

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

IMPORTANT INFORMATION

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

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

Choosing An Investment

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

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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.

Choosing An Investment Adviser

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:

- Whether the adviser gives advice only about particular types of investments; and
- Whether the advice is limited to the investments offered by one or more particular financial organisations; and
- Whether the adviser will receive a commission or other benefit from advising you.

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.

In addition:

- If an investment adviser has any conviction for dishonesty or has been adjudged bankrupt, he or she must tell you this in writing; and
- 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.

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

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 fingers, 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.

Other Important Documents

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:

- **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.
- **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.
- **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.
- **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.
- **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*".

Who is involved in providing it for me?

Doves Bay Marina Scheme

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.

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.

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

Doves Bay Marina – Owner

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

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 Club can be contacted at its registered office, c/- Horwath Poutsma Ardern Limited, 1st

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.

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

Doves Bay Marina – Manager

The Club has appointed the Company to undertake 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.

The registered office of the Company is c/- of Horwath Poutsma 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.

Doves Bay Marina – Statutory Supervisor

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

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.

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 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 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.

Doves Bay 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.

The Existing Marina

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, fingers, jetties and gangways, providing 108 berths. All of the 108 berths are licensed to members of the Club.

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

parking. On shore facilities include the Clubhouse, Marina Office, toilet, shower and laundry facilities. Two bachs 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. A Coast Guard docking platform was added to the Marina in 2002.

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.

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.

As at the date of this investment statement the further development of the Marina is expected to include:

- 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;
- Construction of two floating marina piers and associated fingers, jetties and gangways so as to provide an additional 78 berths;
- Relocation of the existing floating breakwater/pier and the addition along its southern end of a wave break pier;
- 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;
- The installation of utility services, including electricity and water in the new Marina structures;
- 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 construction and use of a boat wash-down pad and ancillary winch house.

It is intended that the Coast Guard floating dock platform in the Marina will also be relocated as part of the development, at the Coast Guard's expense.

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.

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 McBreen 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. McBreen 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 having 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:

Berth Size (meters)	Number Available	Licence 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 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 the Club. Mr Woods contact details are set out at "*Who do I contact with enquiries about my investment?*" on page 19.

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

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.

Method Of Application

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.

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.

Confirmation Of Investment

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.

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.

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.

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

Timing Of Payments

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.

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.

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" .

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

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.

Previous Advances

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.

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.

Annual Fee

You must pay an annual fee to the Club by installments in the amount and at the time provided for in your berth licence. As at the date of this investment statement the annual fee payable by you as a berth licence holder is \$500 plus GST, if any. The annual fee is currently payable by half yearly installments in advance. All berth licence holders currently pay the same annual fee.

The Club may review the annual fee payable by you and all other licence holders from time to time.

Operating Expenses

Together with all other licence holders you must contribute to the Marina operating expenses.

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, maintenance of common facilities, the lawns and gardens, the cost of operating and maintaining Marina equipment, cleaning costs, rubbish disposal costs, administration and security costs, professional costs, including legal, accounting, audit and Statutory Supervisor

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).

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

Calculation Of Operating Expenses

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.

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 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.

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.

Amount Of Operating Expenses

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

Refurbishment

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.

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.

Mooring Lines

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.

Use Of Utilities And Facilities

You may use water, power and other utilities and facilities forming part of the Marina in common with all other berth licence holders but on an occasional basis only.

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

cannot be quantified in this investment statement.

Default Interest

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.

Indemnity

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.

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.

Other Costs

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

- 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, tempest, 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.

What returns will I get?

Overview Of Returns

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

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.

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.

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.

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.

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.

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.

The Club is only obliged to make a visitor's berth pool payment to you in the circumstances and on the conditions generally described above.

What You Receive Upon Transfer Of Your Berth Licence

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.

Maximum Transfer Price

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.

Accordingly, any consideration payable to you upon the transfer of your berth licence is limited to the lesser of:

- 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
- The "*Maximum Transfer Price*", described below.

Calculation Of Maximum Transfer Price

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

- $\text{Maximum Transfer Price} = A \times \text{Inflation}$

Where:

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

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"

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

Club Approval

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.

Taxation

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.

