

# GENERAL CHARTER TERMS AND CONDITIONS

## Basic stipulations:

- **Service Provider - Astarea Ltd. , Ruđera Boškovića 7, 21000 Split , Croatia , PIN: 92329731442 , HR - B - 21-060215087**, incorporated as a Charter company pursuant to the REGULATIONS ON CONDITIONS REQUIRED FOR ENGAGING IN CREWED OR BAREBOAT VESSEL RENTAL ACTIVITIES AND GUEST ACCOMMODATION SERVICES ONBOARD (Article 137 of the Act on Amendments to the Maritime Code (Official Gazette 56/ 13) with reference to Article 9, Paragraph 3 and Article 9a of the Maritime Code (Official Gazette 181/04, 76/07, 146/08 and 56/13) (hereinafter: Service Provider)
- **Charter activity** – refers to vessel rental activities or to providing accommodation on the vessel in internal waters and territorial sea of the Republic of Croatia pursuant to special legislation of services provision in nautical tourism.
- **Charter (charter service)** – refers to providing accommodation on the vessel in internal waters and territorial sea of the Republic of Croatia pursuant to special legislation regulating the provision of services in nautical tourism.
- **The vessel** - a vessel which is defined as boat or yacht pursuant to the Maritime Code and used is for charter activity.
- **Charter company** – refers to a natural or legal person, the owner or operator of the vessel, or a person possessing a written contract with the owner or the operator of the vessel which gives him the responsibility for the handling of the vessel and who, by assuming such responsibility, has taken over the rights and responsibilities as stipulated herein and by the applicable laws of the Republic of Croatia relating to navigation safety and protection of the sea from pollution
- **The recipient of services** - the end charter services user (hereinafter: Recipient)
- **Mediator** - An Agent acting as an intermediary between the charter company (Service Provider) and the end user (Recipient) of the charter service

### ***I. The Service Provider hereby assumes the following duties towards the Recipient***

1. Hand over the contracted vessel in the agreed period and following a full payment of the charter price. The vessel must be able to sail and at least in average condition for this type (respect the following: service information, especially regarding life-rafts and safety equipment).
2. Deliver the vessel documentation in accordance with the Croatian regulations on performing charter services, specifying the permitted and insurance covered area of navigation and sailing date.
3. Offer compensation for possible delays should the Recipient not be able to utilize (even partially) the vessel due to detected deficiencies. Refunds shall not be made if the Recipient himself is responsible for the delay (e.g. due to damage caused by himself).
4. Throughout the charter duration the Service Provider shall be available to the Recipient via telephone or radio links, even if only during working hours.

### ***II. Licenses for navigation, evidence of qualifications***

Prior to the vessel handover, the Service Provider is entitled to verify skipper's abilities to operate the vessel. For this purpose, the Service Provider is entitled to require proof of previous navigation experience, presentation of license for navigation or evidence of qualifications required for operating the vessel or for navigation in the selected navigation in advance while entering into contract. Should there be obvious doubts regarding the ability of the skipper and the crew to operate the vessel safely, the Service Provider can make a skipper available to the Recipient at his expense or mediate in hiring a skipper. If this is not possible, or if the Recipient does not agree with it, the Service Provider may refuse to hand over the vessel. In this case the Recipient shall be reimbursed for the paid charter price only if the vessel is successfully chartered to another Recipient for the original charter contract price. If further charter is possible only at a lower price, the Service Provider shall be entitled to an appropriate difference.

### **III. Disorders in the charter contract implementation**

#### **1) The Recipient's rights**

a) Should the Service Provider fail to make the vessel available no later than six hours following the contract stipulated time, the Recipient shall be entitled to proportionate reduction of charter rates during the ongoing delays by commenced day. The same applies for the necessary repairs, regardless of the Service Provider's fault.

