

ANNUAL SERVICE

MECHANICAL & ELECTRICAL

MAIN ENGINE:

1. engine air filter
2. engine sea water filter cleaning
3. engine belts change
4. engine diesel system, filters change
5. engine oil and oil filter change
6. engine impeller change
7. engine control panel and installation check
8. engine gas handle and cables check
9. engine stand check
10. engine anti-syphon valve check
11. engine high pressure diesel pump check
12. engine injectors check
13. engine damper check
14. engine sea water pump check
15. engine cooling system - antifreeze check
16. engine alternator check
17. engine starter check
18. engine fuel pump check
19. cleaning the engine compartment
20. check entire length of exhaust hose for leaks and damage
21. check that all wiring in engine compartment is well secured
22. check all engine hose clamps
23. check all electrical connections
24. clean the engine and engine room

SYSTEM CHECKS/SERVICES:

1. Change transmission fluid.
2. Drain & refill engine coolant with 50/50 coolant.
3. Check and if needed remove, rebuild, and recondition all pumps.
4. Rebuild all head pumps.

GENERATOR

- Change oil
- Change oil filter
- Change fuel filter
- Change fuel separator
- Check fuel pump
- Change V-belt
- Change impeller
- Service sea water pump
- Check cooling liquid
- Check throttle actuator
- Check oil temperature and sea water flow sensors
- Check outlet voltage
- Test under load
- Clean generator bilges

AC/CHILLER

- Clean filters
- Check, clean and disinfect the evaporator
- Check system gas pressure
- Clean sea water inlet filter
- Check seawater flow and water control
- Check sea water valve
- Check of the electromagnetic reel on the three-way-valve
- Clean and check fan coil
- Check water pressure
- Check water impermeability
- Check sea water valve

Check chiller cooling liquid

WINDLASS

Remove windlass from yacht. (Vertical windlass)

Inspect windlass seals. (Vertical windlass)

Drain and refill gearbox oil.

Clean and paint gear box and motor. (Vertical windlass)

Re-install using adequate sealant. (Vertical windlass)

Clean and lubricate clutch, and pawl.

Clean & spray all electrical connections including relays.

RIGGING & COSMETICS

ALOFT: Inspect all of halyard before going aloft

1. Check all end fittings on shrouds and stays.
2. Topping lift fittings okay and properly adjusted.
3. Sheaves rotating freely. Lubricate.
4. Check spreader tips for good boots or tape.
5. Check spreader secured at mast.
6. Check lead for head stay halyard. Does it need a lead block?
7. Check radio antenna. Notify maintenance if in need of repair.
8. Lubricate sail track with silicone spray.

ON DECK:

1. Check all end fittings on shrouds and stays.
2. Check turnbuckles, clevis pins, cotter pins, and chain plates.
3. Re-tune rigging if necessary.
4. Inspect head stay extrusions and service roller furling gear. 5. Tape all split pins.

MAST / BOOM / RIGGING / WINCHES

Check all blocks. Spray with CRC or WD-40 or appropriate lubricant.
Inspect all halyards and sheets.
Check that all mast and deck cleats are tight and serviceable.
Lubricate goose neck.
Check out haul and reefing lines work properly.
Check sail slide stop.
Check that all turnbuckles are pinned and taped.
Disassemble, clean, lubricate, and reassemble halyard and sheet winches.
Check condition of ladder, fender, and dock lines. Renew where necessary.

ANCHOR / CHAIN / RODE

Check anchor for excessive wear. Check anchor stock is straight.
Replace rusty chain as necessary.
Inspect rode. Check thimble. End for end if necessary. Secure bitter end.
Check shackles and safety wire.
Check anchor rollers are free.

HULL POLISHING AND UNDERWATER AREA PAINT

Sand the underwater part of the boat.
Wash the hull of the boat by appropriate tools and materials.
Polish the hull.
Paint the underwater area with DARK BLUE PAINT.
Wash fenders

PHASE OUT

At the end of the investment period the yacht is phased out so the investor can take it for private use.

