

SCHEDULE 10

Bareboat Charter Agreement

Part 1 – Bareboat Charter

- 1.1 The Authority agrees to let and the Contractor has agreed to hire the Vessels with effect from and including the Service Commencement Date until the expiry or earlier termination of the Contract (the "**Charter Period**") on and subject to the terms of this Schedule 10 (Bareboat Charter Agreement).
- 1.2 The Parties acknowledge and agree that (without prejudice to Clause 12 (Authority Vessels) of the Contract and the provisions of this Schedule 10 (Bareboat Charter Agreement) and the liabilities of the Contractor contained in such Clause 12 (Authority Vessels) of the Contract and this Schedule 10 (Bareboat Charter Agreement)) no fee shall be payable by the Contractor to the Authority for the Contractor's hire of any Authority Vessels in connection with the Contract.

2 DELIVERY

- 2.1 The Vessels shall be deemed to be delivered by the Authority and taken over by the Contractor at the port or place set out in Part 3 of this Schedule 10 (Bareboat Charter Agreement).
- 2.2 The delivery of the Vessels by the Authority on the terms provided in this Schedule 10 (Bareboat Charter Agreement) and the taking over of the Vessels by the Contractor shall constitute a full performance by the Authority of all the Authority's obligations under this Paragraph2.
- 2.3 The Contractor acknowledges and agrees that:
- (a) the Authority does not make nor has it made or given nor shall it be deemed to have made or given any term, condition, representation, warranty or covenant, express or implied (whether statutory or otherwise):
 - (i) as to the suitability, capacity, age, state, value, quality, durability, condition, appearance, finish, safety, design, construction, operation, performance, seaworthiness, manning, description, merchantability, fitness for use or purpose or any particular use or purpose or suitability of any of the Vessels;
 - (ii) as to the absence of latent or other defects, whether or not discoverable, in respect of any of the Vessels;
 - (iii) as to the absence of any infringement of any patent, trademark or copyright in relation to any of the Vessels;
 - (iv) as to title of the Vessels or any other representation or warranty whatsoever, express or implied, with respect to the Vessels,

all of which are hereby excluded; and
 - (b) the Contractor is taking the Vessels for the purposes of, and in connection with, the Services and this Contract on an "as is, where is, and with all faults" basis.

- 2.4 The Authority shall be under no obligation to provide to the Contractor or to any other person any replacement for the Vessels (or any part thereof) during any period when any of the Vessels are unavailable for use for any reason whatever.
- 2.5 The Parties agree that nothing in this Schedule 10 (Bareboat Charter Agreement) shall prevent either Party from exercising its rights under Clause 53 (Compensation Events) of the Contract in respect of a Vessel Defect in any Authority Vessel, provided that the Contractor notifies the Authority of the Vessel Defect (and provides evidence of the same) during the first three (3) months following the Service Commencement Date.

3 RESTRICTIONS

3.1 The Contractor undertakes to:

- (a) use and operate the Vessels solely for the purposes of providing the Services;
- (b) ensure that in all respects the Vessels will be operated in a manner which complies with all applicable Law and all such regulations or orders as may relate to the customs, transportation, handling, safety and labour regulations applicable to the Vessels, the Contractor and/or any of its delegates to the extent that non-compliance with the foregoing would expose the Authority to the risk of any liability or expose any of the Vessels to any risk of arrest, detention or sale;
- (c) operate and employ the Vessels at all times in accordance with Good Industry Practice; and
- (d) without limitation to the foregoing, maintain all such records, logs, manuals, technical data and other materials and documents which are required to be maintained in respect of each of the Vessels to comply with any applicable Laws or the requirements of the relevant classification society and keep accurate, complete and up to date logs and records of all voyages made by the Vessels and of all maintenance, repairs, modifications and additions to the Vessels and, on reasonable advance notice from the Authority, permit the Authority or its representatives at any time to examine and take copies of such logs and records and other records.

4 SURVEYS ON DELIVERY

- 4.1 Without prejudice to Paragraph 2 of this Schedule 10 (Bareboat Charter Agreement) above, the Contractor and the Authority agree that the Vessels are in the Required Condition on the Service Commencement Date.

