

KERIKERI CRUISING CLUB INCORPORATED

Doves Bay Marina  
Opito Bay Road  
KERIKERI

## PROSPECTUS

- relating to -

the offer of berth licences at the Doves Bay Marina  
dated the 3<sup>rd</sup> day of June 2003

A duly signed copy of this Prospectus and copies of the documents which are required by Section 41 of the Securities Act 1978 to be attached have been delivered for registration to the Companies Office at Auckland.

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## DIRECTORY

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### Offeror, Manager of Scheme and Promoter:

Kerikeri Cruising Club Incorporated  
c/- Horwath Poutama Ardem Limited  
1st Floor, 9 Hobson Avenue  
PO Box 81  
Kerikeri

### Executive Committee of the Club:

Frank Gysbertus De Vires, NZQS (Commodore)  
James Denis Clark (Vice Commodore)  
Keith Frederick Ardem, CA, NZTA (Treasurer)  
Colleen Rae Gunn (Secretary)  
Gary Arthur Francis  
Tony Gerard Corcoran  
Hilary Gray Johnson, Sch. Dental Therapist Dip.NZ  
James Robert Murdoch  
Anthony Kempthorne Holmes, M.I.P.E.N.Z.  
Ray William Haslar  
Kerry Alfred Farrand, Adv Trade Marine Elect Eng  
Alastair Barrett Smith  
Peter Geoffrey Woods

### Marina Manager:

Kerikeri Cruising Marina Limited  
c/- Horwath Poutama Ardem Limited  
1st Floor, 9 Hobson Avenue  
PO Box 81  
Kerikeri

### Directors of Marina Manager:

Collin Anthony Coyte  
Frank De Vires  
Hilary Gray Johnson  
Keith Turner  
Robert Lloyd Upperton  
Peter Geoffrey Woods

### Accountants to the Club:

Horwath Poutama Ardem Limited  
1st Floor, 9 Hobson Avenue  
PO Box 81  
Kerikeri

### Bankers:

Bank of New Zealand Limited  
Kerikeri  
ASB Bank Limited  
Kerikeri

### Auditors to the Club:

Horwath Francis Aickin  
2 Redan Road  
PO Box 2  
Kaitiaki

### Solicitors to the Club:

Law North Partners  
93 Kerikeri Road  
Private Bag  
Kerikeri  
Burke Melrose  
Level 7, Royal SunAlliance Building  
52 Swanson Street  
PO Box 5142  
Auckland

### Securities Registrar:

Bruce Douglas  
Marina Office  
Doves Bay Marina  
Opito Bay Road  
Kerikeri

### Place where Securities Register kept:

Marina Office  
Doves Bay Marina  
Opito Bay Road  
Kerikeri

### Statutory Supervisor of the Scheme:

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

### Solicitors to the Statutory Supervisor:

Minter Ellison Rudd Watts  
Level 24, BNZ Tower  
125 Queen Street  
PO Box 4197  
Auckland

## INTRODUCTION

### Prospectus Offer – Berth Licences

This Prospectus sets out 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 Doves Bay Marina, Opito Bay Road, Kerikeri ("the Marina").

### Doves Bay Marina – Location

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 close to the Bay of Islands, one of New Zealand's pre-eminent yachting and pleasure cruising locations.

The Doves Bay Marina is adjacent to and forms part of the Kerikeri Cruising Club. The Kerikeri Cruising Club was established in 1935 and has a proud history, producing some of New Zealand's finest sailors. As at the date of this Prospectus, the Club has approximately 577 members. The Club is a member of Yachting New Zealand and the Marina Operators Association.

### Doves Bay Marina – 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 comprises a floating breakwater/pier, two floating piers and associated piles, fenders, jetties and gangways, providing 108 berths. All of the 108 berths are currently licensed to members of the Club.

The Marina provides 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 bays are also available for short term rental. 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.

