**SALE AND PURCHASE AGREEMENT**

**3. MAJ HULL 514**

Entered this \_\_\_\_\_\_\_\_\_\_\_ day of \_\_\_\_\_\_\_\_\_ 2021 by and between:

**(1)** REPUBLIC OF CROATIA, acting through [•], of [•], Zagreb, Republic of Croatia, Subject Identification Number (OIB): 19370100881, represented by [name], [capacity] (the “Seller”), on the one side

and

**(2)** [•], registered in accordance with the laws of [•], with a registered seat at [•], represented by [name], [capacity] (the “Buyer”), on the other side

(the Seller and the Buyer collectively - the “Parties” and each individually – a “Party”)

**WHEREAS:**

**(A)** The Seller is the owner of a vessel, the principal characteristics of which are set out in Clause 1 hereof (the “Vessel”);

**(B)** The Vessel is currently under construction by 3. Maj Shipyard JSC (3. Maj brodogradilište d.d.), seated at Liburnijska 3, Rijeka, Republic of Croatia (the “Builder”) at the Builder’s shipyard in Rijeka, Croatia, pursuant to the “Agreement on the Completion of Construction of a Vessel for the Carriage of Cars and Trucks – Hull No. 514” (Ugovor o završetku gradnje broda za prijevoz automobila i kamiona – Gradnja br. 514), entered into on April 20th, 2021 between the Republic of Croatia (acting through the Ministry of Economy and Sustainable Development) as the client and owner and the Builder as the builder (the “Completion Agreement”), a copy of which is attached hereto as Appendix 1. At the date of the Completion Agreement, the estimated level of completion of the Vessel was approximately 80%.

**(C)** With a view to selling the Vessel to the qualifying best bidder, the Seller has issued a “Public Invitation for Submission of Binding Offers for the Purchase of the Vessel – Hull 514 - Owned by the Republic of Croatia” (the “ITB”), a copy of which is attached hereto as Appendix 2. The ITB was published at [post or publication] on [date].

**(D)** The Buyer’s bid was submitted on [•] and was accompanied with a Buyer’s bid security (the “Buyer’s Bid Security”) in the form of (i) a bank guarantee no. [•] in the amount of [•], issued by [•] and dated [•] (the “Bank Guarantee”); (ii) a cash deposit in the amount of [•] (the “Cash Deposit”).\*

*\* D(i) and 4(ii) are alternatives; delete whichever is not applicable.*

**(E)** After careful consideration of all the bids submitted to the Seller pursuant to the ITB, the Seller decided to sell the Vessel to the Buyer under the terms and conditions set out in this Sale and Purchase Agreement.

**NOW AND THEREFORE, THE PARTIES HAVE AGREED AS FOLLOWS:**

**1. OBJECT AND PURPOSE OF SALE AND PURCHASE**

**1.1** Under the terms and conditions set forth herein, the Seller agrees to sell and the Buyer agrees to purchase the Vessel upon her completion and delivery by the Builder to the Seller in accordance with the Completion Agreement.

**1.2** The Vessel has the following principal characteristics:

* Markings: Hull 514
* Type of vessel: Vessel for the carriage of cars and trucks
* LOA: 199.76 m
* LBP: 188.64 m
* Beam: 32.25 m
* Class Notation: I, +HULL, +MACH, Ro-ro cargoship/ PureCar & Truck carrier Unrestricted navigation, VeriSTAR-HULL, + AUT-UMS; SYS-NEQ; MON-SHAFT; INWATER SURVEY, CLEANSHIP, BWT, GREEN PASSPORT
* Registration: At the time of this Sale and Purchase Agreement, the Vessel is registered in the Croatian Register of Vessels as a vessel under construction under vessel identification number 270349.
* Seller’s Intended Flag State: The Vessel is being built to comply with the applicable rules, regulations and requirements of the regulatory bodies in force in the Republic of Liberia at the date of the Completion Agreement.

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**1.3** The more detailed information concerning the technical characteristics of the Vessel is contained in the ITB. It is expressly understood and agreed that the information contained in the ITB was provided by the Seller to the best of the Seller’s knowledge and ability, that the purpose of the ITB was to provide initial / introductory information about the Vessel, and that the Seller shall not be responsible for the accuracy and/or completeness of the information contained in the ITB. It is further expressly understood and agreed that in entering into this Sale and Purchase Agreement the Buyer has not relied on the information contained in the ITB but on the information acquired by the Buyer by way of the Buyer’s own thorough independent inspection of the Vessel, her registry and other documents including, without limitation, the Completion Agreement and the technical specifications appertaining thereto (the “Specifications”), as well as other relevant circumstances (including, without limitation, the Vessel’s actual technical specifications, its actual level of completion and the quality of workmanship).