The phase out period begins after the last charter on the yacht. The yacht has been blocked for bookings when the phase out date has been confirmed. Usually, the phase out period takes 30 days. The technical team at the base is responsible for managing the phase out process. The investor concierge is on disposal for support as well.

INDEPENDENT SURVEYS OF THE YACHT

Some investor engage the services of an independent marine surveyor to participate in the phase out process with them. Surveyors can provide technical advice during phase out or act as investor's representative at handover day. This is particularly important if you will be unable to personally accept your yacht.

We recommend hiring a surveyor at least 6-12 months, depending on the location of the yacht, prior to the phase out date. This ensures he or she will be present for the yacht's last haul out which generally takes place within 6-12 months, depending on the location of the yacht, before the phase out process begins.

During phase out, surveyors may conduct formal reviews of the yacht before and after the phase out maintenance has been completed.

Sea trials of the yacht may be conducted for up to 4 hours. Surveys and sea trials must be prearranged with the investor concierge or with technical team responsible for the phase out. Usually, the contact person is the base manager.

If there are areas of concern or that you feel need additional attention, the technical team will discuss it with you.

Should you decide to hire a surveyor, the investor concierge can provide the names of recognized professionals in the base's geographic region. The cost of the survey is covered by the investor or his/her representative.

CONDITION OF YACHT AT HAND OVER

The yacht will be handed over in the best possible condition, allowing for "wear and tear" after years of usage in charter environment. This means that we will provide a yacht in sound working order and with all inventory as specified in the Annex 1 at the begin of the investment period. Specifications on the condition of each facet of the yacht are outlined further below in this document. Should you wish to refit your yacht with new sails or engines, upholstery or other, Navigare Yachting can provide these to you at a discounted rate.

PHASE OUT PROCESS

1) 90-210 days prior to hand over day: final haul out of the yacht

Approximately 6-12 months prior to the phase out day, while the yacht is still in the fleet, we will conduct the last haul out (during winter service). The bottom will be inspected for anomalies, cleaned, repaired if necessary, and repainted with an anti-fouling agent. If the investor has planned to engage an independent surveyor, he or she may be present for this last haul out. The best is to keep contact to the base in order to get information on the last haul out date. The base has a plan for each boat before the winter service start.

If the investor wishes to survey the bottom at a later stage, the haul out is possible but after the last charter has been finished. In that case, the haul/launch cost is covered by the investor.

In this period the investor concierge will be in contact with the investor to start preparing paperwork for the deletion of the mortgage, de-registration and change of the ownership.

2) 30-60 prior to hand over day: phase out maintenance is conducted

a) After the last charter is finished, the technical team responsible for the yacht maintenance will survey the boat according to the Navigare Yachting internal standard procedures. This process is a critical review of the entire yacht's condition from electrical systems to rigging and cosmetics. At this point, all outstanding maintenance and repairs needed on the yacht are registered in the Navigare Maintenance Software. If you have opted to engage an independent surveyor, the formal survey can be conducted at this point. Arrange the date and time with the base. Independent reports should be submitted to the base for review.

b) Phase out maintenance work begins according to the standard procedures and phase out survey.

c) Phase out maintenance is completed. On completion of the phase out maintenance, the base confirms all outstanding work has been executed, all systems operational in accordance with the phase out survey and yacht condition specifications as stated further below in this document.

If the investor has engaged an independent surveyor, he or she may review the yacht at this point. A standard 4-hour sea trial of the yacht may also be arranged for this time period. This should be prearranged with the base and investor concierge.

d) Yacht's inventory has been completed. The inventory will be matched to the yacht's original inventory list as stated in the Annex 1 at the beginning of the investment period.

e) Graphics removed. All graphics will be removed and/or modified as specified in the yacht condition specifications as stated further below in this document.

f) Yacht undergoes a pre-charter cleaning and preparation. The yacht will be thoroughly cleaned and prepared following exactly the same

procedures used in a standard pre-charter preparation routine.

3) Handover day: 30-60 days after phase out day

The handover is usually conducted in the last week before the contract expiry which means the last week of November. The responsible technician from the base is formally handing the boat over to the investor. A handover check list and a takeover protocol are signed.

