

HOST VENUE AGREEMENT

# HOST VENUE AGREEMENT

BETWEEN

**VOLVO OCEAN RACE, S.L.U.**

AND

**THE DELIVERY PARTNER**

AND

**THE GUARANTOR**

AND

**THE ADDITIONAL VENUE GUARANTOR**

Confidential

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Guarantor	<b>Klaipėdos Miesto Savivaldybė</b> (Klaipeda City Municipality Administration) Liepų g. 11, 91502 Klaipėda Lithuania
Additional Venue Guarantor and Venue Guarantee	<p><b>Klaipėda Ship repair PIC AB</b> „Klaipėdos laivų remontas“ (Company code: 140355654) of Pilies g. 4, LT-91240, Klaipėda, Lithuania (the '<b>Additional Venue Guarantor</b>') hereby represents and warrants to VOR that it shall make available to VOR during the dates and for the purposes set out in this Agreement, with all necessary permissions, consents and licences and at no charge other than as may be expressly permitted in this Agreement, such parts of the Venue as are owned or controlled by it.</p> <p>The Additional Venue Guarantor also provides the warranty in relation to additional investments set out below.</p> <p>The Guarantor hereby represents and warrants to VOR that it owns or controls (and shall own or control throughout the Term) all parts of the Venue not covered by the foregoing warranty and that all such parts of the Venue shall be made available during the dates and for the purposes set out in this Agreement, with all necessary permissions, consents and licences and at no charge other than as may be expressly permitted in this Agreement.</p>

2.2. Where the Delivery Partner and the Guarantor are at the date of signature the same entity, such entity undertakes to appoint a suitably experienced Delivery Partner to deliver the Event by no later than 2 years prior to the earliest estimated Event date (or within ninety (90) days after final signature of this Agreement by all Parties, if later), provided that any appointment shall be subject to prior written approval by VOR (such approval not to be unreasonably withheld or delayed). Without limiting the effect of Clause 9 below:

2.2.1. upon appointment of a new Delivery Partner in accordance with this Clause 2.2, the Parties shall execute all documentation necessary to transfer all rights and obligations of the Delivery Partner under this Agreement to such new Delivery Partner; and

2.2.2. for the avoidance of doubt, unless and until such new Delivery Partner has been appointed, the Guarantor shall be responsible for meeting all of the obligations of the Delivery Partner as set out in the Agreement.

### 3. Bid Particulars

3.1. The following are the proposals relating to the Delivery Partner's bid in addition to the requirements of VOR set out elsewhere in this Agreement. All offers and proposals made by the Delivery Partner in the table shall be binding upon the Delivery Partner and Guarantor with effect from the date of final signature of the Agreement by all Parties (the '**Commencement Date**'):

Detail/Obligation	Proposal
Venue	Klaipeda Cruise Ships Terminal, located at 55°42'15"N 21°7'22"E
City	Klaipeda
Territory	Lithuania
Edition(s)	12th Edition 13th Edition (conditional upon and subject to VOR confirmation of 12 <sup>th</sup> Edition and/or 13 <sup>th</sup> Edition upon any

	execution of this Agreement by VOR)
Estimated date(s)	12 <sup>th</sup> Edition: May/June 2015 13 <sup>th</sup> Edition: May/June 2018
Hosting Fee and instalments	<p><u>12th Edition</u></p> <p>A total Hosting Fee of €1,000,000 shall be payable in instalments as follows:</p> <p>10% payable upon signature of this Agreement</p> <p>30% payable no later than 12 months prior to the Race Start;</p> <p>30% payable no later than 6 months prior to the Race Start; and</p> <p>30% payable no later than 3 months prior to the Race Start.</p> <p><u>13th Edition</u></p> <p>A total Hosting Fee of €1,000,000, increased in accordance with the Monetary Union Index of Consumer Prices ('<b>MUICP</b>') as calculated from the date of this Agreement until the date of actual payment, shall be payable in instalments as follows:</p> <p>10% payable upon signature of this Agreement</p> <p>30% payable no later than 12 months prior to the Race Start;</p> <p>30% payable no later than 6 months prior to the Race Start; and</p> <p>30% payable no later than 3 months prior to the Race Start.</p>
Race Village and Official Race Area Locations	<p>See Appendix A – Map/CAD Plan</p> <p>Race Area locations shall be determined at a later date by VOR, in consultation with the Delivery Partner.</p>
Other proposals (e.g. Value in Kind)	<p><u>Value in Kind</u></p> <p>The Guarantor shall provide to VOR, in respect of each Event, the budget relieving value in kind set out in, and subject to the terms of, Appendix D, to a minimum value of €167,000 (such value to be increased in respect of the 13<sup>th</sup> Edition in accordance with MUICP calculated from the date of this Agreement until the date of actual delivery).</p> <p>In the event that the actual value of the value in kind provided is less than that specified, a balancing payment shall be made by the Delivery Partner to VOR to account for such shortfall within 30 days following the Event. The Delivery Partner acknowledges and agrees that it shall not be entitled to any refund or other payment from VOR in the event that the actual value of the value in kind provided is more than that specified.</p> <p><u>Budget Contribution</u></p> <p>The Guarantor warrants and represents to VOR that it shall provide no less than €2,400,000 per Event by way of cash contribution to the Delivery Partner appointed in accordance with Clause 2.2 above, towards the cost of the Delivery Partner</p>