The Recipient can terminate the contract with a full refund of payments if the agreed handover period exceeds 24 hours, this period being extended to 48 hours in cases of charters of at least 10 days. The Service Provider has a right to offer and make available an acceptable, objectively equally worth replacement vessel that shall meet the needs of the Recipient. If it becomes clear that the charter vessel shall not be available within the specified time and shall not be handed over, the Recipient shall be entitled to withdraw from the contract even before the commencement of the charter.

b ) In case of discrepancies (defects) detected on the vessel, its equipment or inventory in comparison with the contract stipulated ones, the Recipient shall be entitled to a fair price reduction of the charter. The Recipient shall be entitled to contract termination only if the vessel's ability of navigation by application of conventional navigation methods is reduced or objectively hindered due to which there is a considerable threat to the security of the vessel and its crew.

c ) Should the Service Provider not be responsible for the disorders in the contract implementation, the Recipient shall not be entitled to claim any refund of additional expenses, nor of consequential costs (additional travel / accommodation). Should the Service Provider realize possible rights to compensation from a third party in such cases, he hereby agrees to cede them to the Recipient. The Service Provider shall notify the Recipient of such events and possible consequences thereof in an appropriate manner and without delay.

#### **2) Cancellation terms**

a) Should the Recipient terminate the charter contract, contractual cancellation costs shall occur. Should the Recipient fail to implement the charter contract, he shall promptly notify the Provider thereof in writing or by fax, with the date of the Service Provider's notification receipt being taken into account. The Recipient can find a substitute Recipient to take over the charter contract only after receiving a written consent and approval of the

Service Provider. Should such a replacement charter be realized successfully and under the same conditions, the Recipient shall be entitled to a reimbursement of the realized payments minus the processing fee in the amount of € 150.00. Any possible differences in price shall be borne by the Recipient plus the costs. In case of untimely costs settlement the Service Provider is entitled to terminate the contract and retain the right to further claims to damages occurring due to failure to implement the contract. In other cases, the Service Provider shall be entitled to the contract charter price.

Should the Recipient fail to find a substitute Recipient to implement the contract, i.e. utilize the contracted accommodation on board the chartered vessel; the Agent representing the Recipient shall be entitled to find another person who shall be willing to use the contracted accommodation, but only after receiving a written consent by the Service Provider.

Should the Recipient and the Agent fail to find a person willing to utilize the contracted accommodation on board the chartered vessel, the Service Provider shall be entitled to:

- € 150.00 processing fee due to contract cancellation
- 25% of the charter price for cancellation received 120 days prior to charter commencement date
- 50% of the charter price for cancellation received 60 days prior to charter commencement date
- 100% of the charter price for cancellation received 30 days prior to charter commencement date

b) In case that Recipient fails to provide full payment of the charter price in contracted time, the Service Provider reserves the right to charter the boat to a third party and to make no refund of the total amount received from the Recipient.

#### **3) Service Provider's rights**

Should the chartered vessel not be returned no later than two hours following the contracted handover deadline, the Service Provider shall be entitled to require continuation of payment of the charter price in the proportionate share per each commenced delay day and the delay fee in the amount of € 150.00. The Recipient shall ensure that the vessel is returned as stipulated by the charter contract. The Recipient shall take into account all the local weather conditions and the situation regarding the wind, shall plan his navigation including weather conditioned difficulties and keep the vessel at a sufficient distance from the handover location. In case of inadequate handling or acting on his own, the Service Provider shall be entitled to claim damages. This provision shall not apply in case of poor weather and sea conditions (sudden worsening)

endanger the safety of the vessel's handover. Should the Recipient leave the chartered vessel in a location different from the contracted one, he shall bear the costs of returning the vessel to the contracted handover location should he bear the guilt for such actions. The Service Provider shall be immediately notified of such actions and the Recipient shall have the right to try to prove that no damages occurred due to his actions or that the damages are slight.