HANDOVER AND RELEASE OF YACHT

Before the takeover of the yacht, the investor will have to ensure several key items are completed. A checklist of those items is listed below.

The investor will have to clear any outstanding bills prior to the handover date. Once the accounting department has given approval, the base representative will meet the investor and/or his/her representative for checking the yacht and signing the handover checklist and the takeover protocol. In case the yacht is taken over by a representative, a document confirming the acceptance by the investor has to be presented (in most cases a POA). This should be done at least 2 weeks prior to handover

The checklist of items the investor should ensure are completed by hand over day:

- The vessel should be insured. Navigare Yachting insurance terminates once the ownership of the yacht is transferred to the investor. The investor should therefore ensure that the yacht has coverage in effect on that date.
- Full set of delivery charts is available on board
- Boat keys (including ignition key)
- Boat documentation papers
- Customs clearing document
- Complete inventory
- Any personal belongings stored at the base
- Weather forecast, if taking yacht immediately for delivery
- Maintenance log
- All bills paid.

Should the investor or his/her representative fail to take over the yacht from Navigare Yachting after the contract expiry date, Navigare Yachting will consider the yacht is accepted and the investor will become responsible for dockage, maintenance and insurance at current rates

The investor concierge is the contact person for any actions done by Navigare Yachting until the boat leaves the fleet.

YACHT DELIVERY

There is a possibility to get the yacht delivered to another location. This should be discussed with the investor concierge who will provide options. The original handover check list and the takeover protocol will be kept in the base, the investor will get a copy together with the maintenance log and other boat documents.

GLOSSARY OF TERMS

- Charter period – the time the yacht is in the Navigare Yachting reservation system and available for charter.
- Investment period – the period in which Navigare Yachting is responsible for the yacht. It includes the charter period
- Last charter date - the final day a yacht is in charter service
- Phase out start date – the day from which yacht the yacht is blocked in the Navigare Yachting reservation system.
- Phase out survey – check, review and testing of a yacht before the phase out maintenance starts
- Phase out maintenance – final maintenance procedures conducted on the yacht to prepare it to handover to investor. It usually takes 30 days.
- Handover date – the date of the yacht handover to the investor. It is usually in the last week before the contract expiry date.
- Haul out – process of taking the yacht out of the water in order to do the underwater hull maintenance (inspect valves, Sail drive service, antifouling treatment). It is being conducted annually.
- Base manager – Navigare Yachting team member who is responsible for the operations of the base and yacht maintenance.
- Investor concierge – Navigare Yachting team member who is the primary contact person for the investor during the investment period.
- Maintenance log – File containing all maintenance done on the yacht during the charter period.

TAKEOVER PROTOCOL

made on this [date] by and between

NAVIGARE YACHTING a limited liability company duly incorporated pursuant to [country] law and having its registered office in [address] (hereinafter referred to as the "Navigare") on one part, and

_____, represented by Mr. [investor or representative name] (hereinafter referred to as the "Investor") on the other part,

hereby make notice of the following Takeover Protocol (hereinafter referred to as the "Protocol") Article 1

The Investor hereby takes over the following Vessel:

_____, (hereinafter referred to as the „Vessel“).

Article 2

2.1. The Vessel is delivered to the Investor in _____.

2.2. Navigare and the Investor have before and at the time of delivery exercised due diligence to make sure the Vessel is seaworthy and, in every respect, ready in hull, machinery and equipment. Navigare and the Investor hereby agree that the Vessel is in a good shape and without any visible or latent defects except normal wear and tear for the vessels being commercially chartered out for the relevant period.

2.3. The Vessel is properly documented on delivery in accordance with the laws of the flag State and Investor has been properly introduced to all and every service or reparation being conducted on the Vessel.

2.4. The delivery of the Vessel by Navigare and the taking over of the Vessel by the Investor shall constitute a full performance by Navigare of all the Navigare's obligations under this Article, and thereafter the Investor shall not be entitled to make or assert any claim against Navigare on account of any conditions, representations or warranties expressed or implied with respect to the Vessel.