	<p>fulfilling its obligations under this Agreement (such sum to increase in relation to the 13<sup>th</sup> Edition in accordance with MUICP calculated from the end of the 12<sup>th</sup> Edition Race until the start of the 13<sup>th</sup> Edition Event Period).</p> <p><u>Team Commitment</u></p> <p>The Guarantor shall ensure that the Delivery Partner shall underwrite the cost of entry and participation of a team in each Race, to a value of €2,000,000 per Race (to be increased in accordance with MUICP in respect of the 13<sup>th</sup> Edition, calculated from the date of this Agreement until the date of the Race Start of the 13<sup>th</sup> Edition).</p> <p><u>Additional Investments</u></p> <p>The Guarantor warrants and represents to VOR that it shall ensure that no less than €5,600,000 in additional investments and developments shall be made as further set out in Appendix E, Part 1.</p> <p>The Additional Venue Guarantor warrants and represents to VOR that it shall spend no less than €16,500,000 on development of the Cruise Ships Terminal area as set out in Appendix E, Part 2.</p> <p><u>Additional Marketing</u></p> <p>The Guarantor shall, in addition to the commitments set out elsewhere in this Agreement, use its best endeavours to secure no less than €200,000 per Event in media spend for a campaign promoting the Event in Latvia, Estonia, Kaliningrad, Belorussia and the Baltic coast of Poland, targeting sailing communities, key business representatives and the general public, of a media value of no less than €520,000 per Event.</p> <p><u>Klaipeda Castle Jazz Festival</u></p> <p>The Guarantor shall ensure that the 'Klaipeda Castle Jazz Festival' is held in the City during at least one weekend during each Event Period and it shall form a part of the free public entertainment provided at no cost to VOR, with some events taking place in the Exhibition Area (the date(s), location, format and content of which shall be subject to VOR approval). The Guarantor shall ensure that the organizer of the jazz festival spends no less than €250,000 in staging each festival.</p> <p><u>Save the Baltic Sea Conference</u></p> <p>The Guarantor shall ensure the staging, at its cost, an International symposium/conference during each Event Period involving scientists, government officials, opinion leaders, key business representatives and artists. The goal of the initiative is to unite, compare, standardize, formalize and share the best practices and policies of the sea ecology from Scandinavian countries and apply them into the countries on the Eastern coast of the Baltic Sea.</p> <p>The Guarantor shall secure the attendance of the governments of Lithuania, Estonia and Latvia to initiate and organize the symposium.</p>
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**4. Approved Alternative Solutions (if any)**

4.1. The following amendments to the Agreement, as agreed by the Parties, shall apply:

Part and paragraph	Approved Alternative Solution
N/A	N/A

## 5. VOR Obligations

- 5.1 VOR shall organise, promote and stage the Race, and shall bring the Race to the City identified in Clause 3 above.
- 5.2 VOR shall bring the Race to the City approximately during the estimated dates set out in Clause 3 above. VOR shall confirm the exact start date of the Race to the Delivery Partner no later than 12 months before the start of the Race and shall provide no less than 12 months' notice of the Estimated Time of Arrival and the Leg Start Date. In the event of any change thereafter to the Estimated Time of Arrival, VOR shall notify the Delivery Partner as soon as practically possible. The Delivery Partner acknowledges that the Estimated Time of Arrival is dependent on weather routing and there is therefore an inherent risk of unanticipated changes.
- 5.3 **Schedule 1 (Rights & Benefits)** sets out in full the rights and benefits which will be provided by VOR to the Delivery Partner subject to the terms and conditions of this Agreement, including (by way of non-exhaustive summary):

**Hosting Rights and Benefits** – The right to host the Events at the Venue and to use the Designation.

**Use of Race graphic identity and Composite Race Trade Mark** – The right to use the graphic identity of the Race and to use and sub-licence the use of the Composite Race Trademark.

