

KERIKERI CRUISING CLUB INCORPORATED

Kerikeri Cruising Club Marina,
Doves Bay, Opito Bay Road
KERIKERI

INVESTMENT STATEMENT

- relating to -

the offer of berth licences at the
Doves Bay Marina, Opito Bay Road, Kerikeri

This investment statement is dated 12 June 2003 and
is prepared for the purposes of the Securities Act 1978

Tell the adviser what the purpose of your investment is. This is important because different investments are suitable for different purposes.

- If an investment adviser receives any money or assets on your behalf, he or she must tell you in writing the methods employed for this purpose.
- If an investment adviser has any conviction for dishonesty or has been adjudged bankrupt, he or she must tell you this in writing; and

In addition:

You are strongly encouraged to request that statement. An investment adviser commits an offence if he or she does not provide you with a written disclosure statement within 5 working days of your request. You must make the request at the time the advice is given or within 1 month of receiving the advice.

- Whether the adviser will receive a commission or other benefit from advising you.
 - Whether the advice is limited to the investments offered by one or more particular financial organisations; and
 - Whether the adviser gives advice only about particular types of investments; and
- You have the right to request from any investment adviser a written disclosure statement stating his or her experience and qualifications to give advice. That document will tell you:

Choosing An Investment Adviser

In addition to the information in this document, important information can be found in the current registered prospectus for the investment. You are entitled to a copy of that prospectus on request.

What sort of investment is this? 3

Who is involved in providing it for me? 4

How much do I pay? 7

What are the charges? 9

What returns will I get? 11

What are my risks? 13

Can the investment be altered? 17

How do I cash in my investment? 18

Who do I contact with enquiries about my investment? 19

Is there anyone to whom I can complain if I have problems with the investment? 20

What other information can I obtain about this investment? 21

When deciding whether to invest, consider carefully the answers to the following questions that can be found on the pages noted below:

Choosing An Investment

Investment decisions are very important. They often have long-term consequences. Read all documents carefully. Ask questions. Seek advice before committing yourself.

(The information in this section is required under the Securities Act 1978)

IMPORTANT INFORMATION

What sort of investment is this?

Overview

This investment statement details an offer by Kerikeri Cruising Club Incorporated (the "Club") to its members for an opportunity to subscribe for berth licences in respect of 78 new berths being constructed at Kerikeri Cruising Club Marina, Doves Bay, Opito Bay Road, Kerikeri (the "Marina").

If you are not a member of the Club, you are still welcome to subscribe for a berth licence in respect of one of the berths but it is a condition of allotment that you first become a member of the Club.

The Berth Licence - A Brief Description

A berth licence will entitle you to use berthing facilities for a specified marina berth in the Marina, together with access rights to the common waterways, pathways and areas in the Marina, such as car and trailer parking, walkways, pontoons, jetties and fenders, and the use of all Marina services, utilities and facilities in common with other Marina occupants and the Club. For a further description of the Marina and the services and facilities offered see "Who is involved in providing it for me?" on page 4.

Payments

In order to obtain a berth licence you will be required to pay a licence payment, which is described under "How much do I pay?" on page 7.

While you hold a berth licence you will be required to make regular payments for the use of the berth and common areas and facilities, which is described under "What are the charges?" on page 9.

Term Of Licence

The berth licences are issued for a term which commences on the practical completion of the berths, as determined by the Club, or the execution of the berth licence by the subscriber and the Club, whichever is later, and expires on 21 September 2018, being the last working day before the expiry of the original coastal permit in respect of the Marina. You are not entitled to any compensation upon the expiry of the term of the berth licence.

Nominated Boat

You must nominate a boat to use your berth in terms of your berth licence. In all cases you must be the beneficial owner of that boat. The nominated boat must conform, including all spars and fittings, to the maximum dimensions of the berth the subject of the berth licence.

Recreational Purposes

Your berth must only be used for recreational purposes. However, in some circumstances the Club may allow your berth to be used for commercial purposes.

Transfer Of Berth Licence And Returns

Your berth licence is transferable. However, it may only be transferred in accordance with the terms of the berth licence. Please see "How do I cash in my investment?" on page 18. When you transfer your berth licence you may receive a return on your investment. Please refer to "What returns will I get?" on page 11.