Guarantee

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

What are my risks?

Principal Risks

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:

- **Contractual Rights Only**
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.
- **Market Risks**
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:
 - 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 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.

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

- **Breach Of Berth Licence**
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.

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.

- **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:

- 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.

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.

If the construction price of the Marina expansion increases then the licence payment for the berth licence may need to be increased and you may need to make further contributions to ensure the Marina expansion is completed.

In order to minimize these and other construction risks, the Club has provided for conservative contingencies in its estimate of the cost of the Marina expansion. The Club has also obtained bonds in respect of the contractors' respective contract works of 10% of the contract price for their work.

The Club is also required to regularly report to the Statutory Supervisor on the progress of the Marina expansion. Further, the Club must consult with the Statutory Supervisor in event of any delay or cost overrun in respect of the Marina expansion.

Should the price payable to one of the contractors increase and the funds available to the Club be insufficient to meet the increased price then that contractor may be entitled to stop construction. In that situation, unless an alternative arrangement can be put in place, the Statutory Supervisor may exercise its powers under the Deed of Participation to sell the Marina and distribute the funds as described under the heading "Consequences of Insolvency" below. Please note that in this event the Statutory Supervisor may retain some funds to settle any dispute with the contractors rather than distributing it.

- ***Default In Licence Payments***

There is a risk that some of the subscribers may default in paying the final balance of their licence payment when called upon to do so by the Club. The terms of the application entitle the Club to cancel their berth licence in those circumstances. While the Club does not expect it to be difficult to find a replacement subscriber, there remains a risk that the Club will be left with a shortfall in these circumstances. Any shortfall may affect the Company's ability to complete the Marina expansion in a timely manner. Further, the remaining subscribers, including you, may be required to make further contributions to ensure the Marina expansion is completed.

- ***Insurance And Damage Or Destruction***

The Club insures the Marina with a reputable insurer for the full insurable value of those parts of the Marina that are of an insurable nature against fire and any other risks, including storm and tempest. If the Marina or any part thereof is destroyed or damaged by fire, storm or tempest then all moneys received by the Club in respect of such insurance will be expended in the repairing and reinstating of the Marina, with such modifications as may be necessary to obtain all necessary approvals and consents.

In the event of the damage or destruction of all or part of the Marina the licence holder may need to relocate their boat outside the Marina at the licence holder's expense while reconstruction work is undertaken.

- ***Expiry Of The Marina Scheme - Renewal Of Consents And Permits***

The ongoing operation of the Marina and the Marina Scheme is subject to the Club meeting the terms of various resource consents and coastal permits and obtaining renewals of the same, if possible, as they fall due. Under the Deed of Participation the Club has covenanted to obtain a renewal of the coastal permits if such a renewal is available.

The Deed of Participation provides that the Scheme will expire and berth licences terminate on 21 September 2018 and the Club may dispose of the Marina as it sees fit. Licence holders are not entitled to compensation upon the expiry of the term of their berth licences or the Marina Scheme.

The Deed of Participation provides that the licence holders may direct the Club to seek a renewal or extension of the coastal permits or new coastal permits for the Marina prior to their expiry in 2018. If the appropriate coastal permits and consents are secured by the Club then the term of the berth licences and of the Marina Scheme may be able to be extended. The licence holders may be required to bear the costs of obtaining these renewals and extensions.

Security Arrangements And Borrowing

Under the Deed of Participation the Club has granted to the Statutory Supervisor a first ranking charge over the Marina, the coastal permits relating the Marina and all revenue and other earning rights available to the Club from the Marina. This charge has been registered under the Personal Property Securities Act 1999 on the Personal Property Securities Register.

In accordance with the Deed of Participation, the Club has granted a first ranking encumbrance over the Club's land at Opito Bay Road, Kerikeri. This has been registered over the title to the land at the Land Titles Office at Auckland.

The purpose of the Statutory Supervisor's securities is to secure the performance of the Club's obligations to the Statutory Supervisor and you, together with all other berth licence holders, including the payment of any moneys due to them under the berth licences and Deed of Participation.

The Deed of Participation provides that the Club may not borrow or create a charge or grant a mortgage or other security interest over any of the Marina assets or give any third party indemnities or guarantees without the prior approval of the Statutory Supervisor.