**Commercial Rights** – The right to develop a national/local sponsorship programme and appoint Stopover Sponsors; the right to operate a national/local corporate hospitality programme; ticket allocations in respect of the Leg Prize Giving Dinner, In-Port Race and Pro-Am Race day(s); hospitality at other venues during the Race; public catering and pouring rights; the right to order and distribute Premiums; the right to develop associated complimentary business activity during the Event Period; the right to stage pay ticket events in or near to the Race Village; and the right to charge VOR, Teams and other stakeholders for specified services.

**Media Rights** – The promotion of the City/Venue by VOR in its media production; the right to use Race Content; accreditation of a photographer; assistance in acquiring broadcast sponsorship and advertising airtime around Race programming; and the right to allocate advertising airtime on the Outdoor Screens within the Race Village.

**Commercial Branding Within the Race Village** – The allocation of Commercial Branding Space within the Race Village for use by the Delivery Partner and the Stopover Sponsors.

**Anti-ambush Programme** – The benefit of VOR's anti-ambush marketing programme.

**Event Benefits** – The right to host the various sailing and non-sailing events and exhibitions in the Race Village during the Event Period.

**Consultancy and Co-ordination Services** – Consultancy and co-ordination services provided by VOR in relation to the Events and marketing of the City as a stopover of the Race, workshop, conferences and Race start attendance.

**Link From VOR's Race Website to the Delivery Partner's Microsite** – The right to link between VOR's Race website and an Event microsite established by the Delivery Partner.

**Commemorative Book and Video** – The right to receive copies of a commemorative book and video of the Race.

**Post Race Research & Evaluation** - The right to receive a summary of the post-Race research and evaluation.

- 5.3 VOR shall provide the rights and benefits to the Delivery Partner in accordance with **Schedule 1 (Rights and Benefits)** which is hereby incorporated by reference in full into this Agreement and which shall come into force and be binding on the Parties from the Commencement Date.

## **6. Delivery Partner Obligations**

- 6.1 The requirements of the Delivery Partner are set out in full in **Schedule 2 (Operations Manual)**, **Schedule 3 (Information and Communications Technology (ICT) Manual)**, **Schedule 4 (TV & Radio Manual)**, **Schedule 5 (Communications & Marketing Manual)** and **Schedule 6 (Race Management Manual)**, as summarised non-exhaustively below:

- 6.1.1 **Schedule 2 (Operations Manual)** sets out the operational requirements relating to the Race Village and the Events, including:

**Race Village** - The general requirements applicable to the Race Village (comprising an Exhibition Area, a Team Area and On Water Areas). This Section deals with the minimum space requirements, CAD planning, waiver of berthing fees, free opening to the public, public viewing, amenities and services and requirements and restrictions concerning signage.

**Exhibition Area** - The specific requirements relating to the Exhibition Area. The Exhibition Area must be located adjacent to the Team Area (below) and will include sponsor tents, display stands, exhibition space, hospitality areas, cafes, bars, a stage area and merchandising space. This Section sets out the infrastructure and services required of the Delivery Partner within this area, including berthing requirements, entertainment equipment and facilities, space allocation, information points, public catering requirements and specific requirements relating to the Volvo Ocean Race Academy.

**Team Area** - The specific requirements relating to the Team Area. The Team Area will primarily be used by Teams for Yacht servicing and by VOR for Race organization, but shall also be open in parts to the public. This Section sets out the infrastructure and services to be provided by the Delivery Partner in the Team Area, including preparation and opening requirements; space, containers and furniture for the Teams' use; utilities; a shared sail loft and measurement area; forklifts; Yacht haul out and crane facilities; and a Team catering area.

**On-Water** – The specific requirements in relation to the on-water areas within the Race Village, including berthing and the Race Areas.

**Operational Infrastructure and Services** - The requirement to provide specified offices, facilities and services for Race organisation, Sponsors, medical support, the Media Centre and broadcast. This Section details the facilities and equipment to be provided by the Delivery Partner in relation to each of the offices.

**Events** - The requirements relating to all events specified to take place during the Event Period, including a City Reception, Arrivals, Volvo Ocean Race Academy, In-Port Race and prize-giving, the Pro-Am Race, Leg Start, Leg prize giving and dinner and any other agreed public activities.

**Project Management** - The obligations in relation to appointment of personnel for its Local Organising Committee ('**LOC**') and the tasks to be undertaken by the LOC, as well as additional services to be provided by the Delivery Partner concerning securing local government support and specified licences and to produce a Port Operations Manual.