Visitors' Berth Pool

The Club currently operates a visitors' berth pool. If you are not using your berth you may advise the Club accordingly and request that the Club include your berth in the visitors' berth pool. The Club will from time to time allocate berths forming part of the visitors' berth pool to visiting boats. For further details please see "What returns will I get?" on page 11.

The Club can be contacted at its registered office, c/- Horwath Poutama Arden Limited, 1st Association.

The Club was established in 1935 and has a proud history, producing some of New Zealand's finest sailors. As at the date of this investment statement the Club has approximately 577 members. The Club is a member of Yachting New Zealand and the Marina Operators Association.

The owner of the Marina and the manager of the Marina Scheme, as defined in the Securities Act 1978, is the Club.

Doves Bay Marina – Owner

For a description of the Marina, to which the Marina Scheme relates, see the heading "Doves Bay Marina" on page 5.

The Marina Scheme is the development, management and ongoing operation of the Marina, including, without limitation, the provision of associated and ancillary services incidental to the operation of the Marina and the issue of not more than 186 berth licences to the public. The Marina Scheme operates without profit for the benefit of all berth licence holders. The terms of the berth licence reflect this.

The name of the Marina Scheme is the "Doves Bay Marina Scheme". The Marina Scheme commenced on 23 November 1994 and has operated continuously since that date.

Doves Bay Marina Scheme

Who is involved in providing it for me?

- **Financial Statements.** Audited financial statements for the Club and the Marina's management company, Kerikeri Cruising Marina Limited (the "Company"), are also available. The consolidated financial statements of the Club and the Company set out the historical financial position of the Marina Scheme. The Marina Scheme is described below under the heading "Doves Bay Marina Scheme".
- **Prospectus.** This statutory disclosure document contains detailed information, statements and all matters which are required to be included in the document by the Securities Act 1978, Securities Regulations 1983 and Third Schedule to the Securities Regulations 1983. It provides more detailed information on your investment than this investment statement.
- **Deed Of Participation.** This document, as amended, contains formal covenants and agreements by the Club to ensure that the Marina is run in accordance with the promises made to you. These covenants and agreements are made in favour of the statutory supervisor of the Scheme, TOWER Trust Limited ("the Statutory Supervisor"), for the benefit of all berth licence holders.
- **Berth Licence Rules.** These rules set out your day to day obligations in respect of your berth and use of the common areas and facilities. The berth licence rules are attached to and form part of your berth licence.
- **Berth Licence.** The berth licence sets out the main terms relating to your use of a nominated berth and the common areas and facilities. A berth licence creates contractual rights only between yourself and the Club.

While your rights and obligations as a berth licence holder are generally described in this investment statement, other important documents that are relevant to your investment include:

The Marina provides berth licence holders with access to power, water, sewage pump, diesel pumping, rubbish containers, waste oil disposal, dinghy storage and car and boat trailer

the Club.
Development of the existing Marina commenced in November 1994 and was completed in December 1996 at the cost of \$2,028,902. The existing Marina is adjacent to the Clubhouse and comprises a floating breakwater/pier, two floating piers and associated piles, fenders, jetties and gangways, providing 108 berths. All of the 108 berths are licensed to members of

The Existing Marina

The Marina is situated off Opito Bay Road, Kerikeri and overlooks Doves Bay and Appletree Bay in the Kerikeri Inlet. Access to the Pacific Ocean is provided through the Kerikeri Inlet. The Marina is situated in the Bay of Islands, one of New Zealand's pre-eminent yachting and pleasure cruising locations.

Doves Bay Marina

The Statutory Supervisor takes no responsibility for the contents of this investment statement or the merits of the berth licences offered. Further, the Statutory Supervisor does not guarantee the repayment of any money paid or payable by you under the berth licences or any interest thereon.

The Club has granted to the Statutory Supervisor a first ranking charge over the Marina and a first ranking encumbrance over the Club's land at Opito Bay Road, Kerikeri so as to better secure the Club's obligations to the Statutory Supervisor and licence holders under the Deed of Participation.

The Statutory Supervisor's duties are set out in the Deed of Participation between the Club and the Statutory Supervisor dated 20 December 1996, as amended by a Deed of Variation to Deed of Participation between the same parties dated 3 June 2003 (together, the "Deed of Participation"). Briefly, it is the Statutory Supervisor's responsibility to oversee the Marina Scheme on behalf of all berth licence holders and to ensure that the Club meets its obligations to them.