Further, the Club may not grant a charge over the Marina assets or give any third party indemnities or guarantees without the approval of a two thirds majority of the members of the Club present and voting at a special general meeting called for that purpose.

Consequences Of Insolvency

If the Club suffers financial difficulties, becomes insolvent, breaches the terms of the Deed of Participation or berth licences or if any third party creditors obtain judgment by way of court action in order to obtain money from the Club, this may create financial risks for you and all other licence holders.

While you may not legally be required to contribute moneys to any person as a result of these events, you may find that you may need to contribute a greater sum towards the cost of the Marina expansion and Marina overheads.

In the event that the Club is liquidated or the Marina Scheme is wound up, you may have to rely on the proceeds of a mortgagee sale to recover all or part of your licence payment.

As at the date of this investment statement, the following priorities will apply in the event the Club is liquidated or the Marina Scheme is wound up:

- Payment of all costs and expenses of sale;
- Payment to the Statutory Supervisor of all moneys owing to the Statutory Supervisor under the Deed of Participation;
- Payment to you and all other berth licence holders of all moneys owing to them under the berth licences and Deed of Participation; and
- Payment of any surplus to the Club.

The above is subject to a number of statutory preferred creditors, for example, any employees for unpaid wages and Inland Revenue for unpaid taxation.

On a realization of the Club's assets and the winding up of the Scheme there may be insufficient moneys to pay licence holders in full the amounts due to them under the Deed of Participation and berth licences.

If the construction price of the Marina expansion increases then the licence payment for the berth licence may need to be increased and/or the subscribers required to make further contributions to ensure the Marina expansion is completed.

Can the investment be altered?

Alteration Of Licence Payment

If the construction price for the Marina expansion increases then the licence payment for the berths licences the subject of this investment statement may be increased by the Club. Please see the risk disclosure "*Marina Expansion*" on page 14.

Alteration Of Ongoing Charges

The Club may from time to time vary the ongoing charges outlined under the heading "*What are the charges?*" on page 9.

Principally, the Club may alter the annual fee and operating expenses from time to time as described on pages 9 and 10.

There are a number of ongoing charges which will vary as a matter of course, including the refurbishment levy, the cost of mooring lines, the cost of additional use of the Marina utilities and facilities, all as described on pages 10 and 11.

Change Of Nominated Boat Or Berth

Although you must nominate a boat to use your berth when you subscribe for a berth licence you may during the term of your licence nominate a different boat to use your berth. Any change in the nominated boat is subject to the consent of the Club. The Club's consent will not generally be withheld if the newly nominated boat is in good condition, you are the beneficial owner of it and it conforms, including all spars and fittings, to the maximum dimensions of the berth the subject of your berth licence.

The Club may require that you temporarily or permanently vacate your nominated berth and take up another suitable berth within the Marina. Where this change is permanent then the Club will take all practicable steps to ensure that the new berth is of a similar size, value and location but will not be liable to pay you any compensation in respect of the change of berth.

Alteration Of Your Berth Licence

The terms and conditions of your berth licence may be varied by agreement between the Club and Statutory Supervisor in accordance with the terms of the Deed of Participation or by way of agreement between you and the Club. In all cases, the Club must have regard to the coastal permits and the resource consents relating to the Marina, before agreeing to any variation to a berth licence.

Your particular attention is drawn to the fact that the berth licences and Marina Scheme expire in 2018. The term of the berth licences and Marina Scheme may be extended. For further details see "*Expiry Of The Marina Scheme - Renewal Of Consents And Permits*" on page 15.

Alteration Charges

You will be responsible for the Club's legal, consultant or similar costs where you request that the terms and conditions of your berth licence be altered.

You must meet your own legal, consultant or similar costs in respect of any alteration to your berth licence. For further detail, please see "Other Costs" on page 11.

The Statutory Supervisor's costs of approving any alteration will where they only relate to your berth may be payable by you. In all other cases the Statutory Supervisor's costs will be recovered through the operating expenses.

How do I cash in my investment?

Right To Transfer Your Berth Licence

You may cash in your investment by transferring your berth licence to another person.