**Outside the Race Village** - The infrastructure, facilities and services to be provided by the Delivery Partner which are outside the Race Village, including accommodation and logistical support.

- 6.1.2 **Schedule 3 (ICT Manual)** sets out the requirements relating to information communications and technology (ICT). This Manual details the ICT equipment and services to be provided in the Race Village, including two giant Outdoor Screens, PA and sounds systems, office requirements, internet access and inter-site connectivity.
- 6.1.3 **Schedule 4 (TV & Radio Manual)** sets out the requirements relating to the TV and radio offering. VOR may provide live production of the In-Port Race and Leg Start and the Delivery Partner is required to provide a Television Compound from which such broadcasts may be produced. The Manual also sets out additional equipment, facilities and services to be provided by the Delivery Partner, including helicopters, boats, containers, local labour and power supply.
- 6.1.4 **Schedule 5 (Communications & Marketing Manual)** sets out the requirements relating to press, communications and marketing. This Manual details the facilities, equipment and services to be provided by the Delivery Partner for the Media Centre and press conference area (which shall both be located within or adjacent to the Exhibition Area) and press boats, the requirement to produce and implement a Commercial and Marketing Plan and produce post-event statistics.
- 6.1.5 **Schedule 6 (Race Management Manual)** sets out the requirements relating to Race management. VOR has overall responsibility for all racing activities relating to the Race. This Manual sets out the facilities, equipment and services to be provided by the Delivery Partner to support the Race management of the In-Port Race, Pro-Am Race, Volvo Ocean Race Academy and Leg Start, including Race management vessels, flags and markers, facilitating customs and immigration approvals, liaising with relevant third parties and staffing.
- 6.2 The Delivery Partner shall fulfill each of its obligations and requirements set out in Schedules 2, 3, 4, 5 and 6 **at its cost and risk** (unless otherwise expressly stated), which obligations and requirements (as may be amended in accordance with Clause 6.3 below and/or otherwise by agreement between the Parties) are hereby incorporated by reference in full into this Agreement and which shall come into force and be binding on the Parties from the date of this Agreement.
- 6.3 VOR reserves the right to update the Manuals in Schedules 2, 3, 4, 5 and/or 6 from time to time upon reasonable written notice to account for changes in the requirements set out in any such Schedule to correspond with what would reasonably be required for an international sporting event of this scale and nature and the obligation set out in Clause 6.2 above shall apply to such Manuals as so updated.
- 6.4 The Delivery Partner shall comply (**at its own cost and risk**, unless expressly stated) with the obligations and restrictions regarding its exercise of the rights and benefits, as set out in **Schedule 1 (Rights & Benefits)** and **Schedule 7 (Standard Legal Terms)**.

## **7. Licences**

- 7.1 The Delivery Partner hereby grants to VOR a non-exclusive royalty-free licence to use and sub-licence:
  - 7.1.1 the City Logo (attached at Appendix B, as amended upon agreement between the parties from time to time); and
  - 7.1.2 the name and logo of each Stopover Sponsor (upon such Stopover Sponsor being appointed in accordance with **Schedule 1 (Rights and Benefits)**),

throughout the Term anywhere in the world for the purpose of advertising, marketing and promoting the Race and/or the Event in any medium, provided that VOR shall obtain the Delivery Partner's prior written approval (such approval not to be unreasonably withheld or delayed) for each generic use VOR intends to make of the City Logo; and thereafter in perpetuity in respect of non-

commercial and historical uses by VOR.

## 8. Standard Legal Terms

Schedule 7 (Standard Legal Terms) sets out the standard legal terms applicable to this Agreement. This includes provisions relating to confidentiality, compliance with applicable laws, On-Charging Restrictions, restrictions concerning the use of trade marks and use of Race Content, force majeure, liability, warranties and indemnities, insurance and termination. The Parties hereby agree to be bound by the Standard Legal Terms, which are hereby incorporated by reference into this Agreement.

## 9. Definitions

The rules of interpretation and definitions which apply to this Agreement are set out in Schedule 8 (Definitions and Interpretation), which is hereby incorporated by reference into this Agreement.

## 10. Hosting Rights Fee

10.1 **Hosting Rights Fee.** The Guarantor shall pay to VOR the Hosting Rights Fee set out in Clause 3 above (plus VAT where applicable, in accordance with Clause 10.2 below), in cleared funds, net of any deduction, set-off, charge, levy, withholding or other tax imposed in relation to the payment of the Hosting Rights Fee by the Guarantor, in the currency and installments set out in Clause 3 above, to such bank account as VOR shall advise.