The Statutory Supervisor can be contacted at Level 12, TOWER Centre, 45 Queen Street, PO Box 4197, Auckland Central. This is the Statutory Supervisor's principal place of business.

accordance with the provisions of the Securities Act 1978.
limited, has been appointed the statutory supervisor of the Marina Scheme by the Club in TOWER Trust limited, formerly The Trustees Executors and Agency Company of New Zealand
Doves Bay Marina – Statutory Supervisor

The registered office of the Company is c/- of Horwath Poutama Ardern Limited, 1st Floor, 9 Hobson Avenue, Kerikeri or by post to PO Box 181, Kerikeri. The Company can be contacted at its principal place of business, being the Marina Office, Doves Bay Marina, Opito Bay Road, Kerikeri.

The Club has appointed the day-to-day management functions of the Marina. The Company is a wholly owned subsidiary of the Club. The Company deals with the day-to-day administration and operation of the Marina on the Club's behalf.

Doves Bay Marina – Manager

The Securities Act 1978 deems the Club to be the promoter of the Scheme.

Floor, 9 Hobson Avenue, Kerikeri, or by post to PO Box 181, Kerikeri. You may also contact the Club at its principal place of business, being the Clubhouse, Kerikeri Cruising Club, Opito Bay Road, Kerikeri.

All appropriate resource consents and coastal permits have been granted to the Club for the above work. In accordance with these permits and consents the Club has lodged with the Bank of New Zealand developers bonds in the amount of \$210,000. The Northland Regional Council may require that the bonds be paid to it by the BNZ in the event the Club fails to perform its obligations under the resource consents or coastal permits, namely the completion of the Marina expansion.

relocated as part of the development, at the Coast Guard's expense.

In its intended that the Coast Guard floating dock platform in the Marina will also be

- The construction and use of a boat wash-down pad and ancillary winch house.
 - The reclamation of 3,200m² of foreshore (including the construction of a rock lined seawall) so as to enable the construction of an additional 48 car and boat trailer parks (more or less) and vehicular access to the boat ramp and sand beach; and
 - The installation of utility services, including electricity and water in the new Marina structures;
 - The removal of an existing boat ramp and construction of a new boat ramp, a sand beach for launching and retrieving centreboard yachts and an associated rock retaining wall;
 - Relocation of the existing floating breakwater/pier and the addition along its southern end of a wave break pier;
 - Construction of two floating marina piers and associated fingers, jetties and gangways so as to provide an additional 78 berths;
 - Dredging approximately 8,500 m³ of material from the foreshore and seabed for the purposes of extending the existing Marina basin and providing access to a boat ramp;
- As at the date of this investment statement the further development of the Marina is expected to include:

Planned Extension

The Club believes that there is significant demand in the Bay of Islands area for additional marina berths. In 1998 the Club, at the direction of the existing berth licence holders, began considering the expansion of the Marina. In 2002 the plans for the expansion of the Marina were finalized and the Club embarked on a plan to extend the existing Marina by adding a further 78 berths. Once the further development of the Marina is complete the Marina will have 186 berths in total.

The on shore Marina facilities and Clubhouse are situated on approximately 3.7890 hectares of land, which is owned by the Club.

The initial 108 berth licences were allotted by the Club in respect of the existing Marina berths in late 1994. However, due to construction delays, the berth licence holders did not take up occupation of their berths until November and December 1996.

A Coast Guard docking platform was added to the Marina in 2002.

parking. On shore facilities include the Clubhouse, Marina Office, toilet, shower and laundry facilities. Two baches are also owned and let by the Club. A landscaped area is currently available for the rigging of centreboard yachts and ramps are provided for their launching.

The Club reserves the right to alter the nature and scope of the further development of the Marina. Any such alteration is subject to approval by the Statutory Supervisor and the obtaining of all necessary variations to coastal permits and resource consents.

Construction Progress

The Club currently estimates that the cost of developing the Marina in accordance with the above plans as being \$3,150,000 including GST. Following a tender process, the Club identified two principal contractors to undertake the majority of the above work.

The Club has appointed McBrean Jenkins Construction Limited to undertake the civil construction work associated with the expansion of the Marina, including demolition of the existing boat ramp and construction of the new ramp, dredging of the Marina basin, placing pier abutments and settling tanks, installation of utilities and drainage, reclamation and armouring of the seawall and completing the car and trailer parking area. McBrean Jenkins Construction Limited is undertaking this work for a lump sum price, being \$639,181 including GST.

