



**Registration of a Charge**

Company name: **HEATHER FISHING COMPANY LIMITED**

Company number: **SC135351**

Received for Electronic Filing: **04/03/2021**



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**Details of Charge**

Date of creation: **02/03/2021**

Charge code: **SC13 5351 0019**

Persons entitled: **THE ROYAL BANK OF SCOTLAND PLC**

Brief description: **THE VESSEL KNOWN AS OCEAN ROSE WITH OFFICIAL NUMBER C17121**

**Contains fixed charge(s).**

**Contains negative pledge.**

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**Authentication of Form**

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

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**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: **PINSENT MASONS LLP**



## **CERTIFICATE OF THE REGISTRATION OF A CHARGE**

Company number: 135351

Charge code: SC13 5351 0019

The Registrar of Companies for Scotland hereby certifies that a charge dated 2nd March 2021 and created by HEATHER FISHING COMPANY LIMITED was delivered pursuant to Chapter A1 Part 25 of the Companies Act 2006 on 4th March 2021 .

Given at Companies House, Edinburgh on 5th March 2021

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

**DATED** 2 March 2021

**(1) HEATHER FISHING COMPANY LIMITED (AS OWNER)**

**(2) THE ROYAL BANK OF SCOTLAND PLC**

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**DEED OF COVENANTS**

**OCEAN ROSE  
(OFFICIAL NUMBER C17121)**

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**Pinsent Masons**

## CONTENTS

Clause		Page
1	INTERPRETATION	2
2	COVENANT TO PAY	5
3	SECURITY	6
4	REPRESENTATIONS	6
5	UNDERTAKINGS	7
6	OPERATION AND MAINTENANCE UNDERTAKINGS	7
7	GENERAL UNDERTAKINGS	8
8	RESTRICTIONS AND FURTHER ASSURANCE	9
9	DEMAND AND ENFORCEMENT	9
10	RECEIVERS	11
11	APPLICATION OF MONEYS	12
12	MONETARY CLAIMS	12
13	POWER OF ATTORNEY	12
14	CONSOLIDATION	13
15	PROTECTION OF THIRD PARTIES	14
16	PROTECTION OF THE LENDER AND ANY RECEIVER	14
17	PROVISIONS RELATING TO THE LENDER	15
18	PRESERVATION OF SECURITY	16
19	RELEASE	18
20	MISCELLANEOUS PROVISIONS	18
21	GOVERNING LAW	19
22	ENFORCEMENT	19

THIS DEED is made on

2 March

2021

**BETWEEN**

- (1) **HEATHER FISHING COMPANY LIMITED**, a company incorporated in Scotland with company number SC135351 whose registered office is at Units 1-2 Old School, Cawdor, Nairn, Scotland, IV12 5BL (the "**Owner**"); and
- (2) **THE ROYAL BANK OF SCOTLAND PLC** incorporated in Scotland whose registered office is at 36 St. Andrew Square, Edinburgh, Scotland, EH2 2YB (the "**Lender**").

**RECITALS**

- (A) The Owner has agreed to provide (a) a first priority statutory mortgage in favour of the Lender of all the shares in the Vessel and (b) the security created by this Deed, to secure the payment and discharge of the Secured Liabilities.
- (B) The Owner is the legal and beneficial owner of all of the shares in the Vessel and has executed, delivered and registered in favour of the Lender a statutory mortgage with first priority bearing the same date as this Deed over all the shares in the Vessel (the "**Mortgage**").

**IT IS AGREED** as follows:-

**1. DEFINITIONS AND INTERPRETATION**

1.1 In this Deed:-

**"Acquisition Loan A Loan Agreement"** means the 15 year term loan agreement (referred to as the "Acquisition Loan A Loan Agreement") entered into on or about the date of this Deed between the Owner (as borrower) and as the Lender (as lender), as amended, supplemented, novated, extended or restated from time to time

**"Acquisition Loan B Loan Agreement"** means the 15 year term loan agreement (referred to as the "Acquisition Loan B Loan Agreement") entered into on or about the date of this Deed between the Owner (as borrower) and as the Lender (as lender), as amended, supplemented, novated, extended or restated from time to time

**"Acquisition Loan C Loan Agreement"** means the five year term loan agreement entered into on or about the date of this Deed between the Owner (as borrower) and as the Lender (as lender), as amended, supplemented, novated, extended or restated from time to time

**"Applicable Law"** means any regulation, legislation, practice or concession or official directive, ruling, request, notice, guideline, statement of policy or practice by any relevant legislative authority, 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 Vessel is generally customary)

<b>"Charged Property"</b>	means all the property, assets and undertaking of the Owner which from time to time are, or are expressed to be, the subject of the security created in favour of the Lender by or pursuant to this Deed
<b>"Default Rate"</b>	means the rate which equivalent to 4.25% per annum above the Bank's Base Rate
<b>"Earnings"</b>	means, in relation to the Vessel, all time charter hire and bareboat charter hire, freights, pool income and other sums payable to or for the account of the Owner in respect of the Vessel including (without limitation) all remuneration for salvage and towage services, demurrage and detention moneys, contributions in general average, compensation in respect of any requisition for hire and damages and other payments (whether awarded by any court or arbitral tribunal or by agreement or otherwise) for breach, termination or variation of any contract for the operation, employment or use of the Vessel
<b>"Insurance Policies"</b>	means each policy of insurance listed in Schedule 1 (and any replacement or substitution thereof) and any and all further policies and contracts of insurance with are taken out or entered into in respect of or in connection with the Vessel from time to time (and each an <b>"Insurance Policy"</b> )
<b>"Insurer"</b>	means the insurer(s) under the Insurance Policies
<b>"Loan Agreements"</b>	means the Acquisition Loan A Loan Agreement, the Acquisition Loan B Loan Agreement and the Acquisition Loan C Loan Agreement
<b>"LPA"</b>	means the Law of Property Act 1925
<b>"Monetary Claims"</b>	means all book and other debts and monetary claims now or in the future owing to the Owner (whether alone or jointly with any other person), whenever payable and whether liquidated or unliquidated, certain or contingent in connection with the Vessel or Charged Property and together with all cheques, bills of exchange, negotiable instruments, credits and securities at any time given in relation to, or to secure payment of, any such debt
<b>"Notice of Assignment"</b>	means a notice of assignment in the form set out in Schedule 2 ( <i>Form of Notice of Assignment of Insurance Policies</i> )
<b>"Receiver"</b>	means any receiver, receiver and manager or administrative receiver of the whole or any part of the Charged Property
<b>"Related Rights"</b>	means in relation to any Charged Property:  (a) the proceeds of sale of any part of that Charged Property;  (b) all rights under any licence, agreement for

sale or agreement for lease in respect of that Charged Property;