**1.4** The Seller confirms and warrants that it is the sole owner of the Vessel, and that at the time of delivery as per Clause 7 hereof the Vessel and her hull, machinery and equipment and everything belonging to her on board and ashore will be free from any and all charters and any liabilities, liens, (including statutory and contractual), charges, debts, statutory or civil claims, mortgages, or other encumbrances whatsoever and, without limitation to the foregoing free of all burdens in the nature of imposts, taxes or charges imposed by the Croatian Governmental authorities, as well as of liabilities of the Builder to its respective subcontractors, employees and crew, and of all liabilities arising from the operation of the Vessel in trial runs under the Completion Agreement, or otherwise and is not and will not be subject to Port State or other administrative detentions. The Seller hereby undertake to indemnify the Buyer against all consequences of claims made against the Buyer and/or the Vessel in respect of liabilities which may be incurred until Delivery, including but not limited to any claims from the Builder, its employees, agents, lenders, suppliers, contractors and sub-contractors (of any tier) and any third parties.

**2. INSPECTIONS**

**2.1 Inspections preceding this Sale and Purchase Agreement**

Prior to entry into this Sale and Purchase Agreement, the Buyer has inspected the Vessel and its documents (the “Buyer’s Pre-S&P Inspection”) and confirms that, as the result of such inspection:

**(a)** it is fully familiar with the contents of the Completion Agreement and the appertaining technical documentation;

**(b)** it is fully familiar with the current level of completion of the Vessel and the prospects in relation to the timing of her full completion and delivery by the Builder to the Seller;

**(c)** it is fully familiar with and accepts the Vessel’s current technical characteristics and the quality of workmanship in relation to the works performed on, and materials built into and equipment installed on, the Vessel until the date of this Sale and Purchase Agreement.

**2.2 Acceptance pursuant to Buyer’s Pre-S&P Inspection**

On the basis of the Buyer’s Pre-S&P Inspection, the Buyer agrees to purchase and take delivery of the Vessel upon her completion and delivery by the Builder to the Seller in accordance with Article VI of the Completion Agreement, subject only to Sub-Clause 3.4, Sub-Clause 6.1, paragraph (c), Sub-Clause 6.2, paragraph (b) and Sub-Clause 7.2 of this Sale and Purchase Agreement.

## **2.3** **Appointment and powers of the Buyer’s Representatives**

From the Effective Date of this Sale and Purchase Agreement, the Buyer shall have the right to appoint one or more representatives to monitor the completion of the Vessel by the Builder (each a “Buyer’s Representative” and collectively: the “Buyer’s Representatives”). The Buyer shall notify the Seller and the Builder in writing of the names and scope of authority of the Buyer’s Representative(s) and of any other information pertaining to their qualifications, provided that such notice shall be given sufficiently in advance of the arrival of the relevant Representative(s) at the Shipyard.

In addition to the powers set out in Sub-Clause 2.4. and to any other powers that may be assigned to them by the Buyer, the Buyer’s Representatives shall have the power to receive and/or send the following notices on behalf of the Buyer:

1. notices relating to the date, time and place of trial runs, as contemplated in Sub-Clause 3.1;
2. notices relating to the results of the trial runs (as contemplated in Sub-Clause 3.3), including the Vessel Conformity Notice and Vessel Non-Conformity Notice (as defined in Sub-Clause 3.3) as well as any written reminders contemplated in Sub-Clause 3.4;
3. notices of acceptance and/or rejection of the Vessel as contemplated in Sub-Clause 3.4.

If the Buyer appoints more than one Buyer’s Representatives, any notice provided by the Seller or the Builder to any one of the Buyer’s Representatives shall be deemed to have been delivered to all the Buyer’s Representatives.

If the Buyer has not appointed any Buyer’s Representatives, all the Seller’s notices relating to the completion of the Vessel and all the tests and trials shall be delivered directly to the Buyer.

The Buyer’s Representative(s) shall not have the power to make any binding instructions or representations of whatsoever nature towards the Builder in relation to the Completion Agreement.

## **2.4. Inspection by Buyer’s Representatives during completion process**

At all times during construction of the Vessel until delivery thereof, the Buyer’s Representative shall be permitted free access to the Vessel, her machinery and equipment, and to any other place where work on the Vessel is being done, or materials are being processed or stored in connection with the construction of the Vessel, including the yards, workshops, stores and offices of the Builder, and the premises of subcontractors of the Builder, who are doing work or storing materials in connection with the Vessel’s construction.

The Seller shall ensure that advance notice is given to the Buyer’s Representative of the date and place of all tests, trial and inspections which are scheduled in accordance with the Completion Agreement to take place after the Effective Date of this Sale and Purchase Agreement. Failure by the Representative to be present at such tests, trial and inspections after due notice given to him in accordance with this Sale and Purchase Agreement shall be deemed to be a waiver by the Buyer’s Representative of his right to be present.

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## **2.5. Liability of the Seller and Builder in relation to Buyer’s Representatives**

The Buyer’s Representative(s) shall at all times be deemed to be the employee(s) of Buyer and not of the Seller.