If you wish to transfer your berth licence then you must follow the procedure detailed in your berth licence and generally outlined below:

- You must notify the Club of your desire to transfer the berth licence and the transfer price sought by you;
- Within ten (10) working days of the Club receiving your notice it must advise you of the name or names of any prospective transferees for your berth licence and the Maximum Transfer Price.

The prospective transferees are identified from the Club's waiting list, which is explained below. The Club must also advise the prospective transferees of the berth licence's availability;

- You must accept the first offer to purchase your berth licence from one of the prospective transferees nominated by the Club at the consideration determined in accordance with your berth licence;
- If you do not receive an offer within 10 working days of your receiving the Club's advice above then you may transfer the berth licence to any person who otherwise satisfies the transfer requirements of the berth licence, as generally set out below.

Consent Of The Club

The Club must consent to the transfer of your berth licence. You must apply to the Club for this consent and provide the Club with the details of any prospective transferee, including the name, type, beam, length overall and draft of the nominated boat which will occupy the berth the subject of your berth licence in the event of consent being given by the Club.

The Club may refuse its consent to any proposed transfer if it considers that:

- That the proposed transferee is not a suitable party to have use of the berth the subject of the berth licence; or
- That the berth is not suitable for the boat nominated by the proposed transferee.

The Club may grant its consent to any proposed transfer of your berth licence on such terms and conditions as the Club, in its sole and absolute discretion, considers appropriate.

Consideration Upon Transfer Of Your Berth Licence

The amount you receive upon the transfer of your berth licence to another person is

determined by the terms of your berth licence. These terms are generally described under the heading "What You Receive Upon Transfer Of Your Berth Licence" on page 12.

Market For Berth Licences

The Club considers there to be a steady market for berth licences at the Marina.

As at the date of this investment statement all of the existing 108 berths comprising the Marina are currently licensed to members of the Club and the Club has received expressions of interest in respect of nearly all of the 78 berths the subject of this investment statement. Further, the Club has a waiting list of approximately 100 people for berths in the Marina and this waiting list is expected to grow as the Club's membership continues to expand.

The Club contemplates the gradual refurbishment of the existing berths over time once the planned Marina expansion has been completed and anticipates this will preserve the market.

Notwithstanding the above, there are market risks associated with the holding and transfer of your berth licence. Please see the risk disclosure "Market Risks" on page 13.

Companies and Trusts

If the berth licence is to be held by a company or by a trust then the company or trustees, as the case may be, must nominate the person who will have the principal use and benefit to the berth to become a member of the Club for the term of the berth licence.

No more than five (5) persons may together hold a berth licence.

If one or more of the persons comprising the berth licence holder is a body corporate any change in effective control of the body corporate (for example, a change in the shareholding of the company) will be deemed to be an assignment of the berth licence and the Club's prior consent will first be required.

Termination

Your berth licence will terminate on 21 September 2018 unless the term of the Marina Scheme and your berth licence is extended before that date. Please see "Expiry Of The Marina Scheme - Renewal Of Consents and Permits" and "Alteration Of Your Berth Licence" on pages 15 and 18 for further information.

Who do I contact with enquiries about my investment?

If you have a question about the Marina and its day to day operation, the Marina expansion, the Marina Scheme or your berth licence you should contact:

- Pete Woods, Chairman
Kerikeri Cruising Marina Limited
Marina Office, Kerikeri Cruising Club
Opito Bay Road
PO Box 181
Kerikeri

Telephone/Facsimile: (09) 407 9434
Mobile: 025 271 4054
Email: kerikericruising@xtra.co.nz

If you have a question about the Club, you should contact:

- Frank De Vires, Commodore
Kerikeri Cruising Club Incorporated
The Clubhouse, Kerikeri Cruising Club
Opito Bay Road
PO Box 181
Kerikeri

Telephone/Facsimile: (09) 407 9434
Email: kerikericruising@xtra.co.nz

The Club and the Company can also be contacted at their respective registered offices, which are identified on page 5.

