

BoatCo M51-4 Limited

Product Disclosure Statement

Offer of shares in BoatCo M51-4 Limited

12 December 2019

Issued by BoatCo M51-4 Limited

This document gives you important information about this investment to help you decide whether you want to invest. There is other useful information about this offer on www.business.govt.nz/disclose. BoatCo M51-4 Limited has prepared this document in accordance with the Financial Markets Conduct Act 2013. You can also seek advice from a financial adviser to help you to make an investment decision.

1 Key information summary

What is this?

This is an offer of ordinary shares. Ordinary shares give you a stake in the ownership of BoatCo M51-4 Limited. Each share gives you certain rights to use the Vessel as described in Section 5 'Terms of the Offer'.

If BoatCo M51-4 Limited runs into financial difficulties and is wound up, you will be paid only after all creditors have been paid. You may lose some or all of your investment.

About BoatCo M51-4 Limited

BoatCo M51-4 Limited (**the Company, we, our, or us**) was formed to purchase a 2020 Maritimo M51 (the **Vessel**) from Ownaship Limited (**Ownaship**) and establish a boat-owning scheme (**Scheme**) under which the Shareholders have certain rights to use the Vessel. As such it is not intended to make any profit or return. The Company was incorporated on 29 November 2019 and has not commenced business as at the date of this PDS.

Purpose of this offer

The proceeds from this offer will be used by the Company in the first instance to pay the purchase price of the Vessel. In addition, shipping costs will be paid and dingy/outboard, linen/cutlery, safety equipment, extended engine warranty, and Wi-Fi modem will be added to the Vessel by Ownaship prior to the completion of the purchase of the Vessel, and Ownaship will manage and be responsible for the day-to-day operation and maintenance of the Vessel, in return for Management Charges paid by the Company. The Management Charges will be funded by the use charges that the Shareholders will be required to pay to the Company annually for the use of the Vessel.

Key terms of the offer

Terms	Description
Description of securities	Ordinary shares (Shares) in the capital of BoatCo M51-4 Limited.
Intended opening date of offer*	19 December 2019
Intended closing date of offer*	1 November 2020
Shares issued	From 1 August 2020, and at later dates if some Shares are unsold as at this date.
Fixed price of Shares	\$389,000 (split into an initial instalment payment and a final instalment payment set out below)

Terms	Description
Initial instalment payment	\$100,000 per Share payable upon acceptance of application (refer to 'Section 5 Terms of Offer' for further information). Please note Shares are not issued until 1 August 2020.
Final instalment payment	\$289,000 payable by 1 August 2020
Minimum number of Shares per investor	1 Share
Maximum number of Shares per investor	2 Shares
Number of Shares on offer	6 Shares
Percentage of total Shares immediately after issue	100%
Management and Management Charge	<p>Ownaship will manage and be responsible for the day-to-day operation and maintenance of the Vessel, in return for a Management Charge paid by the Company. The Management Charge will be funded by the Use Charges that Shareholders will be required to pay to the Company annually for the use of the Vessel.</p> <p>The Management Charge for the period from 1 September 2020 to 31 March 2021 is \$76,272.00 including GST. This is a pro-rated fee based on the total fee for the first year of the Management Agreement being \$130,752 including GST (which includes the first year's Management Fee of \$32,000 and operating costs and expenses of \$98,752).</p>
Use Charge	<p>In addition to the Share price, each Shareholder will be required to pay the Company an annual use charge (Use Charge) for the use of the Vessel. The Use Charge funds the Management Charge that the Company is required to pay Ownaship (see below in this table and in section 2.15 to 2.16 of this PDS for further detail on the Management Charge).</p> <p>The initial, pro-rated Use Charge for the period from 1 September 2020 to 31 March 2021 is \$12,712. The Use Charge for the year ended 31 March 2022 is \$21,792. No GST is charged on the Use Charge as the Company is not GST registered.</p> <p>This Use Charge is set at 16.67% (rounded) of the total Management Charge for each Share you hold.</p>

Terms	Description
	<p>You may also be required to pay an additional charge for any additional Use Charge charged to the Company by Ownaship (Additional Use Charge).</p> <p>The Additional Use Charge will be set at the proportion of your respective holding of Shares. For example, if you have two of the 6 Shares then your Additional Use Charge will be equal to 33.33% (rounded) of any additional use charge charged to the Company.</p>

*The above dates are indicative only and may change. The Company reserves the right to alter or extend these dates. The Company may also withdraw the offer at any time before the allocation of Shares.