Bellingham Marine New Zealand Limited has been appointed by the Club to undertake the construction of the floating structures necessary for the expansion of the Marina, including piling, construction of the piers, fingers and gangways, relocation and extension of the breakwater/pier and finishing off of the new berths. Bellingham Marine New Zealand Limited is also undertaking the work on a lump sum price basis, being \$1,601,184 including GST.

While no work retention sums have been provided for in the contracts, both contractors are providing bonds in respect of their respective contract works of 10% of the contract price for their work. Both contracts include a \$50,000 contingency sum. The contractors are required to take out insurance in respect of their respective contract works, public liability and statutory liability. The contracts do not provide for liquidated damages for late completion.

Other minor contractors, for example, for landscaping of the reclaimed land, will be appointed by the Club as construction of the Marina expansion continues.

A supervising engineer has been employed by the Club to oversee the Marina extension.

On site civil works, including dredging and reclamation, and off site construction of the floating structures commenced in mid April 2003. It is expected that the breakwater/pier will be moved in late June to July 2003 at which stage the two new piers will be assembled and piling completed. The landfill reclamation will continue over this period. Finishing the channel, sealing the car and trailer park, landscaping and planting of the reclaimed land will take place when the fill has consolidated. This is expected to be in December 2003.

How much do I pay?

Payment For A Berth Licence

In order to use a berth you must enter into a berth licence with the Club and pay a "licence payment".

Licence Payment

The licence payment will vary regard to the size and location of the berth which is the subject of your berth licence. As at the date of this investment statement the licence payments are as follows:

You will be required to pay part of the licence payment upon application as a deposit. You should agree this amount of the deposit with Mr Woods on behalf of the Club at the time of application. The deposit may not be less than 10% of the licence payment. The Club may require payment of the entire licence payment as a deposit.

Timing Of Payments

If your application is not accepted, any moneys paid by you will be returned by way of cheque.

Please note that in accepting applications the Club will give priority during the first thirty (30) days from 10 June 2003 to those subscribers who have contributed to the Club's preliminary expenses in relation to the Marina expansion.

The Club may accept your application by completing and forwarding to you a notice of acceptance of application. Generally this will be provided within ten (10) working days of the Club receiving your application.

Applications are accepted at the discretion of the Club. The Club reserves the right to refuse any application and need not provide reasons for such refusal.

Confirmation Of Investment

Your completed application form, together with your cheque for all or part of the licence payment, see "Timing of Payments" and "Method of Payments" below, must be delivered or posted to the Club. The Club's address is identified on page 5.

Once you have decided on which berth you wish to purchase a berth licence for, you will need to complete an application form. The application form, including the terms and conditions of application, is attached to the back of this investment statement.

Method Of Application

The licence payment payable by you will be determined at the time you apply for a berth licence and may differ from the indicative figures provided above. You should confirm with the licence payment payable by you for a berth licence in respect of the berth in which you are interested at the time of application. To this end you should contact Mr Woods on behalf of the Club.

The licence payment is inclusive of GST, if any. No interest is payable on the licence payment by the Club.

The above licence payments are for single-hull berths. Berth licences for multi-hulls will be priced on application. If you wish to apply for a berth licence for a multi-hull, then you should contact Pete Woods on behalf of the Club. Mr Woods contact details are set out at "Who do I contact with enquiries about my investment?" on page 19.

Berth Size (meters)	Number Available	License Payment
12	39	\$33,000
14	23	\$42,000
16	8	\$52,000
18	2	\$61,000
20	5	\$72,000
25	1	\$102,000

The Marina operating expenses generally comprise all costs and charges paid or payable by the Club in the management, supervision and the operation of the Marina. Those costs include the usual items of marina operation such as rates, insurance, utility charges, running costs and the costs of general repairs and maintenance of utilities, services and the Marina generally, maintaining Marina equipment, cleaning costs, rubbish disposal costs, administration and security costs, professional costs, including legal, accounting, audit and Statutory Supervisor

Operating Expenses

Together with all other licence holders you must contribute to the Marina operating expenses. The Club may review the annual fee payable by you and all other licence holders from time to time.

