were set out in full with references to this Deed substituted for references to the Guarantee.

18 Counterparts

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.

19 Law and Jurisdiction

- 19.1 This Deed and any non-contractual obligations arising from or in connection with it shall in all respects be governed by and interpreted in accordance with Isle of Man law.
- 19.2 For the exclusive benefit of the Mortgagee, the Owner irrevocably agrees that the courts of the Isle of Man are to have exclusive jurisdiction to settle any dispute (a) arising from or in connection with this Deed or (b) relating to any non-contractual obligations arising from or in connection with this Deed and that any proceedings may be brought in those courts.
- 19.3 Nothing contained in this Clause shall limit the right of the Mortgagee to commence any proceedings against the Owner in any other court of competent jurisdiction nor shall the commencement of any proceedings against the Owner in one or more jurisdictions preclude the commencement of any proceedings in any other jurisdiction, whether concurrently or not.
- 19.4 The Mortgagee shall in addition have the right to arrest and take action against the Vessel and/or any other vessel for the time being belonging to the Owner wherever it or they may be, for which purpose the Owner irrevocably agrees that any claim form, notice, judgment or other legal process may be served on the Owner in the manner set out in Clause **Error! Reference source not found.** or on the Vessel or on the master (or anyone acting as the master) of the Vessel or of the vessel against which the action is taken, which shall be deemed good service on the Owner, the Vessel or such other vessel for all purposes.
- 19.5 The Owner irrevocably waives any objection which it may now or in the future have to the laying of the venue of any proceedings in any court referred to in this Clause

and any claim that those proceedings have been brought in an inconvenient or inappropriate forum, and irrevocably agrees that a judgment in any proceedings commenced in any such court shall be conclusive and binding on it and may be enforced in the courts of any other jurisdiction.

In witness of which this Deed has been duly executed and delivered the day and year first before written.

Signed and delivered
as a Deed
by Teekay Petrojarl Floating
Production UK Ltd.
acting by

its duly authorised

in the presence of:

Witness signature:.....

Name:

Address:

Tanpreet Rooprai

Address
Redacted

Signature
Redacted

Georgios Macheras
Attorney-in-fact

Signed and delivered
as a Deed
by DNB Bank ASA, New York Branch
acting by

its duly authorised

in the presence of:

Witness signature:✓

Name:

Address:

Lucas Griffith Wilkin

Address
Redacted

Signature
Redacted

Carl Sheppard
Attorney-in-fact