The Seller and the Builder shall be under no liability whatsoever to the Buyer, or the Buyer’s Representative(s) for personal injuries including death, suffered during the time when he or they are on the Vessel, or within the premises of either the Builder or its subcontractors. Nor shall the Seller or the Builder be under any liability whatever to the Buyer, or the Buyer’s Representative(s) for damage to, or loss or destruction of property of the Buyer or of the Representative(s) in the Builder's Shipyard.

The Buyer shall keep the Seller and the Builder and their respective employees and agents harmless and indemnified against from and against all proceedings, costs, claims, expenses and liabilities whatever in respect of personal injuries or death or for damage to or for loss of or destruction of property suffered by the Buyer’s Representatives.

The Buyer shall at the Builder’s request sign a release and “hold harmless” document releasing the Builder from liability and holding the Builder harmless in relation to any aspects relating to the stay of the Buyer’s Representatives in the Builder’s shipyard.

## **2.6. Buyer’s Responsibility in relation to Buyer’s Representatives**

The stay of the Buyer’s Representatives in the Builder’s shipyard and all activities by the Buyer’s Representatives in relation to this Sale and Purchase Agreement shall be entirely on the Buyer’s risk and expense.

The Buyer shall at its sole discretion undertake and assure that the Buyer’s Representative(s) shall carry out their duties hereunder in accordance with normal shipbuilding practice and in such a way as to avoid any unnecessary increase in building cost and/or delay in the production schedules of the Builder. It shall be the Buyer’s responsibility to ensure that the Buyer’s Representatives observe all the health, safety, security, environment protection, confidentiality, data protection and other rules and regulations applying in the Builder’s shipyard, and the Seller shall have the right to seek that any of the Buyer’s Representatives who fail to observe those rules and regulations be dismissed.

# 3. TRIAL RUN - FINAL ACCEPTANCE / REJECTION OF THE VESSEL

## **3.1. Trial Run Notices**

The Seller shall notify the Buyer’s Representative in writing at least fourteen (14) days in advance of the expected time, date and place of the trial run of the Vessel. Such date shall be confirmed by the Seller in writing to the Buyer’s Representative at least five (5) days in advance of the trial run. However, if during the said five-day period the trial run of the Vessel is postponed or delayed due to unfavourable weather conditions and/or unreadiness of the Vessel for the trial run, then no fresh issue of such notices shall be required, save that the Seller shall at all times keep the Buyer’s Representative closely informed in writing of the likely re-arranged time, date and place of the trial run.

The Buyer shall have the right to keep the Buyer’s Representative(s) and such other persons as the Buyer may require on board the Vessel to witness the trial run. The trial run may be held without the Buyer’s Representatives(s) being present, provided timely and due notice has been provided of the date, time and place of the trial run as set out in the preceding paragraph, and provided that a representative of the Classification Society shall be on board the Vessel for such trial run.

## **3.2. How Conducted**

The trial run (including all inspections and tests to be made as part of the trial run) shall be conducted in accordance with Article V, paragraphs (1), (2) and (3) of the Completion Agreement.

## **3.3. Delivery of Trial Run Report**

Within seven (7) days of completion of the trial run, the Seller shall deliver to the Buyer a written report on the results of the trial run (“Trial Run Report”), accompanied with:

1. a notice by the Seller that the Vessel has deficiencies, which must be rectified before her delivery to the Buyer (“Vessel Non-Conformity Notice”) - in case that in the Seller’s reasonable opinion the results of the trial run indicate non-conformity of the Vessel with the Specifications; or
2. a notice by the Seller that the Vessel is ready to be tendered for delivery (“Vessel Conformity Notice”) – in case that in the Seller’s reasonable opinion the results of the trial run indicate conformity of the Vessel with the Specifications.

## **3.4. Acceptance / Rejection / Rectification of Deficiencies**

In case the Seller has delivered to the Buyer a Vessel Non-Conformity Notice, then the Seller shall take the necessary steps to have the non-conformity rectified by the Builder in accordance with the Specifications without any cost for the Buyer. Upon rectification of such non-conformity, the Seller shall notify the Buyer accordingly by way of a Vessel Conformity Notice. The Buyer shall, within five (5) days after the receipt of such notice from the Seller, notify the Seller of its acceptance or rejection of the Vessel.

In case the Seller has delivered to the Buyer a Vessel Conformity Notice, the Buyer shall respond to such communication within five (5) days of receipt thereof, by a written notice indicating the Buyer’s acceptance or rejection of the Vessel. If the Buyer is of the opinion that, contrary to the Vessel Conformity Notice, the results of the trial run (as stated in the Trial Run Report) indicate that the Vessel or any part or equipment thereof does not conform to the Specifications, the Buyer’s notice of rejection shall indicate in reasonable detail in what respect the Vessel or any part or equipment thereof does not in the Buyer’s opinion conform to the Specifications. If the Seller considers such explanation justified, the Seller shall take the necessary steps to have the non-conformity rectified by the Builder in accordance with the Specifications without any cost for the Buyer. Upon rectification of such non-conformity, the Seller shall notify the Buyer accordingly by way of a new Vessel Conformity Notice. The Buyer shall, within forty-eight (48) hours after receipt of such notice from the Seller, notify the Seller of its acceptance or rejection of the Vessel.