- (c) all rights, benefits, claims, contracts, warranties, remedies, security, indemnities or covenants for title in respect of that Charged Property; and

any moneys and proceeds paid or payable in respect of that Charged Property

**"Required Insurances "** means the insurances required under Clause 5 (*Insurance Undertakings*) and Schedule 3 of this Deed

**"Requisition Compensation"** means all compensation or other money which may from time to time be payable to the Owner as a result of the Vessel being requisitioned for title or in any other way compulsorily acquired (other than by way of requisition for hire)

**"Secured Liabilities"** means all or any monies, liabilities and obligations, whether actual or contingent and whether owed jointly or severally or as principal debtor, guarantor, cautioner, surety or otherwise, which are now or may at any time hereafter (whether before or at any time after demand) be or become due in any manner by the Owner to the Lender and all or any monies, liabilities and obligations due by the Owner under this Deed

**"Security Period"** means the period beginning on the date of this Deed and ending on the date on which the Lender is satisfied that all the Secured Liabilities have been unconditionally and irrevocably paid and discharged in full and all facilities which might give rise to Secured Liabilities have terminated

**"Threshold Amount"** means £25,000 or its equivalent in any other currency

**"Vessel"** means the vessel known as Ocean Rose with Official Number C17121

## 1.2 **Incorporation of terms**

Unless the context otherwise requires or unless defined in this Deed, all words and expressions defined or whose interpretation is provided for in the Loan Agreements have the same meanings in this Deed.

## 1.3 **Interpretation**

In this Deed unless the context requires otherwise:-

- 1.3.1 words importing the singular shall include the plural and vice versa;
- 1.3.2 references to this "Deed" shall be construed as references to this Deed as amended, supplemented, novated, extended or restated from time to time;
- 1.3.3 references to a "**Finance Document**" or any other agreement or instrument is a reference to that Finance Document or other agreement or instrument

as amended, novated, supplemented, restated or replaced (however fundamentally) and includes any increase in, extension of, or change to, any facility made available under that Finance Document or other agreement or instrument and includes any increase in, extension of or change to any facility made available under that Finance Document or other agreement or instrument;

- 1.3.4 references to any statute or statutory provision (including any subordinate legislation) shall include any statute or statutory provision for the time being in force which amends, extends, consolidates or replaces the same and shall include any orders, regulations, instruments or other subordinate legislation made under the relevant statute or statutory provision;
- 1.3.5 references to a "**person**" shall include any individual, firm, company, corporation, body, trust or foundation, or any association, partnership or unincorporated body (whether or not having separate legal personality);
- 1.3.6 any reference to the Lender includes its permitted successors, transferees and assignees; and
- 1.3.7 "**tax**" means all forms of taxation, duties, imposts and levies whatsoever in the nature of taxation whenever and wherever imposed, including (but without limitation) all stamp duties, imposts, duties, capital and revenue taxes and value added tax, and "**taxes**" and "**taxation**" shall be construed accordingly.

#### 1.4 **Headings**

The table of contents and the headings in this Deed are included for convenience only and shall be ignored in construing this Deed.

#### 1.5 **Effect as a deed**

This Deed shall take effect as a deed even if it is signed under hand on behalf of the Lender.

#### 1.6 **Third party rights**

- 1.6.1 Unless expressly provided to the contrary in this Deed a person who is not a Party has no rights under the Contracts (Rights of Third Parties) Act 1999 to enforce or to enjoy the benefit of any term of this Deed.
- 1.6.2 Notwithstanding any term of this Deed, the consent of any person who is not a Party is not required to rescind or vary this Deed at any time.

#### 1.7 **Conflict**

If there is any conflict between the provisions of this Deed and the provisions of the Loan Agreements, the provisions of the Loan Agreements shall prevail.

### 2. **COVENANT TO PAY**

#### 2.1 **Secured Liabilities**

The Owner covenants that it will on demand pay and discharge any or all of the Secured Liabilities when due.



2.2 **Interest**

The Owner covenants to pay interest on any sum demanded in accordance with Clause 2.1 (*Secured Liabilities*) until payment (both before and after judgment) at the Default Rate.

3. **SECURITY**

3.1 **Mortgage**

As a continuing security for payment and discharge of the Secured Liabilities, the Owner (with full title guarantee), by the Mortgage and this Deed, mortgages and charges the Vessel to the Lender.

3.2 **Assignment**

As a continuing security for payment and discharge of the Secured Liabilities, the Owner with full title guarantee assigns absolutely in favour of the Lender but subject to the proviso for reassignment on redemption all its present and future right, title and interest in and to, and all benefits accruing under or in connection with the Insurance Policies and the Requisition Compensation together with all Related Rights in respect of such Charged Property.

3.3 **Dealings**

3.3.1 Until an Event of Default occurs and is continuing, but subject always to Clauses 5 (*Insurance Undertakings*), 6 (*Operation and Maintenance Undertakings*), 7 (*General Undertakings*) and 8 (*Restrictions and further assurance*), the Owner may continue to deal with the Insurers in relation to the Insurance Policies.

3.3.2 Upon the occurrence of an Event of Default which is continuing, the Owner shall have no further right to deal with the Insurers and the Lender may notify each Insurer that it should deal only with the Lender.

3.4 **Trust**

If or to the extent that for any reason the mortgage or charging of any Charged Property is prohibited, the Owner shall hold it on trust for the Lender.

4. **REPRESENTATIONS**

The Owner represents and warrants to the Lender that:

4.1 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:

4.1.1 the registration of the Mortgage with the Maritime and Coastguard Agency of the United Kingdom of Great Britain and Northern Ireland; and

4.1.2 the registration of the Mortgage and this Deed with the Registrar of Companies in Scotland;

4.2 it is the sole legal and beneficial owner of all the shares in the Vessel and (with the exception of the Mortgage and this Deed) the Vessel is free from any security 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

- 4.3 the Vessel is insured, operated and maintained in accordance with the requirements of this Deed.

5. **INSURANCE UNDERTAKINGS**

- 5.1 The covenants in this Clause 5 (*Insurance Undertakings*) remain in force from the date of this Deed until the end of the Security Period.

- 5.2 The Owner shall maintain such insurances on and in relation to the Vessel and against those risks and to the extent as is usual for companies carrying on the same or substantially similar business as the Owner.

- 5.3 All insurances must be with such insurers or P&I clubs (as applicable) as are acceptable to the Lender.

- 5.4 Without prejudice to the foregoing generality, the Owner shall comply with the terms of Schedule 3 (*Insurance Requirements*).