#### ***IV. Vessel handover***

The Recipient shall take over the vessel at his own risk. The Service Provider or his authorized representative shall hand the chartered vessel over to the Recipient ready for departure and in good condition, cleaned inside and outside, with a connected gas bottle (+ a spare bottle) and with a full tank of fuel. The condition of the vessel, all technical functions (especially sails, lights and engine), completeness of the equipment and inventory shall be thoroughly checked and explained with reference to the equipment list and the check list by both parties during the handover process. The Service Provider guarantees that the vessel and the equipment meet the requirements stipulated by laws and regulations applicable to the contracted navigation area. The sailing ability and correct navigation equipment shall be confirmed in the check list by both contractual parties. No complaints shall be effectively raised following that act. This provision shall not apply if and when possible hidden defects existed prior to the check list signing, even if the Service Provider bears no fault for such defects. The Recipient shall be entitled to refuse to take over the vessel only in case the sailing ability is significantly reduced, not in cases of only minor discrepancies or defects. Pursuant to Article X hereof the Service Provider shall be required to present the evidence of insurance against third party liability.

#### ***V. Recipient's duties***

The Recipient shall have the following duties towards the Service Provider:

1. Appoint all crew members at least two weeks prior to the charter commencement date (compiling the Crew list)
2. Return the vessel to the appointed handover location at least 2 hours before the expiration of the contract in order to successfully perform the check-out procedure.
3. Not extend the contracted charter duration voluntarily without obtaining consent by the Service Provider.
4. Keep the chartered vessel at a sufficient distance from the appointed handover location within the last 24 hours prior to the termination of the charter so that, in case of unfavorable circumstances (poor weather conditions, impossibility for departure from the port or mooring due to strong winds, etc.), a timely return is guaranteed.

Weather conditions shall not affect the obligation of timely return of the vessel, unless in cases of force majeure. In case the delay of the timely return of the vessel is evident, the Service Provider shall be immediately notified thereof.

5. Notify the Service Provider without delay should the voyage be terminated in a port different from the appointed handover port. In this case the Recipient shall be required to take care of the vessel or appoint a sufficiently qualified crew member to perform the task until the Service Provider takes over the vessel. The charter ends following the vessel handover and the Recipient shall bear the costs incurred.

6. The chartered vessel and equipment shall be handled carefully and according to the rules and customs of navigation.

7. Prior to navigation the Recipient shall be acquainted with the technical and all other vessel devices, follow the instructions for use present on board and inform himself extensively of the specifics of navigation area (electricity, variability of water level in strong wind, down winds, etc.).

8. Perform shift control and maintenance, especially daily oil level and engine cooling water check, daily bilge water control and, if necessary, discharge the latter.

9. Report any touching of the sea bottom to the Service Provider and, in the case of suspected damage to the vessel, immediately sail to the nearest port, order a diver inspection and, following consultations with the Service Provider and at his instruction order possible crane lifting or slipway pulling to the mainland.

10. Pay attention to special conditions of wind and weather; proceed with caution at night sailing.

11. In case the chartered vessel is a sailboat, depart from and enter into ports only propelled by the engine and sail with the engine only if and as needed (not if the slope is 10 degrees or more).

12. Board the vessel only in suitable, clean boat shoes that do not color leak.

13. Offer tow aid to third parties only in emergency situations, tow vessels only in cases of legitimate need, use own ropes/cords, bind only to cleats, windlass or mast base, not enter into any towing and rescue agreements unless the person offering aid refuses to provide assistance.

14. Comply with the legal provisions of stay and transit countries or host countries; make prior acquirements about any required licenses or sailing permits.

15. Conduct formalities regarding entry and exit in an orderly manner and settle port taxes properly.

16. Notify the nearest Police Administration, as well as the Service Provider, of possible theft of the vessel or its equipment.

17. Not cede or sublet the chartered vessel to third parties.

18. Not board more persons than it is allowed or contracted and not board animals unless specifically agreed upon with the Service Provider.