Any dispute between the Parties as to the interpretation of the results of any Trial Run or further tests or trials and/or the conformity or non-conformity of the Vessel or any part thereof with the Specifications shall be resolved by arbitration in accordance with Sub-Clause 10.2 hereof.

Should the Buyer fail to deliver its notice(s) or acceptance or rejection to the Seller as stated in the previous paragraphs of this Sub-Clause 3.4, the Seller shall send a written reminder to the Buyer. Should the Buyer fail to deliver to the Seller its notice of acceptance or rejection of the Vessel within forty-eight (48) hours of receipt by the Buyer of such written reminder, the Buyer shall be considered to have accepted the Vessel.

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## **3.5. Types of deficiencies not giving rise to rejection**

Notwithstanding anything contained in this Sale and Purchase Agreement, the Buyer shall not have the right to reject the Vessel on account of:

1. **“pre-existing deficiencies”** – meaning deficiencies that existed on the Vessel at the time of the Pre-S&P Inspection, provided such deficiencies could have been identified by diligent inspection of the Vessel and/or her technical documentation prior to or at the time of this Sale and Purchase Agreement, including (without limitation) any possible deficiencies relating to fuel consumption, and car deck area capacity; or
2. **“deficiencies subject to price reduction”** – meaning possible deficiencies relating to speed and deadweight as set out in Sub-Clause 6.1 and Sub-Clause 6.2, to the extent the intensity of those deficiencies is below the level providing the Buyer with the right to reject the Vessel and rescind this Sale and Purchase Agreement in accordance with Sub-Clause 6.1, paragraph (c) and Sub-Clause 6.2, paragraph (b); or
3. **“minor deficiencies**” - meaning deficiencies that in and of themselves, and also in the process of being remedied, do not and will not: (i) adversely affect the seaworthiness of the Vessel; or (ii)  prevent the unrestricted use of the Vessel in its intended service and purpose as described in the Specifications; or (iii) affect the safety of the Vessel’s crew or their ability to carry out their duties in a safe working environment and with appropriate accommodation; or (iv) adversely affect the operational efficiency of the Vessel; or (v) involve any condition, qualification, recommendation, reservation or restriction in relation to any certificate issued (or to be issued) by the Classification Society or any Regulatory Authority which in the opinion of the Buyer (acting in good faith and being reasonable) is or could be material in a commercial or technical sense, always provided that: (aa) the Seller undertakes in writing to remedy such minor deficiencies after delivery at the Seller’s entire risk and expense, without any interruption to the Vessel’s service, and within a convenient timeframe in accordance with a remedial plan and timetable approved by the Buyer (acting in good faith and being reasonable); or (bb) the Parties agree prior to the Delivery that the total amount of Contract Price be adjusted on account of such minor deficiencies.

## **3.6. Effect of Acceptance**

If the Buyer has accepted the Vessel in accordance with the previous paragraphs of this Clause 3, the sale shall become outright and final, and the Buyer shall be under a duty to pay the Contract Price and take delivery of the Vessel subject only to the fulfilment by the Seller of the documentary requirements set out in Sub-Clause 7.4 and subject to the Buyer’s right to rescind this Sale & Purchase Agreement on account of delayed delivery as stated in Sub-Clause 7.2.

**4. MODIFICATIONS**

**4.1 Compulsory modifications**

If after the date of this Sale and Purchase Agreement any requirements of the Classification Society or of other rules and regulations specified in Article 1.2 (or the interpretation thereof by the relevant body), to which the construction of the Vessel is required to conform, are changed by the Classification Society or other regulatory bodies authorized to make such changes, and if such changes are compulsory for the Vessel, then, unless a waiver of the changed requirement, rule, regulation or interpretation is obtained, the Seller shall ensure that the necessary modifications are made to the Vessel at no additional cost for the Buyer.

**4.2 Non-Compulsory modifications**

If the Buyer wishes to introduce any modifications to the Vessel outside the scope of the compulsory modifications contemplated in Sub-Clause 4.1, the Buyer shall have the right to order any such modifications directly from the Builder and have them made in a separate agreement with the Builder, provided that such modifications shall:

**(a)** be subject to the Seller’s prior written approval;

**(b)** be made entirely at the Buyer’s risk and/or expense;

**(c)** be entirely without prejudice to the Contract Price;

**(d)** not entitle the Buyer to any refund in case the Vessel is ultimately rejected by the Buyer; and

**(e)** not lead to delays in delivery of the Vessel in accordance with this Sale and Purchase Agreement, unless the Seller and the Buyer agree on the appropriate postponement of the Scheduled Delivery Date and Cut-off Date.