10.2 **VAT.** The Hosting Rights Fee is expressed as exclusive of VAT (or equivalent sales tax) which, if applicable, VOR shall invoice and the Guarantor shall pay in addition in the manner and amount prescribed by law at the relevant time.

10.3 **Withholding Tax.** Without prejudice to Clause 10.1, VOR shall provide (at the Guarantor's cost) reasonable assistance as may be reasonably required by the Guarantor in respect of the recovery of any withholding tax deductible by law.

10.4 **Invoicing.** With the exception of any payment due upon signature of this Agreement, which VOR shall invoice on the date of this Agreement, VOR shall submit an invoice in respect of all subsequent payments at least 30 days before the date on which payment is due.

## 11. Guarantees

11.1 The Guarantor hereby irrevocably and unconditionally guarantees to VOR that in all respects the Delivery Partner shall (or any third party or parties to whom the Delivery Partner (or its successor) has assigned or transferred any of its rights, benefits or obligations in accordance with the terms of this Agreement) perform all of the Delivery Partner's obligations in accordance with the Agreement, whether financial, performance related or otherwise (the '**Guaranteed Obligations**').

11.2 The Guarantor undertakes to VOR that in the event that the Delivery Partner:

11.2.1 materially or persistently breaches any term of the Agreement; and/or

11.2.2 becomes unable to pay its debts when they fall due, becomes or is deemed insolvent, files a petition seeking any re-organization, arrangement, composition or similar relief, or takes any action of similar intent under any law regarding insolvency or relief for debtors, or makes an assignment for the benefit of creditors or similar undertaking, or has a receiver, manager, administrator, administrative receiver or similar officer appointed in respect of the whole or any part of its assets or business, or an order or resolution is made for its dissolution or liquidation (other than for the purpose of solvent amalgamation or reconstruction), or enters into liquidation whether compulsory or voluntary, or threatens to do any of the above,

the Guarantor shall forthwith perform such of the Guaranteed Obligations on behalf of the Delivery

Partner as the Delivery Partner has failed to perform and cause such of the Guaranteed Obligations to be assigned to the Guarantor.

- 11.3 Additionally, in the event that the Delivery Partner fails to meet a Key Milestone (see Paragraph 7.11 of **Schedule 2 (Operations Manual)**), or otherwise causes VOR in its reasonable opinion to consider that the Delivery Partner is likely to fail to meet one or more of its material obligations set out in this Agreement, VOR shall be entitled to require the Guarantor to perform any or all of the Guaranteed Obligations on behalf of the Delivery Partner and to cause such Guaranteed Obligations to be assigned to the Guarantor. Guarantor undertakes to comply with any request by VOR under this Clause 11.3 without delay.
- 11.4 Upon any assignment as referred to in Clause 11.2 or 11.3 above, the Guaranteed Obligations assigned shall at that moment become primary obligations of the Guarantor enforceable by VOR directly against the Guarantor. The Guarantor shall, where reasonably required by VOR, appoint a suitable third party (approved in writing by VOR, such approval not to be unreasonably withheld or delayed) to perform some or all of the Guaranteed Obligations on its behalf, subject to the terms and conditions set out in this Agreement.
- 11.5 The provisions of this Clause 11 are without prejudice to any other rights or remedies VOR may have and shall not be deemed to relieve or excuse the Delivery Partner or the Guarantor of any of their respective obligations under this Agreement.

## 12. Operational Budget

The provisional Operational Budget of the Delivery Partner in respect of each Event is attached at Appendix C. The Delivery Partner hereby undertakes to VOR that the Delivery Partner shall not spend less than the overall Operational Budget amount in relation to its requirements set out in this Agreement and/or promoting the Event, unless expressly approved in writing by VOR (at its absolute discretion). In the event that there is a budget surplus (an increase in the amount of income or decrease in the expenditure anticipated in the Operational Budget) the Delivery Partner shall consult with VOR in relation to how such surplus shall be allocated.

## 13. Warranties

- 13.1 The Delivery partner warrants and represents to VOR that all information it has provided in relation to its bid, the Venue and the City is correct and not misleading and specifically that:
- 13.1.1 all Yachts shall be capable of entering and exiting the Venue, the marina in the Exhibition Area and the Team Areas at all material times throughout the period from Arrivals until Departures;
- 13.1.2 there is and will remain throughout the Event Period a minimum water depth of 6 metres at all states of the tide and in all sea states throughout all of the Race Areas;
- 13.1.3 there is and will remain throughout the Event Period a minimum water depth of 5.5 metres and an air draft of 35 metres at all states of the tide and in all sea states from the open sea or harbour into the marina in the Exhibition Area, between the Exhibition Area to the Team Area and throughout the Team Area; and
- 13.1.4 the locations of the Race Village (including the On Water Areas), indicated by the Delivery Partner on the outline map or plan attached at Appendix A, shall be the locations of such areas for the Event,

in each case, unless an alternative solution is proposed and agreed by VOR in accordance with Clause 4 above.