19. Not make any changes to the vessel and equipment.

20. The following is strictly prohibited unless a written consent by the Service Provider is obtained:

a) load and transport undeclared dutiable goods or hazardous substances, b ) to participate in regattas, c ) leave protected ports at upcoming wind speeds 7Bft, d ) to use the vessel for the purpose of training, feed transportation and the like.

21. In cases of unsafe/unusual sailing conditions the Service Provider shall be entitled to restrict the navigation area or issue a ban on night navigation. The Croatian territorial waters can only be left with the express consent by the Service Provider. The Recipient or the vessel skipper and crew are responsible for the handling of the vessel to the Service Provider, i.e. the insurer and shall be held liable for damages resulting from failure to comply with the set rules of conduct. Crew members are considered assistants in the execution of the Recipient's / vessel skipper's order under this Contract.

#### ***VI. Return of the vessel***

The Recipient shall submit the chartered vessel to the Service Provider or to his authorized representative in the state ready for sail, in the condition determined by the check list, cleaned inside and out, with a connected gas bottle (+ spare bottle) and with a full fuel tank. The Service Provider shall be entitled to compensation for consumables (e.g. fuel) not supplemented by the Recipient at the Recipient's cost, determine lump-sum costs and have the vessel cleaned at the Recipient's expense if so agreed. Cleaning can be arranged in advance for a surcharge.

The Recipient shall bring the vessel to the appointed mooring place in a timely manner (at least 1-2 hours prior to handover time) in order to enable a detailed check-out and cleaning. Both contracting parties shall jointly inspect the condition of the vessel and the completeness of the equipment. In the case of suspected damage to the vessel the Recipient shall be required to notify the Service Provider of the fact and report the lost, damaged or defective equipment items immediately on return. The Recipient and the Service Provider shall compile a list of deficiencies and lost items and thereafter, aided by the compiled list, draft a log which shall become binding following its signing by both contracting parties. Should the Service Provider refuse to compile the handover log, the vessel shall be considered as returned without flaws. Following that moment no additional claims shall be possible, this shall not be applicable should there be any hidden flaws present on the vessel at handover familiar to the Recipient and resulting from his voluntary or grossly negligent conduct. The Service Provider shall not be entitled to keep the safety deposit for subsequently determined damages. The type, scope and amount of damages whose elimination can or should be done only at a later time and possibly after further use of the vessel

must be accurately documented and shall be binding to both contracting parties.

#### ***VII. Damages on the chartered vessel, consequential damages, obligations regarding behavior, liabilities***

The Recipient shall immediately notify the Service Provider of any possible damages, collisions, breakdowns, inability to maneuver, engine disturbances, vessel seizure or other events. The Recipient and the Service Provider shall maintain open communication channels at any time. The Recipient shall be entitled to have all damages resulting from normal wear or material fatigue removed without prior consultation with the Service Provider in case the costs do not exceed € 70.00 and shall be entitled to reimbursement from the Service Provider for the amount spent following the presentation of invoices for repair works or material used. In case the costs exceed this amount, the Recipient shall, except in cases of emergency or danger due to repairs delay, notify the Service Provider of the damages and agree upon the repair works, have them performed, documented and monitored, and shall, if necessary, financially settle them instead of the Service Provider. Replaced parts must be preserved. The Recipient shall take all the necessary steps to reduce the damage costs and its consequences. If a damage cannot be removed on the spot, the Recipient may be requested by the Service Provider to return the vessel early (no later than 24 hours prior to handover) if such action is applicable under the circumstances and can objectively be expected from the Recipient. If the Service Provider is responsible for the damages, the charter costs shall be reimbursed to the Recipient per each commenced day of not utilizing the chartered vessel in proportion to the number of days. If the Service Provider is not responsible for the defect, the Recipient shall not be entitled to any claims. The Recipient shall bear the costs of defects or damage removal and repair on the vessel or its equipment resulting from his own, skipper's or crew's negligent behavior to the sum of the deposit paid. Damages exceeding the amount covered by the deposit shall be covered by the Service Provider and his insurance company, except when the skipper and / or the crew act intentionally or with gross negligence in violation of the stipulations of the charter contract, and which are directly related to the adverse event. This shall not apply to damages caused by wear and tear (e.g. cracked stitching on the sails) and to damages occurring without the skipper's or crew's fault.