### Doves Bay Marina – Planned Extension

The Club believes that there is significant demand in the Bay of Islands area for additional marina berths. The Club has therefore 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 Prospectus the further development of the Marina is expected to include:

- Dredging approximately 8,500 m<sup>3</sup> 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 fenders, 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 Club currently estimates that the cost of developing the Marina in accordance with the above plans as being \$3,150,000 plus 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.

### Doves Bay Marina – Construction

- page 3.
- 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, described on above work.
- All appropriate resource consents and coastal permits have been granted to the Club for the 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 relocated
- The construction and use of a boat wash-down pad and ancillary winch house.
  - The reclamation of 3,200m<sup>2</sup> 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;

On site civil works, including dredging, and off site construction of the floating structures commenced in mid April 2003. It is expected that the breakwater/pier will be moved in 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.

### **Doves Bay Marina – Ownership and Management**

The registered owner of the Marina is Kerikeri Cruising Club Incorporated. Kerikeri Cruising Club Incorporated is responsible for the development, overall management and operation of the Doves Bay Marina.

The Club has appointed its wholly owned subsidiary, Kerikeri Cruising Marina Limited ("the Company"), to undertake the day-to-day management functions of the Marina. The Company deals with the day-to-day administration and operation of the Marina on the Club's behalf.

### **Doves Bay Marina – Statutory Supervisor**

TOWER Trust Limited, formerly The Trustees Executors and Agency Company of New Zealand Limited, is the statutory supervisor ("the Statutory Supervisor") of the Scheme in terms of the Securities Act 1978. The Scheme is described under the heading "Description of Scheme and Development Thereof" at section 4 of this Prospectus.

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

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 licence holders. The Statutory Supervisor's security is further described under the heading "Trade Factors and Risks" at section 7 of this Prospectus.

This Prospectus has been prepared in terms of the Securities Act 1978 and the Securities Regulations 1983. The following information is required by Section 39 of the Securities Act 1978 and the Third Schedule to the Securities Regulations 1983.

## 1. MAIN TERMS OF OFFER

### Offeror

The offeror is Kerikeri Cruising Club Incorporated. The registered office of the Club is set out in the Directory.

### Securities Being Offered – Berth Licence

The securities being offered are berth licences, which are participatory securities entitling a subscriber 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.

A copy of the berth licence is attached to this Prospectus as Appendix A. Subscribers should read the berth licence before subscribing for the same, however, a number of important provisions of the berth licence are detailed below.

The berth licences do not confer a right to share in the accumulated profits of the Scheme.

### 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. The licence holder is not entitled to compensation upon the expiry of the term of the berth licence.

### Nominated Boat

The subscriber must nominate a boat to use the berth in terms of the berth licence. The subscriber may from time to time nominate a different boat to use the berth in terms of the berth licence. In all cases the subscriber must beneficially own the nominated boat and that boat when moored must conform, including all spars and fittings, to the maximum dimensions of the berth the subject of the berth licence.

### Recreational Purposes

The berth to which the berth licence applies must be used for recreational purposes only. However, in some circumstances the Club may allow the berth to be used for commercial purposes.

### Transfer of Berth Licence

Berth licences are transferable. However they may only be transferred in accordance with the terms of the berth licence. Generally, a licence holder may not transfer their berth licence without the consent of the Club.



Under this Prospectus, the maximum number of berth licences offered by the Club is 78. These berth licences are offered in respect of the 78 new marina berths being constructed at the Marina by the Club.

**Number of Berth Licences**

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.

As at the date of this Prospectus the Club operates a visitors' berth pool. Currently, any licence holder not using their 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.

**Visitors' Berth Pool**

The Club is under no obligation to purchase back a berth licence from any licence holder wishing to sell. The Club maintains a register of persons interested in obtaining a berth licence, which will be made available to any licence holder wishing to sell in accordance with the procedure outlined above.

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

Before consenting to the transfer of a berth licence the Club must also be satisfied that the prospective licence holder is a full financial member of the Club, is a suitable person to hold the berth licence and that their boat will fit within the berth the subject of the berth licence.