- 13.2 For the avoidance of doubt, the warranty in Clause 13.1 above is provided in addition to the warranties provided in **Schedule 7 (Standard Legal Terms)**.

## 14. Refundable Deposit

14.1 The Guarantor shall, no later than the date of this Agreement deposit the sum of one hundred thousand Euros (Euros 100,000) per Event (the 'Refundable Deposit') into a bank account which VOR shall open and designate for this purpose, the details of which VOR shall communicate to the Guarantor, upon terms that:

14.1.1 The Guarantor shall not be entitled to be refunded any of the Refundable Deposit at any time (or any remaining portion of the Refundable Deposit as the case may be), until all of the Delivery Partner's and the Guarantor's obligations under the Agreement have been discharged and any disputes between the Parties relating to the subject-matter of the Agreement resolved. This provision shall survive termination or expiry of this Agreement;

14.1.2 VOR shall be made a sole signatory to the account, authorised, subject to the terms of this Clause 14 to withdraw all or any part of the Refundable Deposit;

14.1.3 VOR may withdraw all or such part of the Refundable Deposit as is referred to in this Clause 14.1, upon notice to the Guarantor in the event that the Delivery Partner and/or the Guarantor fails to comply with any of its obligations under the Agreement, provided that:

(a) the relevant Party shall first be given a reasonable period specified by VOR to remedy the failure (without prejudice to VOR's other rights and remedies);

(b) where the Delivery Partner fails to remedy an obligation to provide a product service or supply and where VOR is able to source and secure an alternative product, service or supply satisfactory to VOR and in accordance with any specifications agreed by the Parties, VOR shall first seek to secure such alternative and arrange for the Delivery Partner to be charged directly by the third party supplier;

(c) VOR shall use its reasonable endeavours to secure any such alternative product, service or supply wherever possible at a competitive market rate and provide the Delivery Partner written evidence of the proposed cost; and

(d) VOR shall not be entitled to withdraw any more of the Refundable Deposit than VOR has paid or shall be required to pay to secure such alternative product, service or supply, or to satisfy any outstanding payment obligations (including interest due), as applicable.

14.2 Upon all of the Delivery Partner's and the Guarantor's obligations under the Agreement being discharged and provided that any disputes between the Parties are resolved, VOR shall return to the Guarantor all or any remaining part of the Refundable Deposit and any and all accrued interest.

14.3 VOR's right to withdraw all or part of the Refundable Deposit in the circumstances set out in this Clause, shall be without prejudice to VOR's accrued rights as at the date of such withdrawal (including, without limitation, its right to recover all remaining losses, damages and expenses it may have incurred as a result of any failure by the Delivery Partner and/or the Guarantor to comply with any of its obligations under this Agreement).

## 15. Governing law

15.1 This Agreement shall be governed and construed in accordance with the laws of England and Wales and shall, subject to Clause 15.2, be subject to the exclusive jurisdiction of the English Courts. Nothing in this Clause 15 shall prevent either Party from seeking injunctive relief in relation to any dispute or difference arising in connection with the Agreement.

15.2 Any dispute, controversy or claim arising out of or in relation to the Agreement, or the breach, termination or invalidity thereof that cannot be amicably settled shall be finally settled by arbitration in accordance with the Rules of Conciliation and Arbitration of the International Chamber of Commerce as presently in force. The place of arbitration shall be London, England. The number of arbitrators shall be three and each shall be fluent in spoken and written English, which language shall be the language of the arbitration.

**In witness whereof** the Parties have executed this Agreement on the day first above written.

**VOLVO OCEAN RACE, S.L.U.**

**THE DELIVERY PARTNER**

.....

Name:

Title:

Witness:

Address:

.....

Name:

Title:

Witness:

Address:

**GUARANTOR**

**ADDITIONAL VENUE GUARANTOR**

.....

Name:

Title:

Witness:

Address:

.....

Name:

Title:

Witness:

Address:

Volvo Trademark Holding AB hereby confirms that VOR is entitled to use and grant the right to use the Composite Race Trademark and the Designation as set out and defined in this Agreement for the period set out in this Agreement. The Parties agree that Volvo Trademark Holding AB does not assume or owe any rights, obligations or duties towards the Delivery Partner or any other party by signing this Agreement.