#### ***VIII. Remaining Recipient's liabilities***

The Recipient shall be responsible for all damages to third parties and the vessel, its equipment or devices caused by

him or his crew. The Recipient shall also be responsible for the damages related to incorrect handling or faulty maintenance (if and when it is the task of the Recipient) of the equipment and the devices that are on board and in the amount of the deposit paid. Casco insurer shall be entitled to seek reimbursement to cover the costs of incurred damages if it is possible to prove that the Recipient intentionally damaged the vessel or acted in gross negligence. If liable, the Recipient shall be held responsible for all consequential damages and damages caused by the inability to reuse the vessel due to the loss of profit, during seizure by the state for violating its laws. When the Service Provider makes a professional skipper available, the skipper shall be held liable for the handling of the vessel and shall be held liable for the damages caused by himself, but not for those damages caused by the guests onboard (himself included). Intentional damages or damages resulting from gross negligence by the Recipient or his crew, for which the Service Provider is held accountable by third parties while he himself bears no complicity, the Recipient shall free the Service Provider of all private and criminal consequences, of all costs and legal persecution at home and abroad. In cases of multiple Recipients, all the Recipients shall have joint liability. The Recipient shall have full liability for the damages causally related to false allegations regarding sailing qualifications.

#### ***IX. Service Provider's liability***

The Service Provider shall be held liable for loss or damages to the Recipient's or crew's property or in accidents occurring under the Charter Contract only if he himself is charged with intent or negligence, but not resulting from measures taken by state authorities, natural disasters, etc. the Service Provider shall be held liable for the claims caused by inaccuracies, changes or errors on nautical equipment placed at the Recipient's disposal, such as marine charts, handbooks, compass, etc. and only if the Recipient or a responsible skipper was not explicitly warned of this possibility and the Recipient's obligation to participate actively in inspection process at handover. Nothing can rule out the claims for damages arising from liability for damages occurring to violation of life, body or health due to intent or negligence on the part of the Service Provider, as well as for other damages caused by the Service Provider's intent or gross negligence.

#### ***X. Rented vessel insurance***

The vessel possesses full Casco insurance for property damage to the vessel and items of equipment, liability insurance towards third parties without the franchise, for damages to persons and material damage up to the amount of collateral in accordance with the vessel

insurance policy. Damages to persons occurring due to accidents on the vessel, damage to objects taken on board by the skipper and his crew, as well as damages caused intentionally or resulting from gross negligence are not covered by this insurance and shall be covered by the Recipient himself if liable for the damages, and not the Service Provider. The existence of the Casco vessel insurance does not exclude the responsibility of the Recipient towards the Service Provider for the damages caused. Should the Recipient cause damages intentionally or should they result from his gross negligence or his failure to comply with the provisions of the charter contract (e.g. exceeding the agreed navigation area), the insurer shall hold the right to issue reimbursement claims against him. Vessel chartering is done according to legal regulations in force for the area of charter sailing. The Service Provider shall determine the amount of security deposit for each individual vessel in accordance with the Service Provider's valid price list.

#### ***XI. Security deposit (regulations, particularities)***

The Recipient shall leave the security deposit at the base at check-in in pursuance to Article X. hereof unless otherwise agreed. The adverse event the Recipient shall be held liable to the maximum amount of security deposit only for property damage to the vessel and its equipment, for lost or plundered equipment and inventory, for which he himself or his crew were responsible, exception being value reductions due to wear and tear. The security deposit is realized in cash or by credit card at check-in and is refundable immediately on charter expiration when the vessel is handed over without damages. If possible repairs can or should be done only at a later time, and if the cost estimate for the damages indicate costs lower than the deposited amount, the undisputed portion of the deposit shall be immediately reimbursed.