5 INSPECTION

- 5.1 The Authority shall have the right at any time to inspect or survey the Vessels or instruct a duly authorised surveyor to carry out such survey on the Authority's behalf:
- (a) to ascertain the condition of the Vessels and satisfy itself that the Vessels are being properly repaired and maintained (the costs and fees for such inspection or survey shall be paid by the Authority unless the Vessels are found to require repairs or maintenance in order to achieve the condition so provided);

- (b) in dry-dock if the Contractor has not dry-docked her in accordance with Paragraph 6.6 of this Schedule 10 (Bareboat Charter Agreement) (the costs and fees for such inspection or survey shall be paid by the Contractor); and
 - (c) for any other commercial reason the Authority and/or his duly authorised surveyor consider necessary provided it does not unduly interfere with the commercial operation of the Vessels (the costs and fees for such inspection and survey shall be paid by the Authority).
- 5.2 All time used in respect of inspection, survey or repairs shall be for the Contractor's account and form part of the relevant Vessel's charter.
- 5.3 The Contractor shall also permit the Authority to inspect any Vessel's log books whenever requested and shall whenever required by the Authority furnish them with full information regarding any casualties or other accidents or damage to such Vessel.

6 MAINTENANCE AND OPERATION

6.1

- (a) **Maintenance and Repairs** - During its respective Charter Period the Vessels shall be in the full possession and at the absolute disposal for all purposes of the Contractor and under its complete control in every respect. The Contractor shall maintain the Vessels in accordance with the Vessel and Asset Management Plan, which shall comply with the requirements of Schedule 2 (Statement of Requirement).
- (b) **Financial Security** - The Contractor shall maintain financial security or responsibility in respect of third party liabilities as required by any government, including federal, state or municipal or other division or authority thereof, to enable the Vessels, without penalty or charge, lawfully to enter, remain at, or leave any port, place, territorial or contiguous waters of any country, state or municipality in performance of the terms of the charter without any delay. This obligation shall apply whether or not such requirements have been lawfully imposed by such government or division or authority thereof.
- (c) The Contractor shall make and maintain all arrangements by bond or otherwise as may be necessary to satisfy such requirements specified in Paragraphs (a) and (b) of this Paragraph 6.1 at the Contractor's own expense and the Contractor shall indemnify the Authority from and against all consequences whatsoever (including loss of time) for all failure or inability to do so.

6.2 Operation of the Vessels

- (a) The Contractor shall (subject to Clause 25 (Fuel and Utilities)) at its own expense and by its own procurement man, victual, navigate, operate, supply, fuel and, whenever required, repair the Vessels during its respective Charter Period and it shall pay all charges and expenses of every kind and nature whatsoever incidental to their use and operation of the Vessels under this Contract, including annual flag state fees and any foreign general municipality and/or state taxes. The Master, officers and crew of the Vessels shall be the servants of the Contractor for all purposes whatsoever.

- (b) The Contractor shall operate the Vessels in accordance with all applicable MCA regulations and all applicable MoD regulations including without limitation regulation DSA02-DMR.
- (c) The Contractor shall keep the Authority advised of the intended employment, planned dry-docking and major repairs of any Authority Vessels, as reasonably required.

6.3 Appearance and Name of Vessels during the Charter Period

The Contractor may not change the appearance of the Vessels or its name without the prior written consent of the Authority. Painting and re-painting, instalment and re-instalment, registration and re-registration, if required by the Authority, shall be at the Contractor's expense and time and carried out during a period or periods of scheduled maintenance and in a manner so as not to prejudice or otherwise affect the delivery of the Services.

6.4 Changes to the Vessels

The Contractor shall make no structural changes in or to the Vessels or changes in the machinery, boilers, appurtenances or spare parts thereof without in each instance first securing the Authority's approval thereof. If the Authority so agrees, the Contractor shall, if the Authority so require, restore the Vessels to its former condition before the termination of its Charter Period.