**VOLVO TRADEMARK HOLDING AB**

.....

Name:

Title:

**This signature is for confirmation only. This will not constrain the operation in any way.**

**Appendix A – Annotated map/plan identifying the Race Village**

*[to be provided by Delivery Partner prior to signature]*

Appendix B – City Logo



## Appendix C – Operational Budget

Volvo Ocean Race Klaipėda - Operational Budget			
	BUDGET ITEM	COMMENT	AMOUNT (EUR €)
	<b>EXPENDITURE</b>		
<b>1</b>	<b>OPERATIONS</b>		
	<b>(i) Race Village: General</b>		
	Preparation of Race Village site	Including surface preparation, buildings, power, fencing, permit fees, equipment etc.	€ 20,000
	Services	Includes security, waste management, cleaning, public amenities etc.	€ 80,000
	Utilities	Electricity (including lighting) and water	€ 10,000
	Health & Safety		€ 20,000
	Commercial branding (production/installation of Delivery Partner's allocation)		€ 25,000
	Commercial branding (Installation of VOR allocation)		€ 5,000
	Venue Branding (production/installation)		€ 0
	Entrances / Gateways	According to the standard of the Race Village	€ 8,254
	Flagpoles		€ 10,000
	Hospitality Programme	Cost is offset by revenue	€ 0
	Environmental Conference	Cost is offset by revenue	€ 0
	Staff & Crew Catering Area	Already existing facilities	€ 0
	<b>(ii) Race Village: Exhibition Area</b>		
	Entertainment Infrastructure	Includes cost of screens, PA/sound systems and staging etc.	€ 125,000
	Entertainment content	Including costs associated with the Leg Finish, In-Port Race prize-giving and general entertainment during the stopover	€ 218,000
	Pay ticket events	Cost is offset by revenue	€ 0
	<b>(iii) Race Village: Team Area</b>		
	Preparation of Team Area site (including containers)		€ 25,000
	VOR/Team servicing (coordination)		€ 10,000
	Sail loft and sail measurement area (set-up)		€ 5,000
	Forklifts		€ 4,000
	Yacht haul out and crane facilities		€ 15,000
	<b>(iv) Race Village: On the water</b>		
	Berthing (pontoons)		€ 40,000
	Berthing (dredging as necessary to meet minimum water depth)		€ 0
	Race Management & TV/Press boats (including drivers/fuel)	As per VOR specification in Host Venue Agreement	€ 150,000
	Hospitality boats (Delivery Partner's hospitality programme)	Cost is offset by revenue	€ 0
	<b>(v) Operational Infrastructure &amp; Services</b>		
	VOR Event Offices		€ 30,000
	Car Parking	Cost is offset by revenue	€ 5,000
	Medical Centre		€ 8,000
	<b>(vi) Events</b>		
	Arrivals & welcoming ceremony	no additional expenditure - using entertainment infrastructure	€ 0
	Pro-am Race Day	no additional expenditure - using entertainment infrastructure	€ 0
	In-Port Race Day	no additional expenditure - using entertainment infrastructure	€ 0
	Leg Start (including departure ceremony)	no additional expenditure - using entertainment infrastructure	€ 0
	Previous Port leg start departure ceremony	no additional expenditure - using entertainment infrastructure	€ 0
	City reception		€ 30,000
	Leg Prize Giving dinner		€ 62,000
	<b>(vii) Project Management</b>		
	Offices		€ 5,000
	Staff		€ 300,000
	Medical Staff		€ 10,000
	Volunteer Programme		€ 25,000
	Schools project		€ 5,000
	CAD Plans		€ 5,000
	Insurance (public liability & professional indemnity)		€ 20,000
	Administration (including legal and finance)		€ 35,000
	<b>(viii) Outside the Race Village</b>		
	VOR Accommodation		€ 30,000
<b>2</b>	<b>INFORMATION, COMMUNICATIONS &amp; TECHNOLOGY (ICT)</b>		
	Technology/IT Infrastructure	provision of landlines, high speed internet connectivity	€ 70,000

Volvo Ocean Race Klaipeda - Operational Budget			
	BUDGET ITEM	COMMENT	AMOUNT (EUR €)
3	TV		
	TV compound, infrastructure & facilities	According to Host Venue Agreement	€ 50.000
	Local labour	According to Host Venue Agreement	€ 5.000
	Helicopter (for TV & Press)	According to Host Venue Agreement	€ 42.000
4	COMMUNICATIONS & MARKETING		
	PR & Marketing		€ 650.000
	Media Centre (including Press Conference room set-up/operation)		€ 50.000
	Event research/monitoring		€ 25.000
5	RACE MANAGEMENT		
	VOR Try Sailing (including daily minimum of 5 instructors)		€ 10.000
	VOR Race Academy		€ 15.000
	<b>TOTAL</b>		<b>€ 2.266.264</b>
	CONTINGENCY	10% of expenditure	€ 225.525
	<b>TOTAL OPERATIONAL EXPENDITURE (INCLUDING CONTINGENCY)</b>		<b>€ 2.480.779</b>

Budget to be increased in accordance with MUICP in respect of the 13<sup>th</sup> Edition, calculated from the end of the 12<sup>th</sup> Edition Race until the actual date of such expenditure.