How you can get your money out

BoatCo M51-4 Limited does not intend to quote these Shares on a licensed market in New Zealand and there is no other established market for trading them. This means you may not be able to sell your Shares.

You can sell, assign, transfer, convey or otherwise dispose of all of your Shares by issuing a transfer notice to Ownaship, and satisfying the conditions of transfer (set out in the Shareholders' Agreement). The terms of the transfer notice appoint Ownaship to act as your agent for the purpose of effecting the transfer. Ownaship will endeavour to find a purchaser for your Shares. Once a purchaser is found Ownaship will, at your direction either enter into the sale of the Shares as your agent, or allow you to withdraw the transfer notice and sell the Shares privately.

Key drivers of returns

The Company was incorporated to establish and operate a boat owning scheme in relation to the Vessel under which Shareholders have usage rights in respect of the Vessel. As a result, the Company is not intended to make any profit or return, and accordingly you should not expect any positive return on your investment.

Current and future aspects of the business that drive the Company's business that have or may have the most impact on the financial performance of the Company, and the key strategies and plans for the business are as follows:

- Vessel value – the Company's sole asset will be the Vessel. The Vessel may lose value over time depending on a number of factors. Further information relating to the Vessel value is set out in Section 2 'BoatCo M51-4 Limited and what it does' and section 7 'Risks to BoatCo M51-4 Limited's business and plans'.
- Vessel ownership and maintenance expenses – costs associated with owning the maintaining the Vessel will have an impact on the Company's business. The Company is liable to pay Management Charges and other additional costs associated with owning and managing the Vessel.

The key strategies and plans that the Company has to maximise the Vessel's value (which is likely to mean keeping the depreciated value as high as possible, rather than the Vessel appreciating in

value), include ensuring the Vessel is well maintained, is reasonably secure, and that appropriate insurance cover has been taken out.

Key risks affecting this investment

Investments in shares are risky. You should consider if the degree of uncertainty about BoatCo M51-4 Limited's future performance and returns is suitable for you. The price of these Shares should reflect the potential returns and the particular risks of these Shares. BoatCo M51-4 Limited considers that the most significant risk factors that could affect the value of the Shares are:

- *Depreciation of Vessel risk* – as the Vessel is a depreciating asset, it is highly likely that the future market price of the Shares will be less than the price paid for them.
- *Key personnel risk* – if the sole director of both the Company and Ownaship ceases to be involved in the operation of the Company, Ownaship, or the Scheme, it could negatively impact on your returns from the Company.
- *Risk of inability to sell Shares* – you may be unable to sell your Shares and fail to recover your initial investment on a sale of your Shares.
- *Risk of loss of rights* – in the event of default by you (such events are set out in the Shareholders' Agreement, and include, but are not limited to, a failure to pay any amount due under the Shareholders' Agreement on the due date, or a breach by you of any provision of the Shareholders' Agreement or the Vessel Rules without rectification), your rights to use the Vessel will be suspended until the event of default is remedied or the Shares have been transferred.
- *Risk of loss of initial instalment payment* – if you do not make payment of the final instalment payment upon the due date, you will not be refunded the amount of the initial instalment, unless and when Ownaship finds another purchaser for your Share(s). If another purchaser is found for your Share(s), the amount you receive will depend on the sale price and will be subject to deduction of fees. See Section 5 'Terms of the Offer' for more information.
- *Risk of additional Use Charges* – additional Use Charges may become payable as the Vessel becomes older and any warranty period applying to the Vessel ends.
- *Risk of inability of the Company to meet its obligations to Ownaship* – if a Shareholder or Shareholders default on their Use Charge payments, then the Company may not be able to meet its Management Charge payment obligations to Ownaship in a timely manner, or at all. In addition, if not all of the Shares offered under this Offer are issued, then the Company may not be able to meet its Management Charge payment obligations to Ownaship because it will receive less number of Use Charge payments than it would if all 6 Shares were issued.
- *Reduction of Shareholders' Boat Days* – if the Vessel is damaged, or there is a mechanical failure, or adverse weather conditions render the Vessel unsafe for use, there is a risk that Shareholders may not be able to have their 57 Boat Days use in the year.

These risks are particular to the Shares in BoatCo M51-4 Limited because the Company was incorporated to establish and operate a boat owning scheme in relation to the Vessel under which the Shareholders have usage rights in respect of the Vessel. The Company is not intended to make any profit or return, and accordingly you should not expect any positive return on your investment.