6.5 Use of the Vessel Equipment

The Contractor shall have the use of all Vessel Equipment on board the Vessels at the time of delivery, provided the same or their substantial equivalent shall be returned to the Authority on redelivery in the same good order and condition as when received, fair wear and tear not affecting class and/or flag excepted. The Contractor shall from time to time during the Charter Period replace at its expense and time such items of equipment as shall be so damaged or worn as to be unfit for use. The Contractor shall procure that all repairs to or replacement of any damaged, worn or lost parts or equipment in the Vessels be effected at its expense and time in such manner (both as regards workmanship and quality of materials) as not to diminish the value of the Vessels. The Contractor has the right to fit additional equipment at its expense and risk, but the Contractor shall remove such equipment at the end of the Charter Period if requested by the Authority. Any equipment including radio equipment on hire on the Vessels at time of delivery shall be kept and maintained by the Contractor and the Contractor shall assume the obligations and liabilities of the Authority under any lease contracts in connection therewith and shall reimburse the Authority for all expenses incurred in connection therewith, also for any new equipment required in order to comply with radio regulations.

6.6 Periodical Dry-Docking

The Contractor shall dry-dock the Vessels and clean and paint her underwater parts whenever the same may be necessary in accordance with the Vessel and Asset Management Plan, which shall comply with the requirements of Schedule 2 (Statement of Requirement) or such other period as may be required by (if applicable) the classification society or flag state.

7 REPAIR AND TOTAL LOSS

- 7.1 The Contractor shall remain responsible for, and shall effect, repairs and settlement of costs and expenses incurred thereby, in respect of all repairs whether covered or not covered by the Required Insurances and/or not exceeding any possible franchise(s) or deductibles provided for in such insurances.
- 7.2 All time used for repairs under the provisions of Paragraph 7.1 of this Schedule 10 (Bareboat Charter Agreement) and for repairs of latent defects, including any deviation, shall be for the Contractor's account.
- 7.3 Where a claim is made or proceeds of insurance are received or are receivable under any insurance policy in respect of a single event (or a series of related events) in relation to any of the Vessels(s) the Contractor shall deliver to the Authority's Authorised Representative as soon as practicable and in any event within 20 days after the making of the claim a plan prepared by the Contractor for the carrying out of the works necessary to repair, reinstate or replace the relevant asset(s) which is or are the subject of the relevant claim or claims (the "**Reinstatement Works**"). Such plan (the "**Reinstatement Plan**") shall set out:
- (a) the identity of the person proposed to effect the Reinstatement Works; and
 - (b) the proposed terms and timetable upon which the Reinstatement Works are to be effected (including the date that the relevant asset(s) shall become fully operational).
- 7.4 The Authority shall, within ten Business Days after its receipt of the proposed Reinstatement Plan, notify the Contractor's Authorised Representative as to whether the Authority:
- (a) approves or rejects the identity of the person set out in the proposed Reinstatement Plan to be appointed to effect the Reinstatement Works; and
 - (b) approves or rejects or approves subject to incorporation of the Authority's comments the terms and timetable in the proposed Reinstatement Plan.
- 7.5 If the Authority does not approve, or makes comments on, any part of the proposed Reinstatement Plan, it shall set out in the notice given pursuant to Paragraph 7.4 of this Schedule 10 (Bareboat Charter Agreement) its reasons or comments, in sufficient detail so as to enable the Contractor to understand the nature and extent of the non-approval or comments and to assess whether the Authority's approval has been unreasonably withheld. The Contractor shall amend and re-submit the proposed Reinstatement Plan to the Authority's Authorised Representative for its reconsideration in accordance with Paragraph 7.3 of this Schedule 10 (Bareboat Charter Agreement).
- 7.6 As soon as the Authority notifies the Contractor that the Authority approved the proposed Reinstatement Plan submitted by the Contractor pursuant to this Paragraph 7:
- (a) the Reinstatement Plan shall be adopted; and
 - (b) the Contractor shall effect the Reinstatement Works or, as the case may be, procure that the Reinstatement Works are effected by the person identified in the Reinstatement Plan approved by the Authority's Authorised Representative.