**5. CONTRACT PRICE**

**5.1 Amount**

The price for the Vessel shall be EURO [•] ( [•] Euros) (“Contract Price”).

The Contract Price includes the Vessel in its completed state, ready for delivery, with all its appurtenances, gear, equipment and Seller’s Delivery Documents, as well as all the Seller’s costs incurred and to be incurred pursuant to the Completion Agreement and generally in relation to the Vessel and to the performance of this Sale and Purchase Agreement accruing until and including the Delivery in accordance with Clause 7.

The Contract Price does not include the remaining quantities of fuel oil, lubricating oil and such other consumables on or in the Vessel at the time of delivery, which have not been consumed during the trial run. Those quantities shall be paid by the Buyer on delivery at their original purchase prices. For the avoidance of doubt, in measuring such remaining quantities, the fuel oil, lubricating oils and greases remaining in the main engine, sump-tanks, other machinery and in pipes, stern tube and the like, shall also be taken into account.

**5.2 Payment**

The Buyer shall pay the Contract Price in the following instalments:

**(a)** \_\_\_\_\_\_\_\_\_\_\_\_\_\_ EUR (\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Euros), representing 5% (five per cent) of the Contract Price (the “Deposit”), shall be paid within three (3) banking days of the date of this Sale and Purchase Agreement;

**(b)** \_\_\_\_\_\_\_\_\_\_\_\_\_\_ EUR (\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Euros), representing 95% (ninety-five per cent) of the Contract Price, as adjusted in accordance with Clause 6 (the “Balance”), shall be paid upon delivery of the Vessel in accordance with Clause 7.

In case the Buyer’s Bid Security was procured in the form of a Cash Deposit, it shall be deemed for the purposes of this Sub-Clause 5.2 that the Buyer has paid the Deposit.

The Balance shall be deposited with the Croatian National Bank (the “Seller’s Bank”) by telegraphic transfer at least three (3) banking days prior to the Scheduled Delivery Date as notified by the Seller, with instructions to the Seller’s Bank that the Balance should be released to the Seller against presentation by the Seller to the Seller’s Bank of the original or a certified copy of the Protocol of Delivery and Acceptance of the Vessel, signed by the Seller and the Buyer. If the Protocol of Delivery and Acceptance is not so presented within fifteen (15) days of the date of deposit, then the Balance shall be returned forthwith to the Buyer’s remitting bank.

Simultaneously with each of the above payments, the Buyer shall advise the Seller of the details of the payment by email, and at the same time, the Buyer shall cause the Buyer’s remitting bank to advise the Seller’s Bank of the details of such payment by authenticated SWIFT message.

All the instalments of the Contract Price shall be paid in Euro, free and clear of any banking charges, by way of a direct bank transfer into the Seller’s bank account with the Seller’s Bank, the details of which are as follows:

Seller’s Bank: **Croatian National Bank,**

**Trg hrvatskih velikana 3, 10000 Zagreb, Croatia**

SWIFT CODE/BIC: **NBHRHR2X**

Beneficiary Name and Address: **Republic of Croatia - Ministry of Finance,**

**Katanciceva 5, 10000 Zagreb, Croatia**

IBAN: **HR12 1001 0051 8630 0016 0**

Remittance Info – Remarks: **RKP – 47053**

Currency: **EUR**

Payment Reference: **Purchase of Hull 514**

**5.3** For the avoidance of doubt, any payment to be made hereunder shall be considered made when the funds have irrevocably arrived at the bank account of the entity receiving the payment.

**6. ADJUSTMENTS OF CONTRACT PRICE**

The Contract Price shall be subject to adjustment as hereinafter set out. Any such adjustment shall be determined by the Parties prior to delivery of the Vessel and shall be deducted from, or added to (as the case may be), the Balance.

## **6.1. Speed**

1. The Contract Price shall not be affected or changed by reason of deficiency in the actual speed of the Vessel, as determined in the trial run, being less than three-tenths (3/10) of one (1) knot below the guaranteed speed as specified in Article I, paragraph 3, caption (d) of the Completion Agreement (the “Guaranteed Speed”).
2. If the deficiency in actual speed of the Vessel amounts to or exceeds three-tenths (3/10) of one (1) knot as stated in (a) above (but disregarding any fractions less than one-tenth (1/10) of a knot), the Contract Price shall be reduced by EUR 30,000.00 (thirty thousand Euros) for each one-tenth (1/10) of a knot of such speed deficiency, up to and including nine-tenths (9/10) of a knot of such speed deficiency.