- 5.5 The Owner shall ensure that:

5.5.1 the insurances that it is required to maintain under this Deed are so maintained in full force and effect and, unless with the prior written consent of the Lender, are not amended or supplemental in any material way;

5.5.2 permit any party to the Insurance Policies to assign any of their rights, or transfer any of their obligations, under the Insurance Policy they are party to; and

5.5.3 if so required by the Lender, the Lender is named as co-insured on all such policies of insurance related to the Vessel.

6. **OPERATION AND MAINTENANCE UNDERTAKINGS**

- 6.1 The covenants in this Clause 6 (*Operation and Maintenance Undertakings*) remain in force from the date of this Deed until the end of the Security Period.

- 6.2 The Owner hereby undertakes:-

6.2.1 to keep the Vessel seaworthy and in a state of complete repair and in compliance with the requirements from time to time of all applicable laws, conventions and regulations and of her insurers;

6.2.2 to maintain the registration of the Vessel under its current flag; and to effect and maintain registration of the Mortgage at the Maritime and Coastguard Agency of the United Kingdom of Great Britain and Northern Ireland; and not cause nor permit to be done any act or omission as a result of which either of those registrations might be defeated or imperilled;

6.2.3 not during the Security Period to sell, agree to sell, or otherwise dispose of, or agree to dispose of, any shares in the Vessel without the prior written consent of the Lender; and

6.2.4 not during the Security Period to change the name of the Vessel without having given the Lender at least 10 Business Days prior notice of such change of name of the Vessel and following such change of name of the Vessel the Owner shall promptly provide to the Lender a transcript of registry issued by the Maritime and Coastguard Agency of the United Kingdom of Great Britain and Northern Ireland evidencing the change of name of the Vessel.

- 6.3 Without prejudice to the foregoing generality, the Owner shall comply with the terms of Schedule 4 (*Operation and Maintenance Undertakings*)

7. **GENERAL UNDERTAKINGS**

- 7.1 All moneys received under any Insurance Policy or by way of Requisition Compensation shall, prior to the occurrence of an Event of Default which is continuing, be applied in accordance with the terms of the Loan Agreements. After the occurrence of an Event of Default which is continuing the Owner shall hold such moneys upon trust for the Lender pending payment to the Lender for application in accordance with Clause 11 (*Application of Moneys*) and the Owner waives any right it may have to require that any such moneys are applied in reinstatement of any part of the Charged Property.

7.2 **Notice of Assignment**

- 7.2.1 The Owner shall:

- (a) deliver (or procure delivery of) to the Lender a duly executed Notice of Assignment in respect of each Insurance Policy addressed to the relevant Insurer within 5 Business Days of the date of this Deed and shall use its reasonable endeavours to procure that such Notice of Assignment attaching is acknowledged by each Insurer; and
- (b) if required by the Lender procure that a loss payable clause in such other form as the Lender may approve shall be endorsed on or attached to the policies, cover notes or certificates of entry relating to the Insurance Policies and that letters of undertaking in such form as the Lender may approve shall be issued to the Lender by the brokers through whom the Insurance Policies are placed (or, in the case of entries in protection and indemnity or war risks associations, by their managers).

- 7.2.2 From time to time, immediately on the written request of the Lender, the Owner shall give written notice, in such form as the Lender shall require, of the assignment of the Requisition Compensation contained in this Deed.

7.3 **Conduct of claims**

The Owner:-

- 7.3.1 shall promptly notify the Lender of any actual, threatened or anticipated claim relating to the Insurance Policies, and shall not, without Lender's prior written consent, compromise or settle any claim relating to the Insurance Policies;
- 7.3.2 shall not, without the Lender's prior written consent, commence any proceedings or refer any dispute to arbitration in connection with the Insurance Policies; and
- 7.3.3 authorises the Lender at any time and in any manner (whether in the Lender's name or the Owner's name) to take, submit to arbitration, institute, stay, settle or discontinue any proceedings relating to any claim under the Insurance Policies.

7.4 **Payments without deduction**

The Owner shall calculate and make all payments under this Deed without (and free and clear of any deduction for) set-off or counterclaim.

7.5 **Owner remains liable**

The Owner shall remain liable to perform all its obligations under the Insurance Policies and the Lender shall be under no obligation or liability as a result of any failure by the Owner to perform those obligations.

8. **RESTRICTIONS AND FURTHER ASSURANCE**

8.1 **Security**

The Owner shall not create or permit to subsist any security over any Charged Property, nor do anything else prohibited by clause 9.5 (*Negative Pledge*) of the Acquisition Loan A Loan Agreement.

8.2 **Disposal**

The Owner shall not enter into or agree to enter into a single transaction or a series of transactions (whether related or not and whether voluntary or involuntary) to sell, lease, license, sub license, transfer or otherwise dispose of any Charged Property.

8.3 **Preservation of Contracts**

The Owner shall not take any security in connection with its liability under this Deed from any guarantor of, or provider of security for, any of the Secured Liabilities.

8.4 **Preservation of rights**

The Owner shall not do, permit or suffer or to be done anything which may prevent the Lender (or any person claiming title through the Lender) from exercising the rights of the Owner (including any right to receive payments) under all or any part of the Insurance Policies following the occurrence of an Event of Default which is continuing.

8.5 **Further assurance**

The Owner shall promptly do whatever the Lender requires:-

8.5.1 to perfect or protect the security created or expressed to be created by this Deed, or its priority; or

8.5.2 to facilitate the realisation of the Charged Property or the exercise of any rights vested in the Lender or any Receiver,

including executing any transfer, conveyance, charge, assignment or assurance of the Charged Property (whether to the Lender or its nominees or otherwise), making any registration and giving any notice, order or direction.

9. **DEMAND AND ENFORCEMENT**

9.1 **Enforcement**

The security created by this Deed shall become enforceable upon:-

9.1.1 the occurrence of an Event of Default which is continuing; or

9.1.2 any request being made by the Owner to the Lender for the appointment of a Receiver or an administrator, or for the Lender to exercise any other power or right available to it.