The balance of the licence payment, if any, is to be paid in instalments over the term of construction of the Marina expansion. The amount and timing of such instalments will be determined by the Club. You must pay each instalment immediately upon receipt by you of written notice from the Club that an instalment of the licence payment in the nominated amount is required to meet the Club's obligations in respect of the Marina expansion.

Annual Fee

You must pay an annual fee to the Club by instalments in the amount and at the time payable by you as a berth licence holder is \$500 plus GST, if any. The annual fee is currently payable by half yearly instalments in advance. All berth licence holders currently pay the same annual fee.

What are the charges?

The charges that you may be required to pay as a berth licence holder are summarized below and set out in full in the berth licence.

If you have previously made an unsecured advance to the Company in respect of the Marina expansion, such unsecured advance will be credited from the Company to the Club towards payment of your deposit and licence payment.

Execution Of Berth Licence

Once your application has been accepted, you will need to execute a berth licence with the Club. The Club will arrange for execution of the berth licence with you or your solicitor, as indicated on your application form.

Previous Advances

Upon receipt of your cheque by the Club, it will forward the same to the Statutory Supervisor. Your funds will be held by the Statutory Supervisor in its trust account at Auckland until your application has been accepted by Club, at which time the funds may be used by the Club for the Marina expansion.

Your cheques should be delivered or posted to the Club. The cheque for your deposit must be accompanied by your completed application form.

Method Of Payment

You must pay the deposit and balance of the licence payment to the Statutory Supervisor, for the account of the Club. The Club recommends you pay by cheque for ease of handling. Please make all cheques payable to "TOWER Trust Limited for Kerikeri Cruising Club Statutory Supervisor's Trust Account".

If you require more permanent or regular use of such utilities and facilities, the Club will be entitled to charge such a sum as it considers appropriate for the use of the same. This cost common with all other berth licence holders but on an occasional basis only.

Use Of Utilities And Facilities

You may use water, power and other utilities and facilities forming part of the Marina in As a berth licence holder you are responsible for the cost of providing, attaching, repairing and replacing all mooring lines for your berth from time to time in accordance with the instructions of the Club. This cost cannot be quantified in this investment statement.

Mooring Lines

If it is determined by the Club that the funds held in the refurbishment account are not sufficient or it is not appropriate to use those, then the Club may levy all licence holders the amount required to undertake such work. You must pay your proportionate share of the costs based on the proportion that your licence payment (adjusted for inflation) bears to the total of all licence payments for all berth licences issued in respect of the Marina Scheme.

As part of the operating expenses you contribute to a refurbishment account to cover prospective repairs, renovations, works, replacement and maintenance of a substantial but infrequent or irregular nature in respect of the Marina structures and services. The refurbishment account is held by the Statutory Supervisor.

Refurbishment

As at the date of this investment statement the operating expense charge for each licence holder is \$500 plus GST, if any, per annum.

Amount Of Operating Expenses

At the end of each financial year the actual Marina operating expenses will be determined and reconciliation made between the actual and estimated Marina operating expenses paid by you and each licence holder. Any excess payment will be credited to the succeeding year's operating expense payments and any shortfall will be payable on demand by the Club.

The Club may from time to time alter the method of calculating the berth licence holder's liability in respect of the operating expenses. The Club must give you notice of such a change. The new method of calculation will not take effect until the commencement of the next financial year of the Club.

Please note that the Club may adjust the amount of operating expenses payable by licence holders so as to ensure that each licence holder pays such proportion as the Club determines is fair and reasonable.

The payment procedure is for an estimate of the Marina operating expenses to be made for the forthcoming financial year by the Club. You and every other berth licence holder then pays an amount equal to the estimated operating expenses divided by the number of berths in the Marina for which berth licences have been issued.

Calculation Of Operating Expenses

In the event that any of the operating expenses are not incurred solely in respect of the Marina, the Club will make an apportionment of the operating expenses so that a fair proportion of that operating expense will be attributable to the Marina

fees, all licence, consent and permit costs relating to the Marina, a management fee charged by the Club and a refurbishment contribution charge to be placed in a refurbishment account (please see "Refurbishment Levy" below for further details about the refurbishment account).

Secondly, you are investing in a recreational lifestyle and will enjoy the benefits, facilities and services associated with the use of your nominated berth at the Marina. These benefits are not quantifiable in financial terms.