#### ***XII. Check-in and check-out procedure***

At handover the Recipient shall fill in the check-in list that the Service Provider delivers to the vessel.

The Recipient shall:

- Submit all the necessary permits required for the handling of the chartered vessel to the Service Provider
- Check the entire vessel inventory present on the check-in list
- Check the functionality of all equipment on board (particularly relating to the safety of the equipment)
- Report all the flaws and defects noticed at handover to the Service Provider and note them in the check-in list
- Fill in the check-in list and verify it with his signature
- Arrive for check-out at least 2 hours prior the charter expiration time in the Service Provider's base

- In the event of damages caused by the Recipient notify the Service Provider thereof and compile a written note detailing the damage

- In case of defects on the vessel caused by the Service Provider's fault (due to malfunctioning of certain parts of the vessel, failure of equipment, etc.):

a) Notify the Service Provider of any defects at check-out in the base

b) Notify the Service Provider's authorized representative of any defects (take the representative physically on board and point to the defects) at check-out in the base

c) In the case of defects on the vessel or its equipment occurring during the charter, the Recipient shall notify the Service Provider (contact him on the telephone number listed on the check-in and -out list for emergency situations and possible repairs) at least 4 hours after detecting the malfunction of the vessel or its equipment

d) Having completed all the steps listed herein, the Recipient shall report all defects in written form, i.e. enter them into the check-out list and verify them with his signature.

The Service Provider shall inform the Recipient in detail of the vessel's inventory, additional equipment, as well as of the use of the vessel and its equipment at check-in. Particular attention shall be paid to the vessel operation and security issues.

In case of the Recipient's complaints regarding defects on the vessel resulting from the Service Provider's faulty behavior (malfunctioning of certain vessel parts, equipment failure, etc.), the Service Provider shall be acquainted with the allegations in detail, inspect the vessel physically and check the indicated defects, followed by his signature on the check-out list containing detailed information regarding the deficiencies according to the Recipient's allegations.

Should the Recipient fail to comply with the specified check-out procedure, relating to vessel defects and malfunction, the Service Provider shall not be held liable to reimburse the Recipient in any way.

In exceptional cases, the Service Provider may examine the received complaints issued by the Recipient but not after the 21 days' period following the charter end date.

The Service Provider shall respond to all complaints within no more than 21 days.

### ***XIII. Remaining agreements, general provisions, remarks***

1) Rates, variations, modifications

In questionable situations and in cases of ambiguity the price shall be settled pursuant to the current valid Service Provider's Price List. In the event of increase or decrease of taxes, fees or charges that are legally incorporated in the

charter price, and over which the contracting parties have no influence, the Service Provider and the Recipient state to agree with the corresponding contract harmonization.

2) Charter contracts deviating / other contracts to be signed on the spot.

All contracts between the Service Provider and the Recipient can be drafted in the language of the host country or in English.

3) Legal inclusion / responsibility of the involved parties (agent / provider / organizer):

If the charter contract is concluded with an Agent's mediation, the Agent shall assume the role of an intermediary between the Service Provider and the Recipient. Agent's accountability arises solely within the tasks and responsibilities of an intermediary from the contractual relationship existing with the Recipient. The intermediary in this contract, as well as in any possible future revisions hereof and in any unilateral statements issued by the Recipient towards the Service shall act as a proxy on behalf of and for the account of the respective Service Provider and is authorized to collect payables.

### ***XIV. Final stipulations***

With the intermediary's consent, the Recipient and the Service Provider hereby mutually declare that no further contracts signed by the Recipient and the Service Provider shall have any legal effect for and against the intermediary, regarding his responsibilities in relation to the specific use of the chartered vessel. Verbal promises or additional shall be valid for both contracting parties only after written confirmation thereof. If any provision hereof proves to be null, void or unenforceable, it shall not affect the validity of the remainder hereof.