1. If the deficiency in actual speed of the Vessel as determined during the trial run is more than nine-tenths (9/10) of a knot below the Guaranteed Speed, the Buyer may, at its option, reject the Vessel in accordance with Sub-Clause 3.4 and rescind this Sale and Purchase Agreement by giving a notice in accordance with the provisions of Sub-Clause 8.1, or accept the Vessel with a further reduction in the Contract Price as may be agreed by the Parties.

## **6.2. Deadweight**

1. In the event that the actual deadweight of the Vessel as determined as the result of inclination tests is less than the guaranteed deadweight of the Vessel as stated in specified in Article I, paragraph 3, caption (c) of the Completion Agreement (“Guaranteed Deadweight”), the Contract Price shall be reduced by the sum of EURO One Thousand Eight Hundred and Thirty Five (EURO 1,835) for each long ton of such deficiency being more than 268 long tons, up to a max reduction of 670 long tons.

**(b)** In the event of such deficiency in the actual deadweight of the Vessel being more than 670 long tons the Buyer may, at its option, reject the Vessel in accordance with Sub-Clause 3.4 and rescind this Sale and Purchase Agreement by giving a notice in accordance with the provisions of Sub-Clause 8.1, or accept the Vessel with a further reduction in the Contract Price as may be agreed by the Parties.

**7. DELIVERY**

**7.1 Conditions precedent to delivery**

Subject to: (i) the receipt by the Seller of the Deposit in accordance with Sub-Clause 5.2; and (ii) final acceptance of the Vessel by the Buyer in accordance with Clause 3; and (iii) the receipt by the Seller’s Bank of the Balance with conditional payment instructions as stated in Sub-Clause 5.2, the Seller shall deliver and the Buyer shall take delivery of the Vessel not later than five (5) days of the day all of the subjects (i), (ii) and (iii) have been fulfilled (the “Scheduled Delivery Date”).

**7.2 Cut-off date**

The delivery shall not occur before June 1st, 2022, except if the Parties agree otherwise.

Nevertheless, if the Vessel shall not be properly tendered for delivery on or before 23:59 hours on January 1st, 2023 (“Cut-off Date”), or if the Buyer proves beyond reasonable doubt that the Vessel will not be ready for delivery by the Cut-off Date, the Buyer shall have the right to rescind this Sale & Purchase Agreement in accordance with Clause 8. If the Buyer has not rescinded this Sale and Purchase Agreement within ten (10) calendar day of the Cut-off Date, the Seller may notify the Buyer of the expected future date for delivery and demand in writing that the Buyer shall make an election, in which case the Buyer shall, within thirty (30) days after such demand is received by the Buyer, notify the Seller of either its rescission of this Sale and Purchase Agreement or its acceptance of the revised future date for delivery specified by the Seller. If the Buyer fails to notify the Builder of its rescission of this Contract as specified above within such thirty-day period, the Buyer shall be deemed to have consented to the delivery of the Vessel at the revised future date for delivery. If the Vessel is not delivered by such revised future date, the Buyer shall have the same right of rescission upon the same terms and conditions as above provided.

**7.3 Place of delivery**

The Vessel shall be delivered safely afloat at a berth in the Builder’s shipyard. The documentary closing shall take place at the Builder’s offices in Rijeka, Croatia.

**7.4 Seller’s Delivery Documents**

As part of delivery of the Vessel to the Buyer, the Seller shall deliver to the Buyer each of the following documents (“Seller’s Delivery Documents”):

**(i)** Bill of Sale (British Form 10A ) in two (2) originals, transferring the ownership in the Vessel from the Seller to the Buyer, certifying that the Vessel is free from all charters, mortgages, encumbrances and maritime liens or any other debts, taxes or claims whatsoever, duly signed by the authorised representatives of the Seller. The two (2) originals will be duly notarised and apostilled as required by [•] (the “Buyer' Nominated Flag State”);

**(ii)** Certificate or Transcript of Registry or Excerpt from the Register of Ships (“Izvadak iz upisnika brodova”) issued by the competent authorities of the Vessel’s flag state
on the date of delivery evidencing the Seller' sole ownership of the Vessel and that the Vessel is free from registered encumbrances and mortgages, to be faxed or e-mailed by such authority to the closing meeting with the original to be sent to the Buyer as soon as possible after delivery of the Vessel;

**(iii)**  Letter from the Seller addressed to the Buyer, signed by a duly authorised signatory of the Seller and confirming that the Vessel at the time of delivery is free from all encumbrances, maritime liens and any other debts and liabilities of any description whatsoever and unconditionally undertaking to indemnify the Buyer against consequences of any claims which have been incurred prior to the time of delivery of the Vessel and pursued against the Buyer or the Vessel after delivery;

**(iv)** Evidence that all statutory and other action has been taken by the Seller in order to authorise the delivery of the Vessel to the Buyer and that the person(s) signing the Protocol of Delivery on behalf of the Seller are duly authorised / empowered to do so;