The Club is unable to promise or guarantee to you a specific amount of returns when you transfer your berth licence. For details about how you transfer your berth licence to another person please see "How do I cash in my investment?" on page 18.

You may, in certain circumstances, share in any returns generated by the visitor's berth pool where you have contributed to the same. For further details please see the heading "Visitors' Berth Pool Payments" on page 12.

Firstly, there is the financial investment you make by purchasing your berth licence. This is not a traditional investment where you generally receive financial returns on your investment. You must remember that the Marina Scheme is operated by the Club on a not for profit basis.

There are two components to your investment in a berth licence for a berth at the Marina.

Overview Of Returns

What returns will I get?

- Your own legal, consultant or similar costs in respect of your berth licence;
- The Club's costs of granting any consent or waiver to you under your berth licence or amending your berth licence at your request;
- The cost of maintaining your boat in a proper manner while it resides in the Marina;
- The cost of insurance of your own boat, craft and all other property owned or brought by you onto the Marina or your invitees. You must maintain full insurance against loss or damage by fire, explosion, storm, typhoon, earthquake, accidental damage, burglary, Act of God and all other insurable maritime risks; and
- Any other costs as may arise from time to time under your berth licence.
- The cost of maintaining your Club membership.

In addition to the above, you are also liable for the following costs:

Other Costs

The indemnity covers such matters as the cost of any excess paid by the Club on any insurance claim in respect of Marina occasioned by you.

As a berth licence holder you indemnify the Club against all losses, expenses, liability, claims and costs incurred by the Club arising as a result of you defaulting in the performance of your obligations under your berth licence. You are responsible for your family and invitees' while they are within or near the Marina.

Indemnity

You are required to pay interest to the Club at that rate which is 4% above the prime residential lending rate from time to time charged by the ASB Bank on any payment due under your berth licence which is more than 14 days in arrears. Interest is calculated from the due date for payment until the date of actual payment.

Default Interest

cannot be quantified in this investment statement.

The Club may from time to time, in its sole and absolute discretion, increase the Maximum Transfer Price to any figure greater than that calculated in accordance with the above formula. When the Club makes such an increase in the Maximum Transfer Price it will notify you and the "base date" for the purposes of calculating the above formula the "base date"

"Inflation" is an amount equal to one (1) plus the percentage change in the Consumers' Price Index (All Groups) between the 10 June 2003 and the date of the last published figure for the Consumers' Price Index (All Groups) before you gave notice to the Club that you were selling your berth licence.

"A" is the licence payment paid by you for the berth licence; and

Where:

Maximum Transfer Price = A x Inflation

The Maximum Transfer Price is calculated according to the following formula:
Calculation Of Maximum Transfer Price

The "Maximum Transfer Price", described below.

The transfer price sought by you and advised to the Club as part of the transfer process outlined under the heading "How do I cash in my investment?" on page 18; and

limited to the lesser of:

Accordingly, any consideration payable to you upon the transfer of your berth licence is your interest in the berth licence upon the transfer of the same to a third party is restricted. The licence payment paid by you for your berth licence is calculated on a cost only basis, with no profit to the Club. For this reason your right to receive any profit or capital gain from your interest in the berth licence upon the transfer of the same to a third party is restricted.

Maximum Transfer Price

You may transfer your berth licence to another person, as described under the heading "How do I cash in my investment?" on page 18. The amount you receive upon the transfer of your berth licence to another person is determined by the terms of the berth licence. These terms are generally described below and in detail in your berth licence.

What You Receive Upon Transfer Of Your Berth Licence

and on the conditions generally described above.

The Club is only obliged to make a visitor's berth pool payment to you in the circumstances

Current practice is that the Club will charge visitors a fee for the use of a berth. The fee will be fixed by the Club. Such fees will be credited to a specified account. The Club is entitled to deduct from this account on an annual basis an administration fee and the cost of repairing any damage caused by visitors to any of the berths comprising the visitor berth pool. The balance of this account is then distributed to those licence holders whose berths have formed part of the visitors berth pool during that financial year. Distributions from the account are made by the Club on a pro rata basis for the period of time during which the berths formed part of the visitor berth pool, whether or not the berth was occupied by visitors during that period.

Visitors' Berth Pool Payments
As at the date of this investment statement the Club operates a visitors' berth pool. Currently, if you are not using your berth you may advise the Club accordingly and request that the Club include your berth in the visitors' berth pool. The Club will from time to time allocate berths forming part of the visitors' berth pool to visiting boats.

