

TOKYO SANNO LAW OFFICE

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ESCROW SERVICES

We Safeguard your 10% Deposit in Ship Sale Transactions.

TOKYO SANNO LAW OFFICE

Greetings

For years, TOKYO SANNO LAW OFFICE has been rendering legal services for marine vessel transactions. In the field of ship sale-purchase transactions, business practice has already been internationally established, and the transaction is typically proceeded as follows:

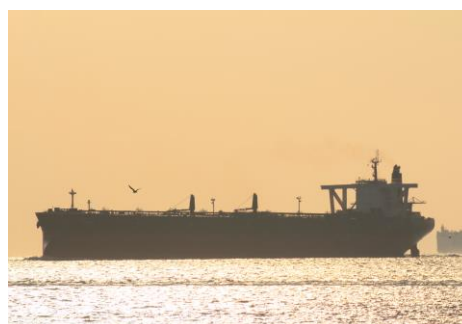
- Inspection of the target vessel (the "Vessel"),
- Negotiation of terms of sales,
- RECAP,
- Lifting of subjects,
- Signing of Memorandum of Agreement ("MOA") for the Vessel,
- Opening of joint accounts for the seller and the buyer of the Vessel,
- Credit of 10% Deposit,
- Diver's inspection immediately prior to the delivery of the Vessel,
- Confirmation of amount and condition of the residual oil in the Vessel, and
- Delivery of the Vessel upon payment of the remaining amount of the purchase price.

Recently, however, as a part of strengthened countertmeasures against money laundering and money transfer for terrorism purposes, it has become difficult to open new joint accounts, and measure alternative to joint accounts is eagerly coveted.

Escrow service for 10% Deposit is one of the solutions; a neutral, fair and reputable third party, an escrow agent, shall hold and safeguard the 10% Deposit and disburse the same in compliance with the provisions under the MOA.

TOKYO SANNO LAW OFFICE has been providing such escrow services for holding and safeguarding the 10% Deposits.

Escrow is such system that a neutral third party temporarily holds a certain amount of money, and at the stage of title transfer, disburses and pays such money to the seller, upon the submission of title transfer documents, such as Bill of Sale, Protocol of Delivery and Acceptance and other documents and letters upon which the seller shall deliver the Vessel to the buyer under MOA.



Our History

- 1997 Foundation of "YAMAGUCHI & NAGAHAMA" law office by Nobuto Yamaguchi, Esq., a partner of Braun Moriya Hoashi & Kubota, a prominent law office in the field of maritime law, banking corporation law and international law, and Takashi Nagahama, Esq., one of the major members of Matsuo & Kosugi.
- 2003 Merger with Mizuno Law Office, and change of the office name to "YAMAGUSHI, NAGAHAMA & MIZUNO".

1 . Form of Agreements

An escrow agreement among the seller, the buyer and attorneys of TOKYO SANNNNO LAW OFFICE (primary attorney and back up attorneys) shall be executed, whereby the seller and the buyer agree and appoint the attorneys as escrow agents, and the attorneys of TOKYO SANNO LAW OFFICE accept such appointment and agree to act as escrow agent. Attorneys of TOKYO SANNNNO LAW OFFICE shall, as a third party completely neutral, fair and impartial, hold and safeguard the Deposit. As security against accidents to primary attorney, back up attorneys shall stand by to fulfill the mission as escrow agents. Escrow agents shall act in compliance with the MOA and the escrow agreement.

2 . Terms and Conditions for Holding

Terms and conditions for holding the Deposits are:

- (1) our confirmation of execution of MOA by the seller and the buyer;
- (2) our receipt of duplicate copies of passports of the signers of the seller and the buyer;
- (3) presentation by the seller and the buyer to us of (i) goodstanding and (ii) certificate of authorization, such as minutes of board of the directors/ general meeting of shareholders (as the case may be), of the seller and the buyer; and
- (4) execution of an escrow agreement, by and among the seller, the buyer and attorneys of TOKYO SANNNNO LAW OFFICE (primary attorney and back up attorneys).

3 . Protect the Deposits

The Deposit will be held in the trust account of TOKYO SANNO LAW OFFICE, opened solely for your Deposit.

4 . Payment of Deposits

- (1) If the PDA is duly signed and the Vessel is delivered to the buyer, the Deposit shall be paid to the seller, together with interest, if applicable, pursuant to the provisions of MOA.
- (2) In the event that the PDA is not signed on or before the cancellation date (such date designated in the MOA) or disputes arise between the seller and the buyer, payment shall be made in compliance with the fixed final arbitration award or a written agreement regarding the payment of the Deposit executed by the duly authorized signers of the seller and the buyer.

5 . Attorney's Fee

Fee for our escrow service shall be US\$3,000.- per Deposit to be held, plus consumption taxes at the rate then applicable, payable in advance. Bank charges, lifting charges and remittance charges are included in such US\$3,000. If we are requested to travel beyond the border of 23 special wards of Tokyo, (estimated) travel expenses shall be payable additionally in advance. Provided, however, if disputes arise between the seller and the buyer, and the payment is to be made in compliance with the fixed final arbitration award or a separate written agreement (See Clause 4(2) above), additional fee (from USD 1,000 to USD 3,000, the amount shall be determined in each individual case) shall accrue and be payable to us upon request.

Office Information

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(Admitted by Daiichi Tokyo Bar Association)