The licence holder must accept the first offer to purchase the berth licence from one of the nominated prospective purchasers at the consideration agreed between the licence holder and the Club. If the licence holder does not receive such an offer, then the licence holder may transfer the berth licence to any person who otherwise meets the Club's requirements but again for no more than the consideration agreed between the licence holder and the Club.

The Club must approve the amount of consideration payable in respect of the transfer. The consideration for which the berth licence may be transferred is limited to the licence payment paid by the licence holder adjusted for inflation. A licence holder's right to receive any profit or capital gain from the berth licence is accordingly limited.

Upon receipt of such notice the Club will provide the names of prospective purchasers to a licence holder wishing to transfer their berth must notify the Club of their desire to do so. The licence holder and inform the prospective purchasers of the berth licence's availability.

The Club may accept an application by completing and forwarding to the subscriber a **Confirmation of Investment**

concerned. 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 to the subscriber

Statement. Once a subscriber has decided they wish to purchase a berth licence they will need to complete an application form. The application form, terms and conditions of application and method of application are attached to the Doves Bay Marina Scheme Investment

**Method of Application**

Prospective subscribers should inquire as to the licence payment payable by them for a berth licence in respect of the berth in which they are interested at the time of application.

The licence payment is inclusive of GST, if any. The licence payment payable by a subscriber will be determined at the time they apply for a berth licence and may differ from the indicative figures provided above.

The above licence payments are for single-hull berths. If a subscriber wishes to apply for a berth licence for a multi-hull, then the subscriber should contact the Club. Berth licences for multi-hulls will be priced on application to the Club.

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

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

In order to obtain a berth licence a subscriber must pay a "licence payment". The licence payment is paid by the subscriber in consideration of the grant of a berth licence by the Club.

**Berth Licence Payment**

The berth licences have no nominal value.

The maximum number of berth licences that may be issued by the Club in respect of the Marina is 186, or such other number as the Club and TOWER may agree from time to time in accordance with the Deed of Participation. The Club has previously issued berth licences in respect of the 108 existing marina berths at the Marina.

The names of the accountant, auditor, solicitors, securities registrar and bankers for the Scheme are set out in the Directory.

#### **Advisers**

The names and qualifications (if any) of the directors of the Company are set out in the Directory. The directors can be contacted at the registered office of the Company. The principal place of residence of all of the directors is Kerikeri.

The manager of the Marina is Kerikeri Cruising Marina Limited. The registered office of the Company is set out in the Directory. The principal place of business of the Company is the Doves Bay Marina, Opito Bay Road, Kerikeri.

#### **Manager of the Marina**

The names and qualifications (if any) of the committee members of the Club are set out in the Directory. The committee members can be contacted at the registered office of the Club. The principal place of residence of all of the committee members is Kerikeri.

The manager of the Scheme, as defined in the Securities Act 1978, is Kerikeri Cruising Club Incorporated. The registered office of the Club is set out in the Directory. The principal place of business of the Club is the Doves Bay Marina, Opito Bay Road, Kerikeri.

#### **Manager of the Scheme**

## **2. MANAGER AND ADVISERS**

Where a subscriber has, prior to the issue of this Prospectus made an unsecured advance to the Company in respect of the Marina development, such unsecured advance will be credited from the Company to the Club towards payment of their deposit and licence payment.

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. The licence holder must pay each instalment immediately upon receipt by the subscriber 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.

A subscriber will be required to pay part of the licence payment upon application as a deposit. The Club and the subscriber will agree upon the amount of the deposit at the time the subscriber applies for a berth licence. 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.

#### **Payments by Subscriber**

In accepting applications the Club will give priority during the first 30 days of the offer under this Prospectus to those subscribers who have contributed to the Club's preliminary expenses in relation to the Marina expansion.

notice of acceptance of application. Generally this will be provided within ten working days of the Club receiving the subscriber's application.

The Scheme commenced on 23 November 1994.

For a description of the development of the Marina to which the Scheme relates, see pages 1 to 3 of this Prospectus.