## 9.2 Powers on enforcement

At any time after the security created by this Deed has become enforceable, the Lender may (without prejudice to any other rights and remedies available by statute or otherwise and without notice to the Owner) do all or any of the following:-

- 9.2.1 exercise the power of sale under section 101 of the LPA together with all other powers and rights conferred on mortgagees by the LPA, as varied and extended by this Deed, without the restrictions contained in sections 103 or 109(1) of the LPA;
- 9.2.2 subject to Clause 10.1 (*Method of appointment or removal*), appoint one or more persons to be a Receiver or Receivers of all or any of the Charged Property.
- 9.2.3 take possession of the Vessel wherever she may be;
- 9.2.4 discharge the master and crew of the Vessel and employ a new master and crew;
- 9.2.5 navigate the Vessel to such places as the Lender may decide or detain or lay up the Vessel;
- 9.2.6 in the name of the Lender 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 Lender 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;
- 9.2.7 sell or dispose of all or any shares in the Vessel either by private treaty or auction, on such terms as the Lender shall think fit (including deferred payment terms and with or without the benefit of any charterparty or other contract of employment), with the power to make a loan on such terms as the Lender may decide to any prospective purchaser to assist in the purchase of the Vessel, and the power to postpone any sale, without being liable for any loss caused by any such sale or the postponement of any such sale;
- 9.2.8 replace or repair any part of the Vessel or alter her to suit the Lender's requirements and put her through all appropriate surveys;
- 9.2.9 employ agents, servants and others on such terms as the Lender may in its discretion determine;
- 9.2.10 charter or load the Vessel on such terms and for the carriage of such cargoes as the Lender may in its discretion determine;
- 9.2.11 apply any sums payable under the Insurance Policies in or towards satisfaction of the Secured Liabilities; and/or
- 9.2.12 exercise all the powers and rights of the Owner under the Insurance Policies.

- 9.3 For the avoidance of doubt, if the Lender takes any action or enters into or completes any transaction pursuant to Clause 9.2 (*Powers on enforcement*) after an Event of Default has been remedied, that action or transaction shall not be affected by the remedying of the Event of Default.

9.4 **Disposal of the Charged Property**

In exercising the powers referred to in Clause 9.2 (*Powers on enforcement*), the Lender or any Receiver may sell or dispose of all or any of the Charged Property at the times, in the manner and order, on the terms and conditions and for the consideration determined by it.

9.5 **Ancillary Provisions**

In connection with the exercise of its rights, powers, discretions and remedies under Clauses 9.1, 9.2, 9.3 and 9.4 above or otherwise as mortgagee of the Vessel, the Lender 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.

9.6 If the Lender takes possession of the Vessel and until sale the Lender shall be entitled to deal with the Vessel in all respects as if it were the owner of the Vessel.

9.7 **Same rights as Receiver**

Any rights conferred by any Finance Document upon a Receiver may be exercised by the Lender or to the extent permitted by law, an administrator, after the security created by this Deed has become enforceable, whether or not the Lender shall have taken possession or appointed a Receiver of the Charged Property.

9.8 **Delegation**

The Lender may delegate in any manner to any person any rights exercisable by the Lender under any Finance Document. Any such delegation may be made upon such terms and conditions (including power to sub delegate) as the Lender thinks fit.

10. **RECEIVERS**

10.1 **Method of appointment or removal**

Every appointment or removal of a Receiver, any delegate or any other person by the Lender under this Deed shall be in writing under the hand of any officer or manager of the Lender (subject to any requirement for a court order in the case of the removal of an administrative receiver).

10.2 **Removal**

The Lender may (subject to the application of section 45 of the Insolvency Act 1986) remove any person from office in relation to all or any part of the Charged Property of which he is the Receiver and at any time (before or after any person shall have vacated office or ceased to act as Receiver in respect of any of such Charged Property) appoint a further or other Receiver or Receivers over all or any part of such Charged Property.

10.3 **Powers**

Every Receiver shall have and be entitled to exercise all the powers:-

10.3.1 of the Lender under this Deed;

10.3.2 conferred by the LPA on mortgagees in possession and on receivers appointed under the LPA;

10.3.3 of an administrative receiver set out in Schedule 1 to the Insolvency Act 1986, whether or not the Receiver is an administrative receiver;

10.3.4 in relation to the Vessel and any Charged Property, which he would have if he were its only beneficial owner; and

10.3.5 to do all things incidental or conducive to any functions, powers, authorities or discretions conferred or vested in the Receiver.

**10.4 Receiver as agent**

The Receiver shall be the agent of the Owner (which shall be solely liable for his acts, defaults, remuneration, losses and liabilities) unless and until the Owner goes into liquidation, from which time he shall act as principal and shall not become the agent of the Owner.

**10.5 Joint or several**

If two or more persons are appointed as Receivers of the same assets, they may act jointly and/or severally so that (unless any instrument appointing them specifies to the contrary) each of them may exercise individually all the powers and discretions conferred on Receivers by this Deed.

**10.6 Receiver's remuneration**

Every Receiver shall be entitled to remuneration for his services at a rate to be fixed by the Lender and the maximum rate specified in section 109(6) of the LPA shall not apply.

**11. APPLICATION OF MONEYS**

**11.1 Application of moneys**

All sums received by virtue of this Deed by the Lender or any Receiver (including, without limitation, all amounts received by the Lender in connection with the taking possession and/or sale of the Vessel, any chartering or other use of the Vessel by the Lender, and any claims for damages or claims on any insurance received by the Lender while in possession of or while chartering or using the Vessel) shall, subject to the payment of any claim having priority to this Deed, be applied by the Lender or Receiver in or towards settlement of the Secured Liabilities in such order as the Lender or Receiver shall in his/her absolute discretion decide and any surplus shall be paid to the Owner or any other person entitled thereto (and section 109(8) of the LPA shall not apply).

**12. MONETARY CLAIMS**

**12.1 No dealing with Monetary Claims**

The Owner shall not at any time during the subsistence of this Deed, without the prior written consent of the Lender or as permitted pursuant to the terms of the Loan Agreements, sell, factor, discount, transfer, assign, lend or otherwise dispose of any of the Monetary Claims or enter into any agreement to do any of the foregoing.

**12.2 Proceeds of Monetary Claims**

The Owner shall get in and realise the Monetary Claims in the ordinary course of business.

**13. POWER OF ATTORNEY**

**13.1 Appointment**

The Owner irrevocably and by way of security appoints:-

- 13.1.1 the Lender (whether or not a Receiver has been appointed);
- 13.1.2 any delegate or sub delegate of, or other person nominated in writing by, an officer of the Lender; and
- 13.1.3 (as a separate appointment) each Receiver,

severally as the Owner's attorney and attorneys with power to do any act, and execute and deliver any deed or other document, on behalf of and in the name of the Owner which the Owner could be required to do or execute under any provision of this Deed, or which the Lender in its sole opinion may consider necessary or desirable for perfecting its title to any of the Charged Property or enabling the Lender or the Receiver to exercise any of its rights or powers under this Deed.