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

Initial Complaints

You may complain in the first instance to:

- Pete Woods, Chairman
Kerikeri Cruising Marina Limited
Marina Office, Kerikeri Cruising Club
Opito Bay Road
PO Box 181
Kerikeri

Telephone/Facsimile: (09) 407 9434
Mobile: 025 271 4054
Email: kerikericruising@xtra.co.nz

The Company can also be contacted at its registered office, identified on page 5.

In the first instance Mr Woods will discuss your complaint with you and, if necessary, refer it to the board of directors of the Company for consideration and, if thought fit, action.

Further Complaints

If you feel your complaint has not been progressed in a satisfactory manner or cannot be resolved by the Company, then you may wish to complain to:

- The Executive Committee
Kerikeri Cruising Club Incorporated
The Clubhouse, Kerikeri Cruising Club
Opito Bay Road
PO Box 181
Kerikeri

Telephone/Facsimile: (09) 407 9434
Email: kerikericruising@xtra.co.nz

- TOWER Trust Limited
Level 12, TOWER Centre
45 Queen Street
PO Box 4197
Auckland

Telephone: (09) 366 4428

Facsimile: (09) 303 0155

The Club can also be contacted at its registered office, identified on page 5.

Ombudsman

There is no ombudsman for berth licences.

What other information can I obtain about this investment?

Prospectus and Financial Statements

You can obtain further information about the berth licences, the Club and the Marina Scheme by reading the current registered prospectus for the offer of the berth licences dated 3 June 2003.

The current registered prospectus includes the audited consolidated financial statements of the Club and the Company, being the financial statements of the Marina Scheme, for the year ended 30 June 2002, as well as a prospective statement of cash flows for the Marina Scheme for the years ended 30 June 2003 and 30 June 2004.

A copy of the current registered prospectus, along with the material contracts referred to in that prospectus, is available, free of charge, on request in writing from the Club's registered office during normal business hours or from the manager at the Clubhouse during its usual open hours. The Club's registered office and the address of the Clubhouse are identified on page 5.

The above documents, together with all other public documents relating to the Club and the Scheme are filed on a public register at the Auckland Registry of the Companies Office, Ministry of Economic Development and are available for public inspection during normal business hours. The Auckland Registry of the Companies Office is located at the Ministry of Economic Development, Level 5, District Court Building, 3 Kingston Street, Auckland. However, copies of the above documents can be requested from any Registry of the Companies Office in New Zealand. The Companies Office will not charge a fee for producing these documents, but will charge a fee for any photocopying.

The documents can also be downloaded free of charge at any time from the Companies Office website at www.companies.govt.nz by undertaking a company search for "Kerikeri Cruising Club Incorporated" and then clicking on the "Documents" tab for the Club.

Annual Information

As a berth licence holder you will be provided with the following information by the Club on an annual basis:

- A copy of the most recent audited consolidated financial statements of the Club and the Company, being the financial statements of the Marina Scheme, and associated annual report; and
- A statement of the Marina operating expenses for the preceding financial year. This statement will give reasonable details of the total operating expenses for the preceding financial year and state the proportion of operating expenses payable by

each licence holder. You may request that this statement be certificated correct by a chartered accountant appointed by the Club.