The initial 108 berth licences were allotted by the Club in respect of the Scheme 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. Since the completion of the existing Marina and issue of 108 berth licences, the principal activity of the Scheme has been the smooth operation and maintenance of the existing Marina and the Scheme.

**Development of the Scheme**

Please note that the Scheme is intended to operate without profit. The terms of the Deed of Participation and berth licences reflect this.

For a description of the existing Marina, to which the Scheme relates, see pages 1 to 3 of this Prospectus.

The 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 number of berth licences may be varied by agreement between the Club and Statutory Supervisor in accordance with the Deed of Participation. The Scheme operates for the benefit of the licence holders.

**Description of Scheme**

**DESCRIPTION OF SCHEME AND DEVELOPMENT THEREOF**

Under the Deed of Participation the Statutory Supervisor is under no obligation to inspect the Marina and is entitled to rely on the report of auditors in respect of the determination of the actual Marina operating expenses. For further details of the Marina operating expenses please see section 5 of this Prospectus.

The Statutory Supervisor does not guarantee the repayment of any money paid or payable under the berth licences or the payment of interest on that money. There is no interest payable on these amounts.

The Club has appointed TOWER Trust Limited as the statutory supervisor of the Scheme. The Statutory Supervisor's duties are set out in the Deed of Participation, which is attached to this Prospectus as Appendix B. Apart from those duties, the Statutory Supervisor and its advisers do not take responsibility for the contents of this Prospectus or the merits of the berth licences offered in this Prospectus. Nor do they take any responsibility for any statements as to the prospects of the Scheme.

Under the Deed of Participation the Statutory Supervisor is under no obligation to inspect the Marina and is entitled to rely on the report of auditors in respect of the determination of the actual Marina operating expenses. For further details of the Marina operating expenses please see section 5 of this Prospectus.

The Statutory Supervisor does not guarantee the repayment of any money paid or payable under the berth licences or the payment of interest on that money. There is no interest payable on these amounts.

**STATUTORY SUPERVISOR**

The berth licences offered under this Prospectus are participatory securities for the purposes of the Securities Act 1978. The Securities Act 1978 requires that the Club appoint a statutory supervisor in respect of the Scheme.

**Marina Expansion**

In 1998 the Club, at the direction of the licence holders, began considering the expansion of the Marina and hence the Scheme. In 2002 the plans for the expansion of the Marina, as set out under the heading "Doves Bay Marina – Planned Expansion" on page 1 of this Prospectus where finalized.

A meeting of licence holders was held on 14 May 2003 at which the expansion of the Marina was approved by the licence holders in accordance with the plans disclosed in this Prospectus, and the Club and Statutory Supervisor were directed and authorized by the licence holders to expand the Scheme to incorporate the Marina expansion and the issue of 78 berth licences in respect of the new berths to be constructed as part of the Marina expansion.

To the above end, the Club and Statutory Supervisor entered into a Deed of Variation to the Deed of Participation on 3 June 2003. The Deed of Variation to the Deed of Participation is disclosed as a material contract at section 15 of this Prospectus.

**Permits and Consents**

The Club has obtained all resource consents and costal permits sufficient to permit the ongoing operating of the existing Marina and construction of the Marina expansion, including:

- Coastal permit (CPT 1096) granted by the then Minister of Conservation for the initial Marina development on 23 September 1993. This coastal permit authorizes the construction of a rock bund and reclamation of 4,400m<sup>2</sup> of foreshore and dredging to create a marina basin over a 2.1 hectare area of seabed for the purposes of the Marina and the construction of two boat ramps, a floating breakwater and two floating piers with associated finger jetties and piles. This coastal permit authorizes the Club to occupy the existing Marina structures situated over the seabed and foreshore areas and expires on 23 September 2018. The term of the berth licences is accordingly restricted;
- Coastal permit (NLD 99 6260-02) granted by the Northland Regional Council on or about 13 August 1999. This coastal permit enables the Club to dredge 8,500m<sup>3</sup> of material from the foreshore and seabed for the purposes of extending the existing Marina and to discharge water from the dredging operations, to construct two floating piers with associated finger jetties and piles, to relocate the existing floating breakwater and add to its end a wave break pier, to remove the existing boat ramp and construct a new boat ramp, a sand beach for centreboard yacht launching and associated rock retaining wall, to install utility services in the new structures and to occupy and use the various structures, works and services identified above. This permit expires on 30 September 2018;
- Coastal permit (Discharge) (NLD 99 6260-03) granted by the Northland Regional Council on or about 13 August 1999. This coastal permit enables the Club to discharge treated storm water from the reclamation, associated car and trailer parking areas, boat wash down pad area and wash down water into the coastal marine area; to discharge untreated storm water from the hillside of the reclamation area into the coastal marine area; and to discharge into the coastal marine area decant water from the reclamation through the reclamation bund wall. This permit expires on 30 September 2018;