**13.2 Ratification**

The Owner ratifies and confirms and agrees to ratify and confirm whatever any attorney appointed pursuant to Clause 13.1 (*Appointment*) does or purports to do in the exercise or purported exercise of all or any of the powers, acts or other matters referred to in Clause 13.1 (*Appointment*).

**13.3 Exercise of power**

The appointment effected under Clause 13.1 shall take effect immediately, but the powers conferred shall only become exercisable upon the occurrence of an Event of Default which is continuing or if the Owner does not fulfil any of its obligations under Clause 8.5 (*Further assurance*) within five Business Days of notice from the Lender to do so.

**14. CONSOLIDATION**

**14.1 Combination of accounts**

In addition to any general lien, right to combine accounts, right of set-off or other right which it may at any time have, the Lender may at any time after this Deed has become enforceable, without notice to the Owner, combine or consolidate all or any accounts which it then has in relation to the Owner (in whatever name) and any Secured Liabilities owed by the Owner to it, and/or set-off or transfer any amounts standing to the credit of one or more accounts of the Owner in or towards satisfaction of any Secured Liabilities owed it on any other account or otherwise.

**14.2 Application**

The Lender's rights under Clause 14.1 (*Combination of accounts*) apply:-

- 14.2.1 whether or not any demand has been made under this Deed, or any liability concerned has fallen due for payment;
- 14.2.2 whether or not any credit balance is immediately available or subject to any restriction;
- 14.2.3 irrespective of the currencies in which any balance or liability is denominated, and the Lender may, for the purpose of exercising its rights, elect to convert any sum or liability in one currency into any other at its spot rate applying at or about 11.00am on the date of conversion; and
- 14.2.4 in respect of any Secured Liabilities owed by the Owner, however arising.



15. **PROTECTION OF THIRD PARTIES**

15.1 **Statutory powers**

In favour of any purchaser, the statutory powers of sale and of appointing a Receiver which are conferred upon the Lender, as varied and extended by this Deed, and all other powers of the Lender, shall be deemed to arise (and the Secured Liabilities shall be deemed due and payable for that purpose) immediately after the execution of this Deed.

15.2 **Purchasers**

No purchaser from or other person dealing with the Lender, any person to whom it has delegated any of its powers, or the Receiver, shall be concerned:-

15.2.1 to enquire whether any of the powers which the Lender or a Receiver have exercised has arisen or become exercisable;

15.2.2 to enquire whether the Secured Liabilities remain outstanding or whether any event has happened to authorise the Receiver to act; or

15.2.3 as to the propriety or validity of the exercise of those powers,

and the title and position of a purchaser or such person shall not be impeachable by reference to any of those matters.

15.3 **Receipts**

All the protection to purchasers contained in sections 104 and 107 of the LPA, section 42(3) of the Insolvency Act 1986 or in any other applicable legislation shall apply to any person purchasing from or dealing with the Lender, any Receiver or any person to whom any of them have delegated any of their powers.

16. **PROTECTION OF THE LENDER AND ANY RECEIVER**

16.1 **No obligation**

Notwithstanding any other term of this Deed, neither the Lender nor any Receiver shall have any obligation or liability under the Insurance Policies by reason only of this Deed to:-

16.1.1 perform any of the obligations or duties of the Owner under the Insurance Policies;

16.1.2 make any payment under the Insurance Policies;

16.1.3 present or file any claim or take any other action to collect or enforce any claim for the payment of any sum payable under the Insurance Policies; or

16.1.4 make any enquiries as to the nature or sufficiency of any payments received by it under this Deed.

16.2 **No liability**

None of the Lender, any Receiver or any of their respective officers, employees or delegates shall be liable in respect of any cost, liability, expense, loss or damage which arises out of the exercise, or attempted or purported exercise of, or the failure to exercise, any of their respective rights under this Deed.

**16.3 Indemnity**

The Owner shall indemnify and keep indemnified the Lender, any Receiver, and their respective officers, employees and delegates, against all claims, costs, expenses and liabilities incurred by them in respect of all or any of the following:-

- 16.3.1 any act or omission by any of them in relation to all or any of the Charged Property;
- 16.3.2 any payment relating to or in respect of all or any of the Charged Property which is made at any time by any of them;
- 16.3.3 any stamp, registration or similar Tax or duty which becomes payable in connection with the entry into, or the performance or enforcement of, this Deed;
- 16.3.4 exercising or purporting to exercise or failing to exercise any of the rights, powers and discretions conferred on them or permitted under this Deed; and
- 16.3.5 any breach by the Owner of any of its covenants or other obligations to the Lender,

except in the case of gross negligence or wilful misconduct on the part of that person.

**16.4 Interest**

The Owner shall pay interest at the Default Rate on the sums payable under this Clause 16 (*Protection of the Lender and any Receiver*) from the date on which the liability was incurred to the date of actual payment (both before and after judgment).

**16.5 Indemnity out of the Charged Property**

The Lender, any Receiver and their respective officers, employees and delegates shall be entitled to be indemnified out of the Charged Property in respect of the actions, proceedings, demands, claims, costs, expenses and liabilities referred to in Clause 16.3 (*Indemnity*).

**16.6 Continuing protection**

The provisions of this Clause 16 (*Protection of the Lender and any Receiver*) shall continue in full force and effect notwithstanding any release or discharge of this Deed or the discharge of any Receiver from office.

**17. PROVISIONS RELATING TO THE LENDER**

**17.1 Powers and discretions**

The rights, powers and discretions given to the Lender in this Deed:-

- 17.1.1 may be exercised as often as, and in such manner as, the Lender thinks fit;
- 17.1.2 are cumulative, and are not exclusive of any of its rights under the general law; and
- 17.1.3 may only be waived in writing and specifically, and any delay in exercising, or non-exercise of, any right, is not a waiver of it.

17.2 **Trusts**

The perpetuity period for any trusts constituted by this Deed shall be 125 years.

17.3 **Certificate**

A certificate signed by any authorised signatory on behalf of the Lender shall, save in the case of manifest error, conclusively constitute the amount of the Secured Liabilities at the relevant time for all purposes of this Deed.

18. **PRESERVATION OF SECURITY**

18.1 **Continuing Security**

This Deed shall be a continuing security to the Lender and shall remain in force until expressly discharged in writing by the Lender notwithstanding any intermediate settlement of account or other matter or thing whatsoever.

18.2 **Additional Security**

This Deed is without prejudice and in addition to, and shall not merge with, any other right, remedy or security of any kind which the Lender may have now or at any time in the future for or in respect of any of the Secured Liabilities.