- 7.7 Should any Vessel become an actual, constructive, compromised or agreed total loss under the Required Insurances, all insurance payments for such loss shall be paid to the Authority who shall distribute the moneys between the Parties according to their respective interests. The Contractor undertakes to notify the Authority of any occurrences in consequence of which any Vessel is likely to become a total loss as defined in this Paragraph 7.7. If any Vessel is an actual, constructive, compromised or agreed total loss the hiring of it shall terminate on it being so designated. For the purpose of this Paragraph 7.7, the Vessels shall not be deemed to be lost unless she has either become an actual total loss or agreement has been reached with her underwriters in respect of her constructive, compromised or arranged total loss or if such agreement with her underwriters is not reached it is adjusted by a competent tribunal that a constructive loss of any Vessel has occurred.
- 7.8 The Authority shall upon the request of the Contractor promptly execute such documents as may be required to enable the Contractor to abandon the Vessel(s) to insurers and claim a constructive total loss.

8 REDELIVERY AND REDELIVERY SURVEY

- 8.1 At the end of the Contract Term the Vessels (which are not an actual, constructive, compromised or agreed total loss) shall be redelivered by the Contractor to the Authority at the port or place specified in Part 3 of this Schedule 10 (Bareboat Charter Agreement).
- 8.2 The Contractor warrants that it will not permit any Vessel to commence a voyage (including any preceding ballast voyage) which cannot reasonably be expected to be completed in time to allow redelivery of such Vessel at the end of the Contract Period. Notwithstanding the above, should the Contractor fail to redeliver the Vessels at the end of the Contract Period all other terms, conditions and provisions of this charter shall continue to apply without prejudice to the Authority's rights in respect of such failure and the Contractor shall be liable to the Authority for a market rental for the period during which the Contractor has failed to redeliver the Vessels.
- 8.3 At or about the end of the Contract Period the Contractor shall at its expense before redelivery make all such repairs and do all such work as may be necessary so that the Vessels at the date of re-delivery shall have installed on the Vessels all relevant Vessel Equipment in the same quantity, state and condition belonging to that vessel as set out in the Required Condition (fair wear and tear not affecting class and/or flag excepted) or replacements for the same made in accordance with the Authority's prior written consent. The Contractor shall ensure that the Vessels will on return comply with all applicable MCA regulations and that they all meet all and any relevant mandatory United Kingdom Department for Transport requirements, including, but not limited to, any requirements of the Authority or its successors under this Contract.
- 8.4 Not more than twelve months nor less than six months before the Expiry Date or immediately upon the service of any Termination Notice the Authority and the Contractor shall jointly appoint a surveyor (the "**Off Hire Surveyor**") to conduct a within three months from the date of appointment (or, in the case of termination, such shorter period specified by the Authority to expire before the Termination Date) a comprehensive off-hire survey of the Vessels (including all Vessel Equipment related to such vessel) to determine the state and condition of each of the Vessels (including all Vessel Equipment related to such vessel). The appointed surveyor in respect thereof shall act as an expert and not as arbitrator and shall review the records in respect of the Vessels (including all Vessel Equipment related to such vessel) and the annual and intermediate surveys that have been carried out (including prior to the commencement of the

relevant charter), shall determine the condition of the Vessels (including all Vessel Equipment related to such vessel), check whether any recommendations made by the relevant classification society have been made prior to the due dates and shall state the repairs or work necessary to place the Vessels (including all Vessel Equipment related to such vessel) at the date of redelivery in the structure, state, condition and classification as it was at the time Service Commencement Date under Paragraph 4.1 of this Schedule 10 (Bareboat Charter Agreement) (fair wear and tear not affecting class and/or flag excepted). The cost of the Off Hire Surveyor shall be paid by the Contractor. The Contractor shall bear all other expenses arising out of or in connection with the survey, including loss of time, if any.