Navigare: _____ Navigare Yachting
signed by
[Navigare representative name]

The Buyer: _____ [Investor or representative] signed by
[investor or representative name]

WINDLASS

CONDITION OF THE YACHT AT HANDOVER

a) Operation:

- The windlass will operate electrically in the up and down mode.
- A stainless-steel handle will be provided for operating the windlass manually, providing the particular windlass is equipped with "manual override" capabilities
- The brake and freewheeling mechanisms will operate

- The chain will not skip nor jump on the chain gypsy when the chain and anchor is retrieved in a direct vertical pull.
- b) Cosmetics:
 - The windlass casing will be clean. If the casing has a painted finish, this will be in good condition. There may be minor surface corrosion evident as this is considered normal wear and tear.
- c) Wiring:
 - All wiring will be sound and secure. Terminals will be secure with minor signs of corrosion as this is considered normal wear and tear.

BATTERIES

- a) Voltage level:
 - Battery voltage will show 12.5 V
- b) Wiring:
 - All wiring will be sound and secure. Terminals will be secure with minor signs of corrosion as this is considered normal wear and tear.
- c) Security:
 - Batteries will be in battery boxes if originally supplied. Otherwise all batteries will be secured with tie-straps

PUMPS

- a) Operation:
 - All pumps will be operational
 - All bearings will be clean and greased
- b) Wiring:
 - All wiring will be in good condition and secured
 - Connections will be clean with minor signs of corrosion as this is considered normal wear and tear.

ENGINE

- Final maintenance will be in accordance with the annual and 2-year maintenance schedules
- All engine gauges and alarms will function correctly
- If there is doubt in the condition of the engine, a qualified third party can be called in to inspect the engine on the investors expense. If the investor wishes to have the engine inspected by a Marine Surveyor this will be at his/her expense.

BIMINI/SPRAYHOOD

- a) Cloth:
 - The cloth will be in good condition with minimal wear and tear. Any repair or patch will be no greater than 20 x 20 cm or 400 cm². Any patch material used will be of the same colour as original cloth.
 - There will be no more than 5 patches.
- b) Frame:
 - The stainless-steel frame will be secure and clean. There may be minor surface rust evident as this is considered normal wear and tear.
 - The fore and aft tie down straps will be tight and in good condition. Clips and/or snaps will be functional.

ELECTRONICS/SAILING INSTRUMENTS

- a) Operation:
 - All sailing instruments, which include the following depending on yacht model, Speed/Log, Depth and Wind speed, GPS plotter, will be fully functional.
 - Due to the continuing developments in the Marine Electronics industry, some instruments may not match the originally supplied model. In that case the substituted instrument will not be a "down grade" in quality or performance.
- b) Cosmetic:
 - Colour degradation to the sailing instrument cover or casing, due to UV light, will not constitute a reason for replacement, but is deemed to be normal wear and tear.

12V AND 110/220V PANELS

- a) Operation:
 - All breakers will be sound and operational. All LED lights will function
 - All meters and gauges that are mounted on or within the vicinity of the panels will function and read correctly.
- b) Cosmetic:
 - All labelling will be in place at each used breaker

TOERAILS

- Will be secure with no water leaks.
- Minor surface corrosion will be deemed to be normal wear and tear and not constitute reason for changing a section of toe rail.
- Surface corrosion or salt built up around securing screws will be cleaned and coated with a light wipe of "Vaseline" for protection.
- Minor damage will be deemed to be normal wear and tear. By way of a guideline damaged areas will not be longer than 20cm in a continuous length. Indentations will not exceed 12mm. There will be no more than three areas of damage within these guidelines on any one section of toe rail.
- If any one section of toe rail has damage exceeding these guidelines it will be replaced.
- The replacement of one section of toe rail will not give reason for replacement of other sections for cosmetic reasons.

STANCHIONS & LIFELINES

- a) Stanchions:
 - Will be straight. There may be minor surface rust evident as this is considered normal wear and tear.
 - There will be no evidence of leaks from stanchion bases.
 - Due to design, some play and looseness is normal between a stanchion and a stanchion base.
- b) Lifelines:
 - Will be secured and taught, within normal acceptable safety standards.
 - There will be no broken or severely corroded wire strands. Minor surface rust at wire terminals or swages is deemed to be normal wear and tear.
 - Gate lifelines will have functioning snap hooks or pelican hooks as required.