This summary does not cover all of the risks of investing in the Shares. You should also read 'Section 7 Risks to BoatCo M51-4 Limited's business and plans' and to other places in the PDS that describe the risk factors.

BoatCo M51-4 Limited's financial information

The Company was incorporated on 29 November 2019 and has not yet commenced business operations. Accordingly, no financial statements for the Company have been prepared or registered under the Companies Act 1993 and the Financial Reporting Act 2013. The Company will purchase the Vessel from Ownaship. The Vessel is an asset and therefore there are no historical financial statements.

However, the Company has elected to include selected prospective financial information (accompanied by a summary of principal assumptions) in Section 7 'BoatCo M51-4 Limited's financial information'. The Company's prospective financial information will be available on the Company's offer registry, at www.business.govt.nz/disclose.

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2 BoatCo M51-4 Limited and what it does

Overview

2.1 The Company was incorporated on 29 November 2019 in order to establish and operate a boat-owning scheme in relation to the Vessel. It has not yet commenced trading and has no subsidiaries. The Company's principal activities will be owning the Vessel, establishing the Scheme, and paying management charges to Ownaship. It has entered into the following agreements:

- Sale Agreement
- Shareholders' Agreement
- Management Agreement,

each of which are available on the Company's offer register at www.business.govt.nz/disclose.

2.2 Ownaship has agreed to purchase the Vessel from a third party seller. Pursuant to an agreement for sale and purchase (**Sale Agreement**), the Company has agreed to purchase the Vessel from Ownaship. Ownaship is expected to take possession of the Vessel on 1 September 2020.

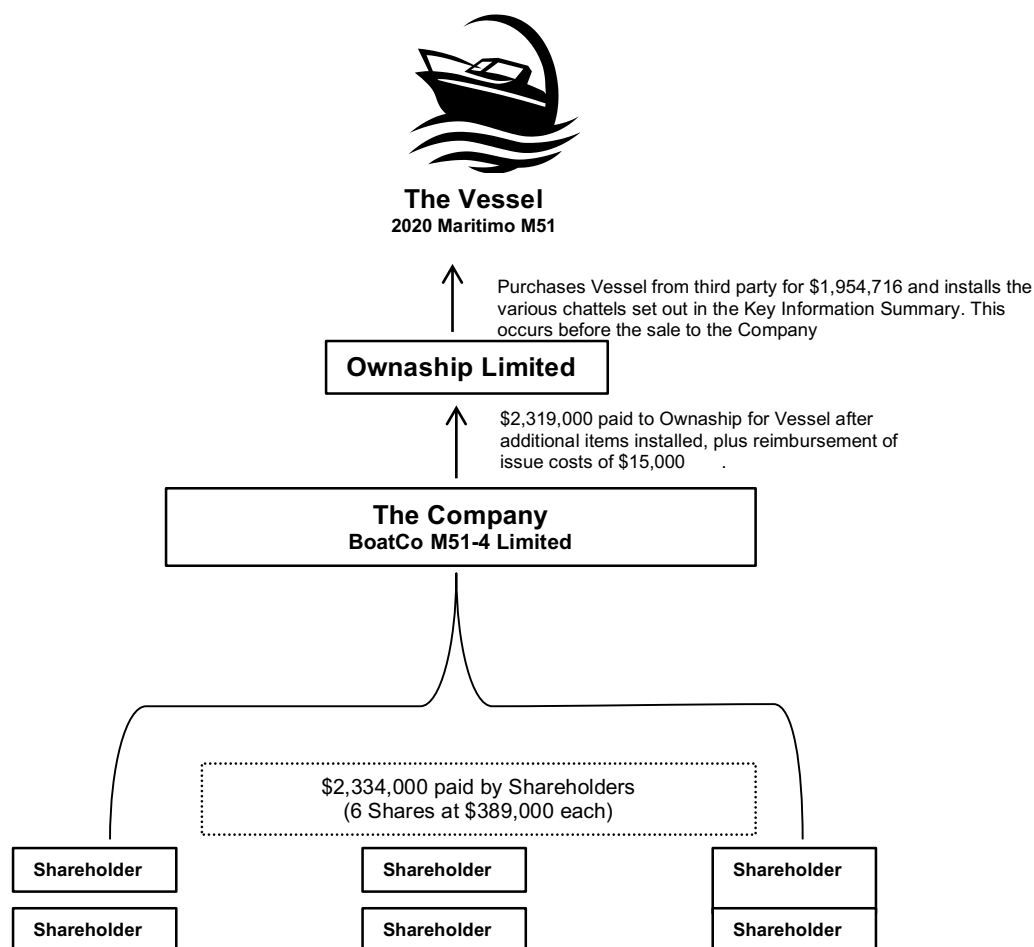
2.3 If there are unsold Shares on completion of the Sale Agreement the whole purchase price will not immediately be paid to Ownaship. Instead the proportion of the purchase price that corresponds to the proportion of Shares that have been sold pursuant to the Offer will be paid to Ownaship upon delivery of the Vessel to the Company. For example, if 4 shares have been sold when the Sale Agreement becomes unconditional, 66.66% of the purchase price will be paid on delivery. The balance will be paid as the unsold Shares are sold. In the event of unsold Shares, this will not increase, or otherwise impact on, the annual Use Charge payable by each Shareholder.