- Sundry items of plant and equipment located or to be located in the Marina; and
  - All coastal permits and resource consents relating to the existing Marina and the expansion of the same;
  - The Marina structure in and over the seabed foreshore and reclaimed areas comprised in the coastal permits, including those structures relating to the Marina expansion, once complete;
- The principal fixed assets used or to be used for the Scheme are as follows:

**Principal Fixed Assets Used for the Scheme**

Bonds totalling \$210,000 have therefore been provided to the Northland Regional Council by the Club so that work on the Marina extension may commence. The Bonds are held by the Club's banker, the Bank of New Zealand ("BNZ"). 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 deeds relating to the granting of the bonds are disclosed as material contracts at section 15 of this Prospectus.

**Development Bond**

It was a condition of coastal permit (NLD 99 6260-02) for the expansion of the Marina that the Club enter a bond with the Northland Regional Council in the amount of \$150,000 for the Marina development before work could commence. Coastal permit (RCAN 0509) for the expansion of the Marina also required that the Club enter a bond with the Northland Regional Council in the amount of \$60,000 for the reclamation before work could commence.

- Land use consent (NLD 99 6260-04) granted by the Northland Regional Council on or about 13 August 1999 to carry out earthworks associated with the construction of the reclamation adjacent to the marine area. This consent expires on 30 September 2018;
- Resource consent dated on or about 13 August 1999 granted by the Northland Regional Council permitting the Club to deposit 250m<sup>3</sup> of fill material for the reclamation, to construct and use a boat wash down pad and ancillary "winch house" structure, to use the proposed reclamation-fill area for a vehicle access and car and trailer parking area and to generally landscape and plant the reclamation; and
- Resource consent dated 25 June 2002 granted by the Northland Regional Council for the relocation of piles and addition of the Coast Guard docking platform in the Marina;
- Coastal permit (RCAN 0509) granted by the current Minister of Conservation on 19 March 2003 for the construction of a rock lined seawall and reclamation of 3,200m<sup>2</sup> of foreshore and seabed in respect of the Marina for the purposes of creating car and trailer parking, providing access to a boat launching ramp and centre board yacht launching area and boat wash down facility. This coastal permit expires on 30 September 2018

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.

The Marina operating expenses generally comprise of 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 (please refer to section 13 of this Prospectus for further details about the management fee) and a refurbishment contribution charge to be placed in a refurbishment account (please refer to the heading "Refurbishment Levy" below for further details about the refurbishment account).

All licence holders must contribute to the Marina operating expenses.

### **Operating Expenses**

The Club may review the annual fee payable by the licence holders from time to time.

The licence holder will pay an annual fee to the Club by instalments in the amount and at the time provided for in their berth licence. The annual fee payable by each licence holder is \$500 plus GST, if any, as at the date of this Prospectus. The annual fee is currently payable by half yearly instalments in advance.

### **Annual Fee**

The liabilities of a licence holder are summarized below and set out in full in the berth licence.

Generally licence holders will be liable under the terms of their berth licenses to pay on an ongoing basis an annual fee and operating expense levy to the Club. The latter covers all operating expenses of the Marina, including a contribution towards the refurbishment reserve for the Marina.