## Appendix D - Value in Kind

VIK	Details	Minimum Value
Freight	In the event that VOR does not have a centralized shipping and logistics provider, or that such services do not otherwise conflict with VOR's arrangements, free of charge transportation of VOR freight and team bases from a European destination to Klaipeda (based on estimate of 50 units of 40' containers).	€50,000
Space and Services	Subject to VOR, Race Sponsors and/or Team Sponsors requiring the same, additional VOR space and Race Sponsor and Team Sponsor space (see Paragraphs 2.4.2 and 2.4.3 of Schedule 2), together with space for the Official Merchandise Shop (see Paragraph 2.4.4 of Schedule 2), together with power, water and electricity, will be provided free of charge to a value of €117,000.	€117,000
<b>TOTAL MINIMUM VALUE:</b>		<b>€167,000</b>

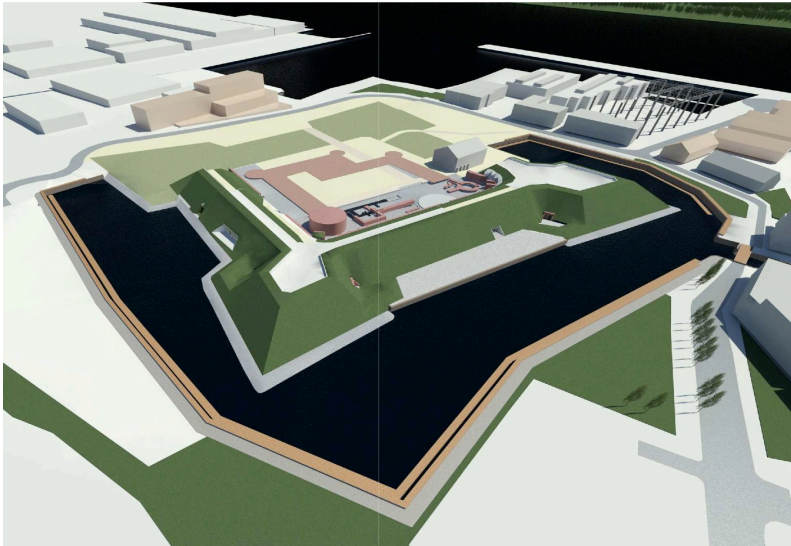
## Appendix E - Additional Investments

### Part 1 – Investments Guaranteed by the Guarantor

#### 1. Klaipeda Municipality renovation of Klaipeda Castle

Klaipeda Municipality already planned investments into Klaipeda Castle public territory development. These territories are adjusting to the proposed Volvo Ocean Race Venue place and significantly improve quality of event and could be used for VOR.

The first stage of the project includes: restoring of Klaipeda Castle bastion, tearing down two industrial buildings, cleaning and developing Castle yard and all surrounding area. This stage is planned for 2012-2013 – investment of no less than **1M EUR**.



The second stage includes: rebuilding Klaipeda Castle bastion, restoring of the Old Warehouse for conferences and seminars (800 m<sup>2</sup>), building all necessary infrastructure (electricity, lighting, water, communications) for public events in the former Castle area. The stage planned for 2013-2015 – investment of no less than **3,7 M EUR**, partly financed by EU funds.



#### 2. State enterprise Klaipeda State Seaport Authority's reconstruction of quays 43-45

The extensive reconstruction of quays No 43 - 45 on which the Race Village is located. This reconstruction will be carried out throughout 2013 - 2014 and, as a material condition of this Agreement, shall be completed by no later than 2014. The investments of the reconstruction works comprise no less than **0,9M EUR**.

## Part 2 – Investments Committed by the Additional Venue Guarantor

### SC “Klaipeda Ship Repair” investment in the Cruise Ships Terminal

An investment of no less than **16,5 M EUR** in to Cruise Ships Terminal territory. The project called “Dane Gallery” will be implemented in 2013-2015 and includes buildings for offices with over 5000m2 area.