2.4 The price payable under the Sale Agreement (and consequently the issue price per Share) takes into account shipping costs, the dinghy/outboard, linen/cutlery, safety equipment, extended engine warranty, and Wi-Fi modem to be added to the Vessel by Ownaship prior to the Company completing the purchase, and reimbursement of the cost and time expended by Ownaship on the Company's behalf in establishing the Scheme (including legal fees, account fees, audit fees, and other costs associated with the offer).

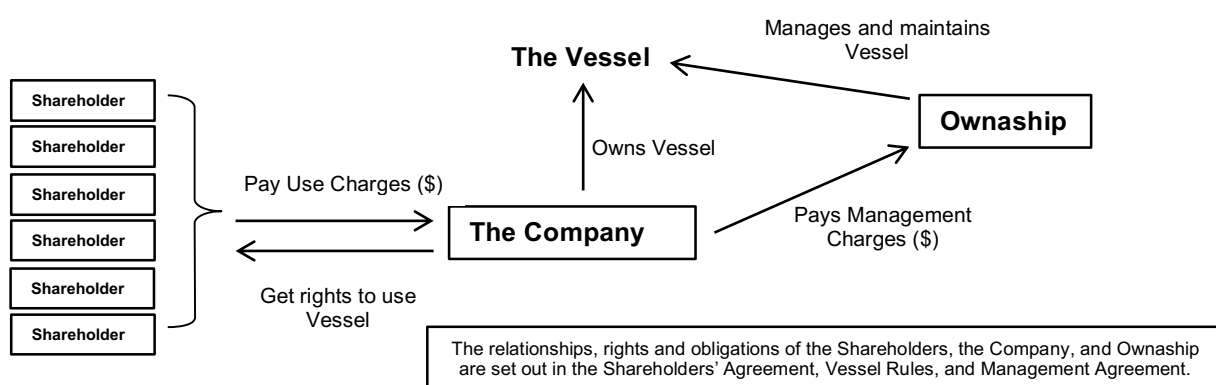
2.5 The usage rights attached to the Shares, details of the rules regarding the use of the Vessel, how the Scheme operates, management fees payable, and other obligations of Shareholders are set out in Section 5 'Terms of the offer'.

2.6 The Company and the Scheme are structured such that the Company should not derive any net profit during an income year.

A simplified version of how the Vessel will be purchased is as follows:



A simplified version of the Scheme's structure is as follows:



2.7 The main sector in which the Company will operate is boat ownership and ownership scheme operations.

2.8 The aspects of the Company's business that may have the most impact on the financial performance of the business are:

- *Vessel value* – the Company's sole asset will be the Vessel. The Vessel may lose value over time depending on a number of factors.
- *Vessel ownership and maintenance expenses* – costs associated with owning the maintaining the Vessel will have an impact on the Company's business. The Company is liable to pay Management Charges and other additional costs associated with owning and managing the Vessel.

2.9 The key strategies and plans for maintaining the value of the Vessel are:

The provision of maintenance and other management services by Ownaship to ensure:

- the Vessel is maintained in first-class working standard and conditions
- the Vessel is berthed in a reasonably secure and convenient location; and
- financially prudent insurance cover is taken out.

Directors, senior management and individual relevant parties

2.10 As at the date of this PDS, the Company's sole director is Simon James Gibson Barker of Auckland. The Company has no senior managers. Mr Barker is also the Managing Director of Ownaship. He joined Ownaship in February 2009 after 11 years in the banking industry. Prior to this he held a number of roles within the ANZ / National Bank and has considerable experience in performance management, strategy, and start-up businesses. Since joining Ownaship, Simon has been involved in establishing and maintaining 17 boat-owning schemes similar to the Scheme in relation to boats ranging from 25 to 51 feet in length. Simon is also a director of a number of other companies involved in those boat-owning schemes.