Should you default in the performance of your obligations under the berth licence and fail to remedy such default upon being given one (1) month's notice to do so by the Club or cease to be a fully paid up member of the Club then your berth licence may be cancelled.

Breach Of Berth Licence

The Club is not required to repurchase your berth licence from you, but may choose to do so.

- You may not be able to readily find a person who wishes to take your berth licence. You remain liable for all payments due under your berth licence until such time as you have found a willing transferee for your berth licence and they have paid you the transfer price for the berth licence.
- You may need to reduce the transfer price below the Maximum Transfer Price, this may result in you receiving less than the licence payment paid by you; and

You may determine the transfer price for your berth licence so long as it does not exceed the Maximum Transfer Price. Notwithstanding this, if the market for marina berths takes a downturn or other factors affect the value of your berth, then:

Market Risks

All your rights conferred upon you by the berth licence are contractual in nature. Your berth licence is not a lease or a registrable interest in land for the purposes of the Land Transfer Act 1952 and does not grant you any proprietary right or interest in the water space or other facilities of the Marina. You may not mortgage or charge your berth licence or otherwise use it as security.

Contractual Rights Only

The principal risks of you not receiving the returns referred to under the heading "What returns will I get?" on page 11 or being required to pay more money for your berth licence are as follows:

Principal Risks

What are my risks?

No person guarantees the berth licences or the payments described above to you.

Guarantee

Your investment in a berth licence and your returns on that investment, if any, may be subject to taxation. No person accepts any responsibility for any taxation obligation that may arise as a consequence of you entering into a berth licence. You must pay all taxes, duties and other costs payable in respect of your application and berth licence, including GST (if any). You should seek advice from your legal adviser or accountant on this aspect before entering into a berth licence.

Taxation

You may not transfer your berth licence unless the Club first approves the consideration payable in respect of the transfer of your berth licence. The Club may refuse its consent where the consideration paid or payable by the new berth licence holder exceeds the Maximum Transfer Price.

Club Approval

will become that date on which the Executive Committee of the Club passed the resolution increasing the Maximum Transfer Price.

If one of the events described above or another unforeseen event arises that affects construction, then the Marina expansion may not be completed in accordance with the time specifications set out in this investment statement.

- The Club requests that additional work be undertaken;
 - The Club and one of the contractors agree to change the contract specifications;
 - There may be extra costs incurred in completing the dredging, reclamation and driving of piles;
 - If one of the contractors suffers delays then the Club may be responsible for the costs incurred by the other contractor as a result of those delays;
 - If any sub-contractor or a contractor defaults, there may be additional costs incurred in contracting an alternative contractor or making other satisfactory arrangements;
 - While the contractors are required to take out insurance, should an event occur which is not covered by their policies then the Club may be responsible for any additional costs;
 - If certain risks arise under the construction contracts, then the Club may be responsible for additional costs;
 - If the contractors or the Club fail to comply with the requirements of the resource consents or coastal permits relating to the Marina expansion, then the Northland Regional Council may call upon the developer's bonds provided by the Club and deposited with the BNZ; and
 - If the contractors or the Club otherwise fail to comply with the requirements of the resource consents, coastal permits or Resource Management Act 1991, for example, by reason of non-permitted discharges or environmental contamination, then the Club may be liable for costs and damages under Resource Management Act 1991.
- Marina Expansion**
- There remains some scope for an increase in the construction price of the Marina expansion notwithstanding that the construction contracts are lump sum contracts. An increase in the construction price of the Marina expansion may occur if:

Upon cancellation of your berth licence you must remove your boat from the berth. If you fail to remove your boat then the Club may remove the boat and place it in storage. The Club will then have a lien over the boat for the costs of removal and storage. If you fail to claim the boat within three (3) months after the date of removal then the Club may sell the boat and use the proceeds to defray its costs.

Upon cancellation of your berth licence in the above manner all moneys already paid by you to the Club will be deemed to be forfeited as liquidated damages to the Club. You will not receive back your licence payment. The Club relies upon you making all payments in accordance with the berth licence for the purposes of developing and maintaining the Marina.

Upon cancellation of your berth licence, you will have no right to any payment or compensation from the Club and will have no claim against the Club.