HALYARDS/ROPES

- Will be of correct length.
- Will be in good condition. Minor abrasion, stiffness or "furring" of the outer core, fading of colour due to UV light, will be deemed normal wear and tear.

- All halyards/ropes as originally supplied with the yacht will be in place.
- All halyards/ropes will be supplied with a shackle, which will be either a threaded pin, or snap shackle.

RIGGING

- All standing rigging will be checked and tuned by Navigare Yachting experienced staff
- All rigging will be serviced in accordance with Navigare Yachting maintenance schedule
- The spreaders, spreader ends and spreader bases will be physically inspected. All will be sound and secure, with no corrosion, deterioration or sharp edges.
- The masthead will be physically inspected.

ANCHOR, CHAIN & WAR

All parts of the ground tackle will be in good condition and capable of providing secure anchoring in normal cruising conditions

a) Anchor:

- There will be two anchors stowed on board. They will have an acceptable galvanized finish or will be painted with grey epoxy paint

b) Chain:

- Both anchors will have a length of chain attached in accordance with the original Annex 1. Chain will be sound. Minor surface corrosion, particularly within 10 m of the anchor, will be deemed to be normal wear and tear.

c) Warp:

- Both lengths of chain will have warp attached in accordance with the original Annex 1. It can be expected that this warp will be discoloured and or have an aged look. This will be deemed to be normal wear and tear. Severe areas of chafe or if one of the three strands is broken, will be reason for replacement.

SAFETY GEAR

- All safety gear in accordance with the original Annex 1 will be on board, in its entirety, and as issued to the yacht at time of original sale.
- All equipment that has an expiry date will be within that date at time of handover.
- All equipment will be in good, clean and dry condition and correctly stowed.

KEEL

ANTIFOULING

- The yacht has an annual haul-out during its charter term. The annual haul-out and painting results in a build-up of anti-fouling paint. This is not excessive but can result in an uneven surface. This is considered a normal occurrence.
- The yacht will have been hauled and bottom painted within six (6) - twelve (12) months of the handover date. Bottom paint will be applied in accordance with Navigare Yachting standard operating procedures.

HATCHES & WINDOWS

- All hatches and windows will be in sound condition.
- All hinges and locks will function correctly.
- All hatches and windows will be watertight. Where doubt exists a leak test will be carried out using a hose under normal dockside water pressure.
- No Acrylic panels will be cracked. crazing from UV light is deemed to be normal wear and tear in tropical locations. As a guideline, where crazing exists, only if the view from inside the yacht is clouded or distorted will the Acrylic be replaced. Replacement of only the Acrylic and not the complete hatch or upper frame will be deemed to be an acceptable repair.
- Minor scratches on the frame or the Acrylic is deemed to be normal wear and tear. **BEDDING**
- The yacht will be fully furnished with bedding and linens in accordance with the original Annex 1. All items will be in good condition and freshly laundered.

GALLEY EQUIPMENT

- The yacht will be fully equipped in accordance with the original Annex 1. All items will be clean, in good condition and neatly stowed.

STOVE & GAS BOTTLES

a) Stove

- The stove will be fully functional. The stove and surrounding area will be clean.
- All related equipment such as potholders, oven pans and trays will be fitted.

b) Gas Bottles

- The yacht will be supplied with two (2) full gas bottles. If these bottles are stamped with an expiry date, it will be within that date at time of handover.
- There will be a warning label concerning the safety and use of LPG, located in the gas locker or on the underside of the gas locker lid.

c) Gas system

- All gas lines will be in good condition and secured. Flexible hose that are stamped with an expiry date will be within that date at time of handover.
- The complete LPG system will be pressure tested.