Substantial shareholder and relevant interests held by the director

2.11 As at the date of this PDS, the following shareholder has a relevant interest in 5% or more of the shares in the Company:

Name	Number of Shares
Ownaship	1 (100% of ordinary shares)

Interests of director

2.12 The director of the Company is not entitled to remuneration or any other benefits from the Company. The Company has no employees and it does not intend to employ any persons. As at the date of this PDS, the sole director of the Company is Simon Barker, and the sole

shareholder of the Company is Ownaship (with Simon Barker being a majority shareholder of Ownaship). As at the date of this PDS, Simon Barker does not receive any remuneration or any other benefits from the Company in his capacity as director and shareholder of Ownaship. From time to time Ownaship Limited may receive a fee from Maritimo in relation to its purchase of vessels from Maritimo; however no such fee has been paid by Maritimo to Ownaship Limited in respect of the Vessel. See sections 2.14 and 2.15 for details regarding Ownaship's interest in the Sale Agreement and Management Agreement.

- 2.13 As at the date of this PDS, Ownaship is also a party to the Shareholders' Agreement, as the Company's sole shareholder. Upon the offer proceeding the Company will buy back that share from Ownaship for \$1.00.
- 2.14 The Company has entered into a Sale Agreement dated 10 December 2019 with Ownaship, pursuant to which the Company has agreed to purchase the Vessel from Ownaship. The purchase price for the Vessel is \$2,319,000 including GST. The Company will also reimburse Ownaship for issue costs of \$15,000 including GST. Ownaship has entered into a head agreement with a third party on 1 December 2019 pursuant to which Ownaship has agreed to purchase the Vessel for \$1,954,716 including GST. The Sale Agreement is available on the Company's offer register at www.business.govt.nz/disclose.
- 2.15 The Company and Ownaship have also entered into a Management Agreement dated 10 December 2019 pursuant to which the Company has appointed Ownaship as manager to manage and be responsible for the day to day operation and maintenance of the Vessel. The Company will pay Ownaship a Management Charge relating to each year on or prior to the first day of that year for the provision of the management services. The Management Charge is based on an estimate of the costs associated with the operation of the Vessel, expenses incurred by Ownaship, and a Management Fee agreed between the Company and Ownaship. The Management Charge for the period from 1 September 2020 to 31 March 2021 is \$76,272 including GST. This is a prorated fee based on the total fee for the first year of the Management Agreement being \$130,752 including GST (which includes the first year's Management Fee of \$32,000, and operating costs and expenses of \$98,752).
- 2.16 In the event that the Company approves additional expenditure, Ownaship may, in its discretion, either charge the Company for such additional expenditure, or add the additional expenditure to the Management Charge for the following year. Interest on late payments will be payable by the Company. The amount of remuneration paid by the Company to Ownaship is limited to the costs associated with the Vessel, the expenses incurred by Ownaship, and the amount of the Management Fee or additional expenditure agreed to by the Company (as applicable). However, there is no limit on the amount of interest that may accrue on unpaid amounts.
- 2.17 The director of the Company, as a director of Ownaship, receives an interest from the Sale Agreement and the Management Agreement, being the difference in the purchase price for the Vessel and the price paid by Ownaship for the Vessel under the head agreement, and the Management Charge.

Other material governance disclosures

- 2.18 Under the Shareholders' Agreement, during the term of the Management Agreement the Company's directors may only be appointed or removed by a special resolution of Shareholders. Otherwise, the Company's sole director has not been appointed, and the Company's directors may not be appointed or removed from, or otherwise vacate, office, in a manner that is materially different from that specified in sections 153 to 157(1)(a) to (d) of the Companies Act 1993.
- 2.19 The Company is governed by the Companies Act 1993 as it has not elected to adopt a constitution. There are certain rights and obligations that apply to Shareholders and the Company's director under that Act that can be exercised at any time.
- 2.20 There are no modifications, exceptions, or limitations on the powers of the board, except as provided in the Companies Act 1993, which in certain circumstances restricts the powers of directors. Such provisions are common to all companies registered under the Companies Act 1993.