**(v)** All the classification, statutory and other certificates and all manuals, plans, drawings, technical documentation that the Seller has in its possession;

**(vi)** Builder’s delivery documents, as stated in Article VI, paragraph 3, captions (a), (b), (c), (d), (e), (f), (h) and (j) of the Completion Agreement; and

**(vii)** Any additional documents as may reasonably be required by the competent authorities of the Buyer' Nominated Flag State for the purpose of registering the Vessel in the Buyer’ ownership, provided the Buyer notify the Seller of any such documents as soon as possible after the date of this Sale and Purchase Agreement; and

**7.5 Buyer’s Delivery documents**

As part of delivery of the Vessel to the Buyer, the Buyer shall deliver to the Seller the following documents (“Buyer’s Delivery Documents”):

1. Evidence that all necessary corporate, shareholder and other action has been taken by
the Buyer to authorise the execution, delivery and performance of this Sale and Purchase Agreement;
2. Power of Attorney of the Buyer, duly notarially attested (the notarisation to confirm that the person(s) signing the Power of Attorney have the necessary authority to do so on behalf of the Buyer) and legalized or apostilled (as appropriate) appointing one or more representatives to act on behalf of the Buyer in the performance of this Sale and Purchase Agreement and to sign this Sale and Purchase Agreement, any addenda thereto and any documents on delivery (including, without limitation, the Protocol of Delivery and Acceptance) and all other documents which may be required to complete the purchase and acceptance of the Vessel, or other evidence of authority.

**7.6 Translations / Exchange of drafts**

If any of the documents listed in Sub-Clauses 7.3 and 7.4 above are not in the English
language, they shall be accompanied by an English translation by an authorised translator or
certified by a lawyer qualified to practice in the country of the translated language.

The Parties shall to the extent possible exchange copies, drafts or samples of the
documents listed in Sub-Clauses 7.3 and 7.4 above for review and comment by the
other party not later than nine (9) days prior to the Vessel's intended date of delivery.

**7.7 Protocol of Delivery and Acceptance**

The Parties shall sign and deliver to each other a Protocol of Delivery and Acceptance
confirming the date and time of delivery of the Vessel from the Seller to the Buyer.

**7.8 Encumbrances**

The Seller warrant that the Vessel, at the time of delivery, is free from all charters,
encumbrances, mortgages and maritime liens or any other debts whatsoever, and is not subject
to Port State or other administrative detentions. The Seller hereby undertake to indemnify the
Buyer against all consequences of claims made against the Vessel which have been incurred
prior to the time of delivery.

**7.9 Risk**

The Vessel shall be at the Seller’ risk until she is delivered to the Buyer. The Buyer shall assume the risk for the Vessel at the moment of signing the PODA.

**7.10. Taxes, fees and expenses**

All expenses and all local fees/port disbursements relating to the Vessel incurred prior to the moment of signing the PODA shall be for the Seller’s account while all expenses incurred thereafter shall be for the Buyer’s account.

Any taxes, fees and expenses in connection with the purchase of the Vessel and her registration in the Buyer’ Nominated Flag State shall be for the Buyer’ account.

**8. SELLER’S DEFAULT**

**8.1** In the event that:

**(a)** the Buyer has properly rejected the Vessel in accordance with Clause 3; or

**(b)** the Vessel has any of the deficiencies set out in Sub-Clause 6.1, paragraph (c) or Sub-Clause 6.2, paragraph (b); or

**(c)** the Vessel is not properly tendered for delivery on or before 23:59 hours on the Cut-off Date, or if the Buyer proves beyond reasonable doubt that the Vessel will not be ready for delivery by the Cut-off Date; or

**(d)** the Vessel has become an actual, constructive or compromised total loss prior to delivery,

the Buyer shall have the right to rescind this Sale and Purchase Agreement by sending a written notice to that effect to the Seller.

**8.2** In case of rescission as envisaged in Sub-Clause 8.1, the Seller shall promptly refund the Deposit to the Buyer, together with the interest at the rate of EURIBOR + 3% (three percent) per annum, accrued in the period between the payment of the Deposit to the Seller and the refund thereof to the Buyer. Thereafter, no Party shall have any further obligation or liability of whatever nature towards each other.

**9. BUYER’S DEFAULT**

**9.1** In the event that:

**(a)** the Buyer has not paid the Deposit in accordance with Sub-Clause 5.2; or

**(b)** the Buyer has failed to pay the Balance and any other amounts payable on delivery in accordance with Clause 5; or

**(c)** the Buyer has failed to take delivery of the Vessel in accordance with Clause 7 when properly tendered for delivery,

the Seller shall have the right to rescind this Sale and Purchase Agreement by sending a written note to that effect to the Buyer.

**9.2** In case of rescission as envisaged in Sub-Clause 8.1, the Seller shall be entitled to retain the Deposit together with accrued interest (if any). Thereafter, no Party shall have any further obligation or liability of whatever nature towards each other.