18.3 **Waiver of Defences**

Neither the security created by this Deed nor the obligations of the Owner under this Deed will be affected by an act, omission, matter or thing which, but for this Clause, would reduce, release or prejudice that security or any of those obligations (whether or not known to it or the Lender or any Receiver) including:-

- 18.3.1 any time, waiver or consent granted to, or composition with, the Owner or the Owner or other person;
- 18.3.2 the release of the Owner or any other person under the terms of any composition or arrangement with any person;
- 18.3.3 the taking, variation, compromise, exchange, renewal, enforcement or release of, or refusal or neglect to perfect, take up or enforce, any rights against, or security over, assets of the Owner or other person or any non-presentation or non-observance of any formality or other requirement in respect of any instrument or any failure to realise the full value of any security;
- 18.3.4 any incapacity or lack of power, authority or legal personality of or dissolution or change in the members or status of the Owner or any other person;
- 18.3.5 any amendment (however fundamental), replacement, variation, novation, assignment or the avoidance or termination of a Finance Document or any other document or security;
- 18.3.6 any unenforceability, illegality or invalidity of any obligation of, or any security created by, any person under any Finance Document or any other document; or
- 18.3.7 an insolvency, liquidation, administration or similar procedure.

**18.4 Immediate recourse**

The Owner waives any right it may have of first requiring the Lender (or any trustee or agent on its behalf) to proceed against or enforce any other rights of security or claim payment from any person before claiming from the Owner under this Deed. This waiver applies irrespective of any law or any provision of a Finance Document to the contrary.

**18.5 Appropriations**

During the Security Period the Lender may:-

18.5.1 refrain from applying or enforcing any monies, security or rights held or received by it (or any trustee or agent on its behalf) in respect of the Secured Liabilities, or, subject to Clause 11.1 (*Application of moneys*), apply and enforce the same in such manner and order as it sees fit (whether against the Secured Liabilities or otherwise) and the Owner shall not be entitled to the same; and

18.5.2 hold in an interest-bearing suspense account any moneys received from the Owner on or account of the Secured Liabilities.

**18.6 New Accounts**

If the Lender receives notice (whether actual or otherwise) of any subsequent security over or affecting any of the Charged Property or if a petition is presented or a resolution passed in relation to the winding up of the Owner, it may close the current account or accounts and/or open a new account or accounts for the Owner. If the Lender does not open a new account or accounts immediately it shall nevertheless be treated as if it had done so at the time when the relevant event occurred, and as from that time all payments made by the Owner to the Lender shall be credited or be treated as having been credited the new account or accounts and shall not operate to reduce the Secured Liabilities.

**18.7 Tacking**

For the purposes of section 94(1) of the LPA and section 49(3) of the Land Registration Act 2002 the Lender confirms that it shall make further advances to the Owner on the terms and subject to the conditions of the Finance Documents.

**18.8 Deferral of Owner's rights**

During the Security Period and unless the Lender otherwise directs, the Owner shall not exercise any rights which it may have by reason of performance by its obligations under this Deed or the enforcement of the security created by this Deed:-

18.8.1 to receive or claim payment from, or be indemnified by the Owner or the Owner;

18.8.2 to claim any contribution from any guarantor of, or provider of security in respect of the Owner's obligations under the Finance Documents;

18.8.3 to take the benefit (in whole or in part and whether by way of subrogation or otherwise) of any rights of the Lender under any Finance Document or of any guarantee or security taken pursuant to, or in connection with, the Finance Documents by the Lender; or

18.8.4 to exercise any right of set-off against the Owner; and/or to claim or prove as a creditor of the Owner in competition with the Lender.

19. **RELEASE**

19.1 **Release**

Upon the irrevocable and unconditional payment and discharge in full of the Secured Liabilities and the termination of all facilities which might give rise to Secured Liabilities, the Lender shall, or shall procure that its appointees will, at the request and cost of the Owner:-

19.1.1 release the Charged Property from this Deed;

19.1.2 execute and deliver to the Owner a discharge of the Mortgage; and

19.1.3 re-assign the Charged Property that has been assigned to the Lender under this Deed.

19.2 **Reinstatement**

If the Lender considers that any amount paid or credited to it under any Finance Document (whether in respect of the obligations of the Owner or any security for those obligations or otherwise) is capable of being avoided, reduced or otherwise set aside:-

19.2.1 that amount shall not be considered to have been paid for the purposes of determining whether the Secured Liabilities have been irrevocably and unconditionally paid and discharged; and

19.2.2 the liability of the Owner and the security created by this Deed shall continue as if that amount had not been paid or credited.

19.3 **Consolidation**

Section 93 of the LPA dealing with the consolidation of mortgages shall not apply to this Deed.

20. **MISCELLANEOUS PROVISIONS**

20.1 **Severability**

If any provision of this Deed is illegal, invalid or unenforceable in any jurisdiction, that shall not affect:-

20.1.1 the validity or enforceability of any other provision, in any jurisdiction; or

20.1.2 the validity or enforceability of that particular provision, in any other jurisdiction.

20.2 **Information**

The Lender may from time to time seek from any other person having dealings with the Owner such information about the Owner and their affairs as the Lender may think fit and the Owner authorises and requests any such person to provide any such information to the Lender and agrees to provide such further authority in this regard as the Lender may from time to time require.

20.3 **Amendments and variations**

20.3.1 This Deed shall remain in full force and effect notwithstanding any amendment, restatement, novation or supplementation of the Finance Documents (including any increase in the amount of the Secured Liabilities).

20.3.2 No amendment or variation of this Deed shall be effective unless it is in writing and signed by or on behalf of each of the parties.

20.4 **Notices**

Any communication to be made under or in accordance with this Deed shall be made in accordance with Clause 14 (*Notices*) of the Acquisition Loan A Loan Agreement.

20.5 **Remedies and waivers**

No failure to exercise, nor any delay in exercising, on the part of the Lender, any right or remedy under this Deed 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 provide by law.

20.6 **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.

21. **GOVERNING LAW**

This Deed and any non-contractual obligations arising out of or in connection with it are governed by English law.

22. **ENFORCEMENT**

22.1 The courts of England have exclusive jurisdiction to settle any dispute arising out of or in connection with this Deed (including a dispute regarding the existence, validity or termination of this Deed or any non-contractual obligation arising out of or in connection with this Deed) (a "**Dispute**").

22.2 The Parties agree that the courts of England are the most appropriate and convenient courts to settle Disputes and accordingly no Party will argue to the contrary.

22.3 This Clause 22 (*Enforcement*) is for the benefit of the Lender only. As a result, the Lender shall not be prevented from taking proceedings relating to a Dispute in any other courts with jurisdiction. To the extent allowed by law, the Lender may take concurrent proceedings in any number of jurisdictions.