- 8.5 If the Vessels is not in its Required Condition the Authority and the Contractor shall agree the plan of works necessary to place the Vessels in its Required Condition at the end of its Charter Period and the Contractor shall at its own cost and expense have the Vessels put in the Required Condition.
- 8.6 The Contractor shall be responsible for, and shall release and indemnify the Authority on demand from and against, any costs incurred by the Authority:
- (a) in storing the Vessels (including the costs of employing any watch keepers and engineers) where the Authority (being under no obligation to do so) agrees to accept redelivery of the Vessels prior to the end of the Charter Period, provided further that such agreement by the Authority shall not relieve the Contractor from performance of its continuing obligations under this Contract;
 - (b) in moving the Vessels (including costs of crewing, insurance, towage and relevant port charges):
 - (i) where redelivery is made but the Vessels are not delivered to a port as the Authority may direct; or
 - (ii) (in any case where the Vessels (including any Vessel Equipment) is not redelivered in the Required Condition) to a shipyard or repair facility reasonably selected by the Authority to effect any necessary work, having regard to the location of such Vessels immediately prior to redelivery, the type of work needed to be effected and the capabilities of the shipyard; and/or
 - (c) in any case where any Vessel (including all Vessel Equipment related to such Vessel) is not redelivered in the Required Condition, in effecting any work to such Vessel and/or carrying out repairs and/or reinstatement to bring such Vessel and/or any of its Vessel Equipment into such condition.
- 8.7 For the avoidance of doubt, the Contractor shall not be considered to have complied with Paragraph 8.6 of this Schedule 10 (Bareboat Charter Agreement) unless all amounts payable to the Authority by the Contractor under Paragraph 8.6 of this Schedule 10 (Bareboat Charter Agreement) have been paid in full on or prior to date of redelivery of any or all of the Vessels under this Contract.

9 NOTICE OF OWNERSHIP

- 9.1 The Contractor further agrees to fasten to each Vessel in a conspicuous place at the Vessel's bridge and to keep so fastened during the Charter Period a notice reading as follows:

*"This Vessel is the property of the Ministry of Defence. It is under bareboat charter to [**] and neither [**] nor the Master have any right, power or authority to create, incur or permit to be imposed on this vessel any mortgage, charge or other encumbrance whatsoever."*

10 INDEMNITY

- 10.1 Without limitation to its other liabilities under, or identified in, this Contract, the Contractor shall indemnify the Authority against any loss, damage or expense incurred by the Authority arising out of or in relation to the operation of the Vessels by the Contractor, and against any Maritime Encumbrance of whatsoever nature arising out of an event occurring during its respective Charter Period.
- 10.2 If any Vessel be arrested or otherwise detained by reason of claims or liens arising out of her operation hereunder by the Contractor, the Contractor shall at their own expense take all reasonable steps to secure that within a reasonable time such Vessel is released, including the provision of bail.

11 WRECK REMOVAL

In the event of any Vessel becoming a wreck or obstruction to navigation the Contractor shall indemnify the Authority against any sums whatsoever which the Authority shall become liable to pay and shall pay in consequence of such Vessel becoming a wreck or obstruction to navigation.

12 GENERAL AVERAGE

The Authority shall not contribute to general average.

13 REQUISITION/ACQUISITION/DISPOSAL/WAR

For the avoidance of doubt, the provisions of Clause 51 (Measures in a Crisis) of the Contract shall apply to the Vessels.

14 REPOSSESSION

- 14.1 In the event of the termination of the charter of any Vessel the Authority shall have the right to repossess such Vessel from the Contractor (save where the Vessel has been subject to an actual total loss) at her current or next port of call, or at a port or place convenient to them without hindrance or interference by the Contractor, courts or local authorities. Pending physical repossession of such Vessel, the Contractor shall hold the Vessel as gratuitous bailee only to the Authority. The Authority shall arrange for an authorised representative to board the Vessel as soon as reasonably practicable following the termination of this charter. The Vessel shall be deemed to be repossessed by the Authority from the Contractor upon the boarding of the Vessel by the Authority's representative. All arrangements and expenses relating to the settling of

wages, disembarkation and repatriation of the Master, officers and crew shall be the sole responsibility of the Contractor.

Part 2 – Surveys

Part 3 – Delivery Ports

Relevant port or place for the purposes of delivery of the Vessels to the Contractor in accordance with Paragraph 2.1 of this Schedule 10 (*Bareboat Charter Agreement*):

For Authority Vessels, delivery shall occur at the Dockyard Port where each Vessel is in operation.

Relevant port or place for the purposes of redelivery of the Vessels to the Authority in accordance with Paragraph 8.1 of this Schedule 10 (*Bareboat Charter Agreement*):

Authority Vessels shall be redelivered at the Dockyard Port where such Authority Vessels are in operation.