**10. APPLICABLE LAW / DISPUTE RESOLUTION**

**10.1** This Sale and Purchase Agreement shall be governed by Croatian law.

**10.2** The Parties shall first try to resolve by mutual agreement any and all claims, disputes and other matters arising out of or relating to this Sale and Purchase Agreement without affecting the scheduled preparation of the Vessel for delivery and the Scheduled Delivery Date. If the parties do not succeed in reaching an amicable settlement regarding the dispute in question, any disputes of technical nature shall be resolved by CRS. In case of other disputes, or in case of technical disputes with regard to which CRS has declined competence or availability to settle such disputes, a**ll disputes arising out of or in connection with the present Agreement shall be finally settled under the Rules of Arbitration of the International Chamber of Commerce by one or more arbitrators appointed in accordance with the said Rules. The seat of arbitration shall be in Zagreb, Republic of Croatia. The language of arbitration shall be English.**

**11. CORRESPONDENCE**

**11.1** All correspondence related to this Sale and Purchase Agreement shall be in English.

**11.2** Except as otherwise provided herein, every written notice or other written communication contemplated by this Sale and Purchase Agreement may be delivered:

1. personally;
2. by registered mail; or
3. by electronic mail, provided that the recipient has by way of reply through electronic mail confirmed the receipt of such communication (in which case the delivery shall be deemed to be made at the moment when such confirmation is made)**,** unless the recipient has expressly stated that it requires such communication to be delivered in any of the forms envisaged in (a) and/or (b) above (in which case the delivery shall be deemed to be made at the moment as set out in Sub-Clause 11.3)**.**

**11.3** Except as otherwise provided herein, every notice or other communication contemplated by Sub-Clause 11.2 shall be deemed to be delivered:

1. in case of personal delivery, when delivered against signed receipt; or
2. if by registered mail, upon receipt,

provided that an independently generated receipt of such delivery is made.

**11.4** The contact details for delivery of correspondence and communications between the Parties in accordance with this Sale and Purchase Agreement shall be:

SELLER:

# Address: Ministry of Economy and Sustainable Development,

# Ulica grada Vukovara 78, Zagreb

* Email: **zvonimir.novak@mingor.hr**
* Telephone: **+385 1 6106-120**
* Attention: **Mr. Zvonimir Novak, Director-General for Industry, Entrepreneurship and**

 **Crafts**

# BUYER:

# Address: [•]

* Email: [•]
* Telephone: [•]
* Attention: [•]

**12. ENTRY INTO FORCE**

This Sale and Purchase Agreement shall enter into force when signed by each of the Parties by its authorised representative(s) (the “Effective Date”).

**13. APPENDICES**

**13.1** The following documentation shall be an integral part of this Sale and Purchase Agreement:

**Appendix 1**  Completion Agreement - “Agreement on the Completion of Construction of a Vessel for the Carriage of Cars and Trucks – Hull No. 514” (“Ugovor o završetku gradnje broda za prijevoz automobila i kamiona – Gradnja br. 514”), entered into on April 20th, 2021 between the Republic of Croatia (acting through the Ministry of Economy and Sustainable Development) as the buyer and 3. Maj Shipyard jsc as the builder (the “Completion Agreement”)

**Appendix 2**  ITB - “Public Invitation for Submission of Binding Offers for the Purchase of the Vessel – Hull 514 - Owned by the Republic of Croatia” as published at [post or publication] on [date]

**13.2** In case of any inconsistency between the text of this Sale and Purchase Agreement and the text of any of the Appendices, the text of this Sale and Purchase Agreement shall prevail.

**14. FINAL PROVISIONS**

**14.1**  The written terms of this Sale and Purchase Agreement and the Appendices specified in Sub-Clause 14.1 comprise the entire agreement between the Parties in relation to the sale and purchase of the Vessel and supersede all previous agreements whether oral or written between the Parties in relation thereto.

Each of the Parties acknowledges that in entering into this Sale and Purchase Agreement it has not relied on and shall have no right or remedy in respect of any statement, representation, assurance or
warranty (whether or not made negligently) other than as is expressly set out in this Sale and Purchase Agreement.

**14.2** No purported amendment or modification of this Sale and Purchase Agreement shall be valid unless in writing and signed by both Parties.

**14.3** This Sale and Purchase Agreement is drawn up in the English language in two copies – one for the Seller and one for the Buyer, each of the copies having the same legal power.

**14.4** Signed copies of this Sale and Purchase Agreement, in case they are exchanged electronically, shall have the same legal power and effect as if they were signed and exchanged by hand or registered mail or courier or in any other form of transfer.

IN WITNESS WHEREOF THE PARTIES HAVE CAUSED THIS SALE AND PURCHASE AGREEMENT TO BE EXECUTED BY THEIR AUTHORISED REPRESENTATIVES.

For the Seller: For the Buyer:

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