22.4 The Lender shall in addition have the right to arrest and take action against the Vessel 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 or on the Vessel or on the master (or anyone acting as the master) of the Vessel, which shall be deemed good service on the Owner and the Vessel for all purposes.

Executed as a deed and delivered on the date appearing at the beginning of this Deed.

**SCHEDULE 1**

**THE INSURANCE POLICIES**

<b>Insurance Company</b>	<b>Policy Number</b>	<b>Description of Cover</b>
The North of England P&I Association Ltd trading as Sunderland Marine	000452/S/002989	Hull & Machinery; Fishing Gear; Catch & Boxes; War Risks; Protection & Indemnity; Defence; Personal Accident

## SCHEDULE 2

### FORM OF NOTICE OF ASSIGNMENT OF INSURANCE POLICIES

To: [Insurer]

Date: [ ]

Dear Sirs,

We give you notice that we have assigned and charged to The Royal Bank of Scotland plc (the "**Lender**") pursuant to a deed entered into by us in favour of the Lender dated [ ] all our right, title and interest in and to the proceeds of *[insert details of relevant insurance policy]* (the "**Policy of Insurance**").

With effect from your receipt of this notice we instruct you to:

- (1) following Lender's notification to you that an Event of Default has occurred make all payments and claims under or arising from the Policy of Insurance to the Lender's or to its order as it may specify in writing from time to time; and
- (2) disclose to the Lender, without further approval from us, such information regarding the Policy of Insurance as the Lender may from time to time request and to send it copies of all notices issued by you under the Policy of Insurance.

With effect from your receipt of this notice all rights, interests and benefits whatsoever accruing to or for the benefit of ourselves arising from the Policy of Insurance (including all rights to compel performance) belong to and are exercisable by the Lender.

Please acknowledge receipt of this notice (substantially in the form of the attached) by signing the acknowledgement on the enclosed copy letter and returning it to the Lender at [ ] for the attention of [ ].

Yours faithfully,

for and on behalf of  
**Heather Fishing Company Limited**



[On copy only:]

To: **The Royal Bank of Scotland plc**  
[address]

We acknowledge receipt of a notice in the terms set out above and confirm that we have not received notice of any previous assignments or charges of or over any of the rights, title and interests and benefits referred to in such notice and that we will comply with the terms of that notice.

We further confirm that no amendment or termination of the Policy of Insurance shall be effective unless we have given the Lender 30 days written notice of it or, if it is not possible to comply with such notification to the Lender in accordance with the provisions of the relevant Policy of Insurance, the notice will be provided to the Lender in relation to such termination as soon as possible.

For and on behalf of [ ]

By: [ ]

Dated: [ ]

### **SCHEDULE 3**

#### **INSURANCE REQUIREMENTS**

**1. Required Insurances**

Without prejudice to the generality of Clause 5, the Owner shall implement and maintain insurances on such terms and with such insurers or P&I clubs (as applicable) as are acceptable to the Lender in respect of:

- 1.1 hull and machinery insurance in an amount of at least £480,000 or such other amount as agreed by the Lender;
- 1.2 fishing gear insurance in an amount of at least £50,000 or such other amount as agreed by the Lender;
- 1.3 catch and boxes insurance in an amount of at least £40,000 or such other amount as agreed by the Lender;
- 1.4 protection and indemnity insurance with the highest available limits of liability (and including coverage for oil pollution);
- 1.5 war risks insurance in an amount of at least £570,000 or such other amount as agreed by the Lender; and
- 1.6 such other insurances as the Lender may reasonably require.

**2. Renewal of Required Insurances**

The Owner shall:

- 2.1 at least 21 days before the expiry of any Required Insurance, notify the Lender of the identity of the brokers (or other insurers) and any protection and indemnity or war risks association through or with whom the Owner proposes to renew that Required Insurance and of the proposed terms of renewal;
- 2.2 at least 7 days before the expiry of any Required Insurance, renew that Required Insurance; and
- 2.3 notify the Lender in writing of the terms and conditions of the renewal.

**3. Copies of policies and letters of undertaking**

If requested by the Lender, the Owner shall ensure that all approved brokers provide the Lender with pro forma copies of all policies relating to the Required Insurances which they are to effect or renew and of a letter or letters of undertaking in a form required by the Lender and including undertakings by the approved brokers that:-

- 3.1 they will have endorsed on each policy, immediately upon issue, a loss payable clause (if required by the Lender) and a notice of assignment;
- 3.2 they will hold such policies, and the benefit of such insurances, to the order of the Lender in accordance with the said loss payable clause (if required by the Lender);
- 3.3 they will advise the Lender immediately of any material change to the terms of the Required Insurances;
- 3.4 they will notify the Lender, not less than 7 days before the expiry of the Required Insurances, in the event of their not having received notice of renewal instructions

from the Owner or its agents and, in the event of their receiving instructions to renew, they will promptly notify the Lender of the terms of the instructions; and

- 3.5 they will not set off against any sum recoverable in respect of a claim relating to the Vessel owned by the Owner under such Required Insurances any premiums or other amounts due to them or any other person whether in respect of that Vessel or otherwise, they waive any lien on the policies, or any sums received under them, which they might have in respect of such premiums or other amounts, and they will not cancel such Required Insurances by reason of non-payment of such premiums or other amounts, and will arrange for a separate policy to be issued in respect of the Vessel forthwith upon being so requested by the Lender.

4. **Payment of premiums**

The Owner shall punctually pay all premiums or other sums payable in respect of the Required Insurances and produce all relevant receipts when so required by the Lender.

5. **Compliance with terms of insurances**

The Owner shall not do or omit to do (or permit to be done or not to be done) any act or thing which would or might render any Required Insurance invalid, void, voidable or unenforceable or render any sum payable under an Required Insurance repayable in whole or in part.

6. **Alteration to terms of insurances**

Except with the consent of the Lender or otherwise in accordance with the express terms of this Deed, the Owner shall not either make or agree to any alteration to the terms of any Required Insurance nor waive any right relating to any Required Insurance.

7. **Settlement of claims**

The Owner shall not settle, compromise or abandon any claim under any Required Insurance for total loss of the Vessel and shall do all things necessary and provide all documents, evidence and information to enable the Lender to collect or recover any moneys which at any time become payable in respect of the Required Insurances.

8. **Provision of information**

The Owner shall promptly provide the Lender (or any persons which it may designate) with any information which Lender (or any such designated person) requests for the purpose of effecting, maintaining or renewing any such insurances as are referred to in this paragraph 0 or dealing with or considering any matters relating to any such insurances.