On Request Information

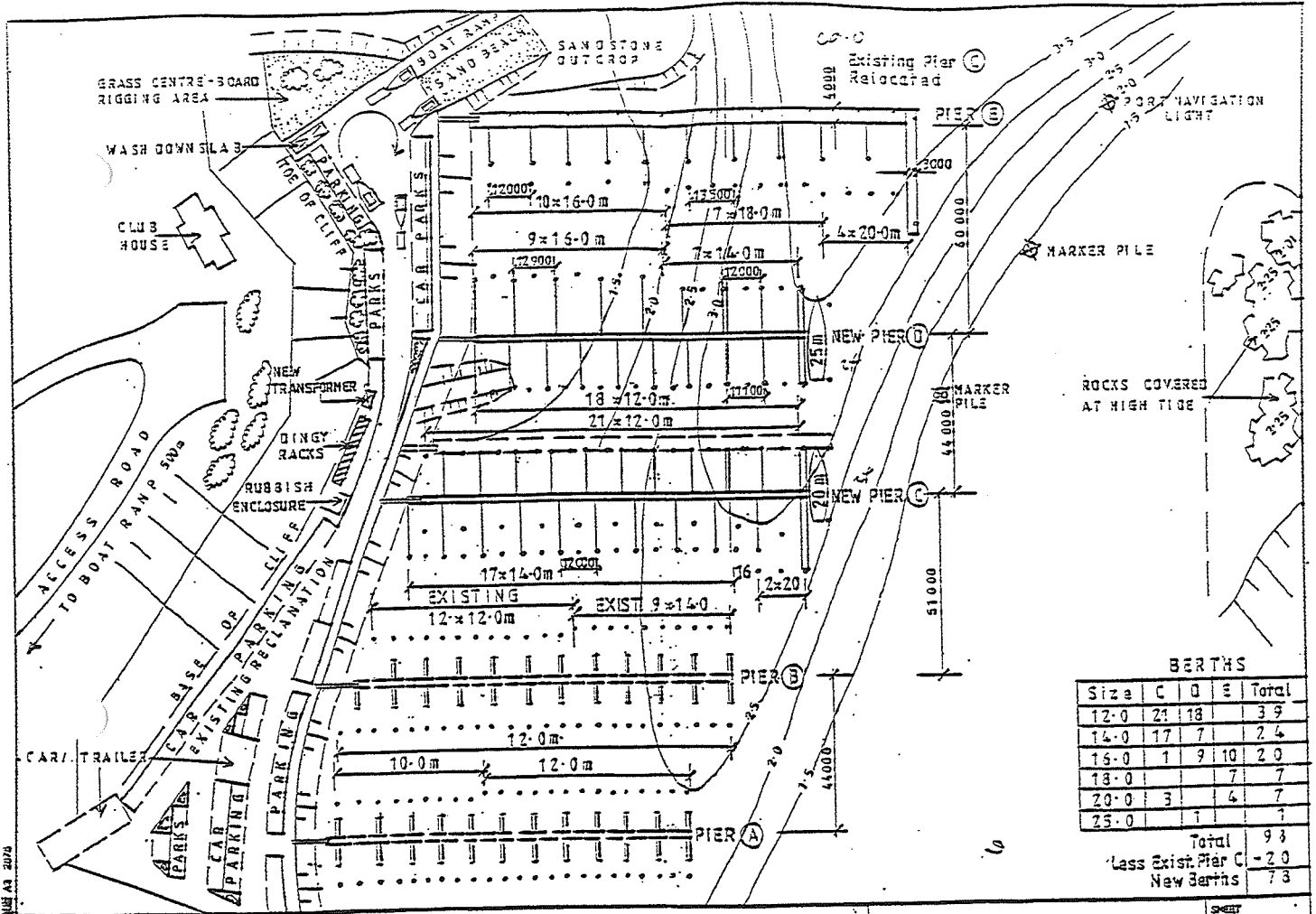
You may also request the following information from the Club at anytime:

- A copy of the most recent prospectus and current investment statement for the Marina Scheme;
- A copy of the most recent audited consolidated financial statements of the Club and the Company, being the financial statements of the Marina Scheme, and associated annual report; and
- A copy of the Deed of Participation.

You may request the above information from the Club. Your request should be made in writing to the Club care of its registered office during normal business hours or to the manager at the Clubhouse during its usual open hours. The Club's registered office and the address of the Clubhouse are identified on page 5.

The Club must supply the above information to you free of charge.

Plan Of Doves Bay Marina At Completion Of Extension



BERTHS				
Size	C	D	E	Total
12-0	21	18		39
14-0	17	7		24
15-0	1	9	10	20
18-0			7	7
20-0	3		4	7
25-0		1		1
Total				98
Less Exist. Pier C				-20
New Berths				78

ACE CONSULTANTS LTD	DOVES BAY MARINA EXTENSIONS	SCHEME G - BERTH LAYOUT		SHEET
				DB 105
DRAWN	CHECKED	SCALE	SERIES OF	
TRACED UP	DATE	A3 1:1000	REV 0	