VARNISHED SURFACES

- All varnished surfaces will be in sound condition and cosmetically pleasing according to Navigare Yachting standard maintenance procedures.
- Wood with a varnish finish ages and changes colour over time. Sunlight will affect this discoloration to varying degrees. This is considered normal wear and tear.
- Wood discoloration due to water ingress will be dealt with wherever practically possible.
- Minor water damage should be considered normal wear and tear. Any damage that affects the functional structure will be replaced or repaired.
- Due to the fact the yacht has been in charter there will be some chips, scratches and dents in wood surfaces. These should be considered fair wear and tear. These will be cosmetically repaired as well as practically possible. As a rule of thumb such chips, scratches and dents have to be longer than 2 cm and deeper than 4 mm.

GEL-COAT SURFACES

- Minor stress cracks, gel-coat voids and surface chips and scratches that do not expose the underlying fiberglass layers will be considered normal wear and tear.
- All gel-coat surfaces will be repaired according to Navigare Yachting standard maintenance procedures. **KITCHEN SURFACES**
- There will be minor stress cracks, scratches and chips on the kitchen "kerrock" surface, those will be deemed normal wear and tear.
- There may also be minor surface rust on the sink and faucet which will be deemed normal wear and tear. The faucet will be in sound order and functional without any leakages.

TOILETS

a) Mirrors:

- There may be minor rust on the edges of the mirror. Such rust will be deemed normal wear and tear unless it is more than 1,5 cm wide from the edge of the mirror. In such case, the mirror will be replaced.

b) Faucets and sinks:

- There may also be minor surface rust on the sink and faucet which will be deemed normal wear and tear. The faucet will be in sound order and functional without any leakages.

RUDDER & BEARINGS

a) Rudder:

- The rudder blade will be in sound condition, with no bigger chips, cracks or surface damage. Minor scratches or chips will be deemed normal wear and tear. The rudder has been serviced at the last haul out which had been conducted within 6-12 months prior to phase out.

b) Bearings:

- Bearings will be secure and functional with no binding. Some play in a rudder bearing is normal. As a guideline total side to side movement of 3mm at the bearing will be deemed to be acceptable.

STEERING SYSTEM

a) The Wheel and Brake:

- The steering wheel will be clean and polished. If the wheel is fitted with a leather cover, then this leather will be in sound condition. Stitching will be secure and repaired as necessary. Some chafe or surface damage to leather will be deemed to be normal wear and tear.

- The steering brake, if fitted, will function. It must be noted that a steering brake is not a "lock" and it is not designed to rigidly secure a wheel. Under pressure the wheel will turn. This is a normal design function.

- There will not be excessive play in any bearings.

b) The Chain and Cable:

- The steering cables will be taught and secure. All clamps, nuts, bolts and other securing devices will be in good condition.

- The chain will be clean and greased.

c) The Quadrant:

- The quadrant will be in sound condition.

- It will be secured to the rudderstock with no play in any direction.

SAILS

chafe will be repaired. Some weathering and cloth discoloration will be deemed to be normal wear and tear.

GRAPHICS & LOGOS

- All Navigare Yachting graphics and logos will be removed prior to handover. There can be visible signs of the previously applied graphic on the hull, stainless steel, mast or boom when the graphic is removed. This is because of minor colour change due to UV light and is deemed to be normal wear and tear.

a) Hull:

- Bow logos will be removed

- Aft logo will be removed

b) Deck:

- Navigare Yachting web site sign on both sides of the boom will be removed

- The Navigare Yachting horse shoe buoy cover will be removed

c) Mainsail and lazybag/stackpack:

- Navigare Yachting logos on the UV protection of the main sail will be removed or a patch of sail cover material will be stitched over the area where the logo was located

- Navigare Yachting logos on the lazyback/stackpack will be removed or a patch of sail cover material will be stitched over the area where the logo was located

- The sails will be in a sound condition in accordance with Navigare Yachting standards. According to the standard contract Navigare Yachting changes sails once in the contract period. It can be after the 3rd, 4th or even 5th season depending on the destination. This can also be agreed with the investor.

- Some weathering and cloth discoloration will be deemed to be normal wear and tear.

- Any chafe or damaged stitching will be repaired.

- Genoa UV covers will be in sound condition with no chafe.

- Lazybag/stackpack will be correctly installed, with a fit that is cosmetically pleasing. Damaged stitching or areas of

Investor

Navigare