### **SUBSCRIBER'S LIABILITIES**

The Club owns all principal fixed assets used for the Scheme. The Club makes the berths comprising the Scheme available to subscribers through the issue of berth licences. Licence holders have no interest in the assets of the Scheme beyond their contractual rights to use the same accorded under their berth licences.

- The Club's land, buildings, facilities and equipment.

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 funds for the repair, renovation, replacement or substantial maintenance of the Marina structures and services, then the Club may levy the licence holders the amount required to undertake such work. Each licence holder shall pay their proportionate share of the costs based on the proportion that their licence payment (adjusted for inflation) bears to the total of all licence payments for all berth licences issued in respect of the Scheme.

As part of the operating expenses licence holders 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. As at the date of this Prospectus \$9,600 is included in the operating expenses as a contribution to the refurbishment account. As at the date of this Prospectus, the refurbishment account has a credit balance of approximately \$83,754. The refurbishment account is held by the Statutory Supervisor.

**Refurbishment**

As soon as practicable after the end of each accounting year for Marina operating expenses, the Club will supply to all licence holders a statement giving reasonable details of the total operating expenses for the past accounting year and staffing the proportion of operating expenses payable by the licence holder.

**Annual Statement**

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

**Amount of Operating Expenses**

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

the next financial year of the Club.

same has been sent to all licence holders and then upon the commencement of expenses, provided that such alteration may not take effect until notice of the method of calculating the licence holder's liability in respect of the operating The Club by resolution of its executive committee may from time to time alter the

- The Club may adjust the amount of operating expenses payable by licence holders so as to ensure that each licence holder pays such proportion of the operating expenses as the Club determines is fair and reasonable. Further, the Club may allocate the operating expenses to a greater or lesser extent to different sizes of berths to ensure that each licence holder bears that proportion of operating expenses which the Club considers fair and reasonable; and
- The Club by resolution of its executive committee may from time to time alter the

Marina for which berth licences have been issued, provided that:

The payment procedure is for an estimate of the Marina operating expenses to be made for the forthcoming financial year by the Club. Each licence holder then pays an amount equal to estimated operating expenses divided by the number of berths in the

**Calculation of Operating Expenses**



	31 Dec 02	30 June 02	30 June 01	30 June 00	30 June 99	30 June 98
<b>Income</b>						
Operating Revenue	149,670	284,203	251,335	190,473	202,729	166,797
<b>Total Revenue</b>	<b>149,670</b>	<b>284,203</b>	<b>251,335</b>	<b>190,473</b>	<b>202,729</b>	<b>166,797</b>

(6 months) (12 months) (12 months) (12 months) (12 months) (12 months)

**Summary Statement of Financial Performance of the Scheme for the five years ended 30 June 2002 and the six months ended 31 December 2002**

A summary of the financial statements for the Scheme, being the consolidated financial statements of the Club and Company, for the past five financial years and a six month period ended 31 December 2002 follow:

**6. SUMMARY OF FINANCIAL STATEMENTS**

The licence holder indemnifies the Club against all losses, expenses, liability, claims and costs incurred by the Club arising as a result of the licence holder defaulting in the performance of their obligations under the berth licence, including the acts or omissions of the licence holder or their invitees' within or near the Marina.

**Indemnity**

The licence holder shall 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 their berth licence which is more than 14 days in arrears. Such interest will be calculated from the due date for payment until the date of actual payment.

**Default Interest**

The licence holder may use water, power and other utilities and facilities forming part of the Marina in common with other licence holders from time to time but on an occasional basis only. If the licence holder requires more permanent or regular use of such utilities and facilities, the Club will be entitled to charge such sum as it considers appropriate for the use of the utilities and facilities. The cost of using the utilities and facilities forming part of the Marina on a more permanent or regular basis cannot be quantified in this Prospectus.

**Use of Utilities and Facilities**

The licence holder is responsible for the cost of providing, attaching, repairing and replacing all mooring lines from time to time in accordance with the instructions of the Club. The cost of providing, attaching, repairing and replacing all mooring lines from time to time cannot be quantified in this Prospectus.

**Mooring Lines**