Method of Application

1. An application for a berth licence must be made on the application form attached to and forming part of this investment statement.
2. Completed application forms must be delivered or posted to Kerikeri Cruising Club Incorporated, Opito Bay Road, PO Box 181, Kerikeri, attention: Pete Woods.
3. Each application form must be accompanied by a deposit for the amount stipulated in the application form. Cheques should be made payable to "*TOWER Trust Limited for Kerikeri Cruising Club Statutory Supervisor's Trust Account*", and crossed "*Not Transferable*".
4. The name, type, beam, length overall and draft of the boat which will occupy the berth if your application is successful must be included in the application form.
5. By signing and delivering the completed application form to Kerikeri Cruising Club Incorporated you are offering to purchase a berth licence for the berth specified, and on the terms and conditions set out, in your application form.
6. Applications are accepted at the discretion of Kerikeri Cruising Club Incorporated, which reserves the right to reject any application without assigning any reason for its decision.
7. During the first thirty (30) days from 10 June 2003 Kerikeri Cruising Club Incorporated will give preference to those subscribers who have contributed to the Club's preliminary expenses in relation to the Marina expansion.
8. Kerikeri Cruising Club Incorporated 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.
9. Upon Kerikeri Cruising Club Incorporated communicating its acceptance of your application to you, you will be contractually bound by the terms of your application and your berth licence will be allotted in terms of the Securities Act 1978.
10. On or shortly after the allotment of your berth licence you will be forwarded two copies of the berth licence for execution by you. You must execute both copies of the berth licence and return one copy to the Club within seven (7) days of receiving the same.
11. If your application does not proceed your deposit will be refunded to you.
12. If a berth licence is allotted to you, the deposit will be applied in part payment of the licence payment. The balance of the licence payment will be payable in instalments. 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 is due. Cheques should be made payable to "*TOWER Trust Limited for Kerikeri Cruising Club Statutory Supervisor's Trust Account*", and crossed "*Not Transferable*".
13. Joint applications must be signed by all applicants.
14. Where a trust applies for a berth licence the application must be signed by all the trustees of the trust. Where a company applies for a berth licence the application must be executed as an agreement in accordance with the companies' constitution.

15. Where applications are signed by an attorney, a certificate of non-revocation must be completed and the relevant power of attorney or certified copy must accompany the application for noting.

Berth Licence Application Form Doves Bay Marina, Kerikeri

Kerikeri Cruising Club Incorporated
PO Box 181
Kerikeri

Attention: Pete Woods

Applicant One:	
Occupation	Wk Phone.
Hm Address	Hm Phone.
Applicant Two:	
Occupation	Wk Phone.
Hm Address	Hm Phone.
Solicitor Details:	
Berth Description:	Berth No:
Nominated Boat	
Name:	
Type:	(Yacht/Launch/Multi-hull)
Beam:	
Overall Length:	
Draft:	
Registered Number (if any):	
Total Licence Payment	\$
Deposit paid/payable	\$
Balance to pay	\$
<p>Operative Clause: By signing this application form you agree to be bound by the Terms and Conditions of Application attached to and forming part of the Kerikeri Cruising Club Incorporated Investment Statement in respect of the offer of berth licence at Doves bay Marina, Kerikeri dated 12 June 2003.</p>	
Dated:	
Signed: _____	