#### **SCHEDULE 4**

##### **OPERATION AND MAINTENANCE UNDERTAKINGS**

1. Without prejudice to the generality of Clause 6, the Owner shall:-
  - 1.1 to comply with all laws, conventions and regulations applicable to the Owner or to the Vessel and to carry on board the Vessel all certificates and other documents which may from time to time be required to evidence such compliance;
  - 1.2 not without the prior written consent of the Lender, to make, nor permit nor cause to be made, any material change in the structure, type or speed of the Vessel;
  - 1.3 to procure that all repairs to the Vessel or replacements of parts or equipment of the Vessel are effected in such a way as not to diminish the value of the Vessel and with replacement parts or equipment the property of the Owner and free of all security;
  - 1.4 to permit the Lender and all suitably qualified persons appointed by the Lender to board the Vessel from time to time during the Security Period to inspect the Vessel's state and condition and, if the Vessel shall not be in a state and condition which complies with the requirements of this Deed, to effect such repairs as shall in the opinion of a marine surveyor appointed by the Lender (with the report of such marine surveyor having been provided to the Owner) be necessary to ensure such compliance, without prejudice to the Lender's other rights under or pursuant to the Mortgage or this Deed;
  - 1.5 immediately to notify the Lender of any arrest or detention of the Vessel, and to cause the Vessel to be released from arrest or detention as quickly as possible, and in any event within 20 days from the date of arrest or detention, and immediately to notify the Lender in the same manner of the release of the Vessel;
  - 1.6 from time to time on the reasonable request of the Lender to produce to the Lender written evidence satisfactory to the Lender confirming that the master and crew of the Vessel have no claims for wages beyond the ordinary arrears and that the master has no claim for disbursements other than those properly incurred by him in the ordinary course of trading of the Vessel on the voyage then in progress;
  - 1.7 not during the Security Period to put the Vessel into lay-up which involves the machinery of the Vessel being out of service without the ability for immediate re-commissioning without the prior written consent of the Lender such consent not to be unreasonably withheld;
  - 1.8 in the event of any requisition or seizure of the Vessel, to take all lawful steps to recover possession of the Vessel as soon as it is entitled to do so;
  - 1.9 once per calendar year to give to the Lender on request such information as the Lender may require with regard to the Vessel's employment, position and state of repair and, on the Lender's request, to supply the Lender with copies of all charterparties and other contracts of employment relating to the Vessel and copies of the Vessel's deck and engine logs provided that when an Event of Default is continuing there shall be no limit on the number of occasions per calendar year that the Lender may request such information and documentation;
  - 1.10 not during hostilities (whether or not a state of war shall formally have been declared and including, without limitation, any civil war) to permit the Vessel to be employed in carrying any goods which may be declared to be contraband of war or which may render the Vessel liable to confiscation, seizure, detention or destruction, nor to permit the Vessel to enter any area which is declared a war zone by any governmental authority or by the Vessel's insurers unless that employment or voyage is either (a)

consented to in advance and in writing by the underwriters of the Vessel's war risks insurances and fully covered by those insurances or (b) (to the extent not covered by those insurances) covered by additional insurance taken out by the Owner at the Owner's expense, which additional insurance shall be deemed to be part of the Required Insurances; and

- 1.11 not without the prior written consent of the Lender to let the Vessel on any demise charter;
- 1.12 not to employ the Vessel in any way which might impair the security created in favour of the Lender;
- 1.13 to promptly notify the Lender of any time charter, consecutive voyage charter or other contract of employment in respect of the Vessel which (exclusive of any extension option) exceeds twelve months and to promptly provide to the Lender a copy of such time charter, consecutive voyage charter or other contract of employment in respect of the Vessel provided that the Owner shall not enter into such time charter, consecutive voyage charter or other contract of employment in respect of the Vessel if such time charter, consecutive voyage charter or other contract of employment in respect of the Vessel prohibits the assignment in favour of the Lender of the Earnings;
- 1.14 not without the prior written consent of the Lender to enter into any agreement or arrangement for sharing the Earnings;
- 1.15 duly to perform (unless prevented by force majeure), and to take all necessary steps to enforce the performance by charterers and shippers of, all charterparties and other contracts of employment and all bills of lading and other contracts relating to the Vessel;
- 1.16 not following the occurrence and during the continuation of an Event of Default to let the Vessel on charter or renew or extend any charter or other contract of employment of the Vessel, nor agree to do so, without the prior written consent of the Lender;
- 1.17 to pay and discharge when due from time to time all taxes, levies, duties, fines and penalties imposed on the Vessel or its Earnings, or on the Owner, its income, profits, capital gains or any of its property;
- 1.18 not at any time during the Security Period without the prior written consent of the Lender (and then subject to such conditions as the Lender may impose) to create nor grant nor permit to exist any security over the Vessel or any share in the Vessel, its Earnings or the Required Insurances other than any Permitted Encumbrance existing from time to time;
- 1.19 to notify the Lender immediately the Owner becomes aware of any legal proceedings or arbitration involving the Vessel or the Owner where the amount claimed by any party (ignoring any counterclaim or defence of set-off) exceeds or may reasonably be expected to exceed the Threshold Amount;
- 1.20 not without the prior written consent of the Lender to put the Vessel into the possession of any person for the purpose of work or repairs estimated to cost more than the Threshold Amount (except for repairs the cost of which is recoverable under the Required Insurances and in respect of which the insurers have agreed to make payment in accordance with any applicable loss payable clause) unless that person shall have given an undertaking to the Lender in such terms as the Lender shall require not to exercise a lien on the Vessel for the cost of the work;
- 1.21 to keep proper books of account in respect of the Vessel and the Earnings as reasonable and as and when reasonably required by the Lender to make such books available for inspection on behalf of the Lender;

- 1.22 ensure that the Vessel and its operation complies with all Applicable Law and all regulations and requirements (statutory or otherwise) from time to time applicable to vessels registered in Part II of the UK Ship Register maintained by the Maritime and Coastguard Agency of the United Kingdom of Great Britain and Northern Ireland or otherwise applicable to the Vessel; and
- 1.23 to take all reasonable precautions to prevent any infringements of any anti drug legislation in any jurisdiction in which the Vessel shall trade.

**The Owner** )  
 )  
**EXECUTED** as a Deed )  
by **HEATHER FISHING COMPANY LIMITED** )  
acting by one Director in the presence of a  
Witness

.....  
Signature of Director

**nicole johnston** ..... Witness name  
..... Address  
.....  
.....

.....  
Signature of Witness

**The Lender** )  
 )  
**SIGNED** for and on behalf of )  
**THE ROYAL BANK OF SCOTLAND PLC** )

.....  
Signature