Terms And Conditions Of Application Doves Bay Marina, Kerikeri

- 1 These terms and conditions of application apply to and form part of your application.
- 2 By signing and delivering your application to Kerikeri Cruising Club Incorporated, you:
 - (a) Apply and subscribe for a berth licence in respect of the nominated berth identified in your application, on the terms and conditions set out in the investment statement incorporating the application form, including these standard terms of application;
 - (b) Agree that your application is an irrevocable offer for a period of 14 days from the date of the application;
 - (c) Authorise the subscription for the berth licence in accordance with section 37(3) of the Securities Act 1978; and
 - (d) Confirm that you have received the investment statement dated 12 June 2003 incorporating the application form and have read and understood the same.
- 3 Your application is subject to acceptance in writing by Kerikeri Cruising Club Incorporated. Applications are accepted at the discretion of Kerikeri Cruising Club Incorporated, which reserves the right to reject the application for any reason prior to acceptance of the same by it. Generally, a notice of acceptance of application will be provided by Kerikeri Cruising Club Incorporated within ten (10) working days of the Kerikeri Cruising Club Incorporated receiving your application.
- 4 Upon Kerikeri Cruising Club Incorporated communicating its acceptance of your application to you, your application will constitute a contractually binding agreement between you and Kerikeri Cruising Club Incorporated and your berth licence will be allotted in terms of the Securities Act 1978.
- 5 In the event that allotment has not occurred prior to the expiry of the prospectus current at the date of the application, you agree to sign a replacement application under the investment statement relating to the renewed prospectus, promptly upon request from Kerikeri Cruising Club Incorporated.
- 6 On or shortly after the allotment of your berth licence you, or, if you have nominated a solicitor on your application, your solicitor will be forwarded two copies of the berth licence for execution. You must execute both copies of the berth licence and return one copy to Kerikeri Cruising Club Incorporated within seven (7) days of receiving the same.
- 7 Your right to occupy the berth the subject of your application and berth licence will commence on the "Commencement Date" as that term is defined in the berth licence.
- 8 Your application form must be accompanied by a deposit for the amount stipulated in your application form. Cheques should be made payable to "*TOWER Trust Limited for Kerikeri Cruising Club Statutory Supervisor's Trust Account*", and crossed "*Not Transferable*".
- 9 If your application does not proceed your deposit will be refunded to you.

- 10 If a berth licence is allotted to you, the deposit will be applied in part payment of the licence payment. The balance of the licence payment will be payable in instalments. The amount and timing of such instalments will be determined by Kerikeri Cruising Club Incorporated. You must pay each instalment immediately upon receipt by you of written notice from Kerikeri Cruising Club Incorporated. that an instalment of the licence payment is due. Cheques should be made payable to "*TOWER Trust Limited for Kerikeri Cruising Club Statutory Supervisor's Trust Account*", and crossed "*Not Transferable*". If the construction price of the Marina expansion increases beyond that identified in the investment statement dated 12 June 2003 then the licence payments for the berth licences may need to be increased by Kerikeri Cruising Club Incorporated. Kerikeri Cruising Club Incorporated may increase the licence payments by resolution of its executive committee, in which case all licence payments will be increased proportionately. You will be bound to pay the increased licence payment upon receiving written notice of the increase from Kerikeri Cruising Club Incorporated. Payment of any increase in the licence payment will be in the manner described at paragraph 10 above.
- 11 If you fail to pay an instalment or the balance of the amount payable for the berth licence when requested to do so by Kerikeri Cruising Club Incorporated and in any event within 7 days of receiving such a request in terms of paragraph 10 above, Kerikeri Cruising Club Incorporated may give seven (7) days notice in writing to you that it proposes to cancel your agreement with it for a berth licence. If, on the expiry of that notice period, you have failed to pay the instalment or the balance due, as the case may be, then Kerikeri Cruising Club Incorporated may cancel the agreement by notice to you. Upon cancelling the agreement all previous payments made by you in respect of the agreement and berth licence will be forfeited to Kerikeri Cruising Club Incorporated as liquidated damages. This is without prejudice to the right of Kerikeri Cruising Club Incorporated to seek damages or other legal or equitable remedies from you.

**Executive Committee Members' Certificate in Respect of an
Advertisement**

for Kerikeri Cruising Club Incorporated

("the Club")

(Regulation 17, The Securities Regulations 1983)

We, being two executive committee members of the Club, hereby certify that:

- (a) We have read the advertisement described in the Schedule to this certificate.
- (b) The advertisement complies with the Securities Act 1978 and the Securities Regulations 1983.
- (c) The advertisement does not contain any matter that:
 - (i) Is likely to deceive, mislead, or confuse with regard to any particular that is material to the offer of securities; or
 - (ii) Is inconsistent with the registered prospectus referred to in the advertisement.



Signature of Executive committee
Member

PETER WOOD
Name of Executive Committee Member

Date of Signing:

17/06/03



Signature of Executive Committee
Member

KEITH FREDERICK ARDERN
Name of Executive Committee Member

Date of Signing:

17/6/03

SCHEDULE

Description of Advertisement: Investment Statement dated 12 June 2003 in relation to the offer of berth licences at the Doves Bay Marina, Opito Bay Road, Kerikeri.