3 Purpose of the offer

- 3.1 Ownaship has agreed to purchase the Vessel from a third party seller. Pursuant to the Sale Agreement, the Company has agreed to purchase the Vessel from Ownaship. Ownaship is expected to take possession of the Vessel on 1 September 2020, and the Vessel will be available for use by shareholders on 10 October 2020. If the delivery of the Vessel is delayed, the date of the Vessel's availability for bookings will also be delayed. The delivery of the Vessel may be delayed due to a number of reasons, including (but not limited to) manufacturing delays, freight delays, or unsuitable sea conditions for transportation of the Vessel. Ownaship will manage and be responsible for the day-to-day operation and maintenance of the Vessel, in return for Management Charges paid by the Company. The Management Charges will be funded by the Use Charges that each Shareholder will be required to pay to the Company annually for the use of the Vessel.
- 3.2 The intended use of the money raised under the offer is to:
- establish and operate the Scheme
 - pay the purchase price of the Vessel
 - add various items and safety equipment to the Vessel.
- 3.3 The intended use of the money raised under the offer is aligned to the strategies and plans of the Company, being to maintain the Vessel to a high standard and to manage the Scheme. As at the date of this PDS, the Company's director does not intend to apply the money raised under the offer to any purpose other than those referred to in paragraph 3.2 above, with the exception of any small items that may be required, or may enhance the use and operation of, the Vessel.
- 3.4 There is no minimum amount that must be raised before the Shares are issued.
- 3.5 The offer is not underwritten.

4 Key dates and offer process

Action	Intended date
Offer opens	19 December 2019 (or such later date as determined by the Company)
Offer closes	1 November 2020 (or such earlier date as determined by the Company)
Shares issued	From 1 August 2020, and at later dates if some Shares are unsold as at this date.
Intended possession date of Vessel by Company	1 September 2020

The above dates are indicative only and may change. The Company reserves the right to alter or extend these dates. The Company may also withdraw the offer at any time before the allocation of Shares.

The offer will remain open until the maximum amount of securities is earlier subscribed for (i.e. all 6 Shares are sold) or the offer is earlier closed by the Company's director. The director of the Company reserves the right to withdraw this PDS and decline any or all applications at any time. The Company will not pay any interest on subscription moneys paid by applicants that are rejected and subsequently refunded.

5 Terms of the offer

Term	Description
Shares	Ordinary shares in the capital of the Company
Fixed price of Shares	\$389,000 per Share. The price per Share has been determined by the purchase price of the Vessel paid to Ownaship, plus the cost of additional items installed on the Vessel (being the dingy/outboard, linen/cutlery, safety equipment, extended engine warranty, and Wi-Fi modem) and reimbursement of the issue costs.
Maximum number of Shares on offer	6 Shares
Minimum parcel of Shares	1 Share
Vessel	2020 Maritimo M51
Purchase price of Vessel	\$2,319,000 (not including issue costs)

Term	Description
Initial instalment payment	<p>Applicants pay \$100,000 per Share as a non-refundable instalment for the Share, payable upon acceptance of their application for a Share(s). Interest on initial instalment payments will not be payable to applicants.</p> <p>If an applicant does not make payment of the final instalment payment upon the due date (and after having 14 days' notice to remedy this breach), the initial instalment (less transfer and brokerage fees set out below) will only be refundable if and when Ownaship finds another purchases for this Share(s), and the sale to that purchaser is complete.</p> <p>If Ownaship finds another purchase for the Share, but the purchase price for this Share is less than \$389,000 (the price of the Shares offered in this PDS), the original applicant will receive:</p> <ul style="list-style-type: none"> ▪ the initial instalment payment of \$100,000; less ▪ brokerage of 6.5% plus GST of the new purchase price; less ▪ a \$1,000 transfer fee including GST; <i>less</i> ▪ the difference between \$389,000 and the purchase price. <p>In the less likely event that Ownaship sells the Share to another buyer for a purchase price in excess of \$389,000, the original applicant will receive:</p> <ul style="list-style-type: none"> ▪ the initial instalment payment of \$100,000; less ▪ brokerage of 6.5% plus GST of the new purchase price; less ▪ a \$1,000 transfer fee including GST; <i>plus</i> ▪ the difference between the purchase price received by Ownaship and \$389,000. <p>The Company will hold the initial instalment payment in trust for applicants until the Company applies it towards the deposit for the Vessel, some of the remaining purchase price of the Vessel, and commissioning costs relating to the Vessel. The applicants will provide confirmation of their instructions to apply the initial instalment payment to such costs immediately following the acceptance of their application.</p>
Final instalment payment	<p>\$289,000, being the balance of the price per Share less the initial instalment payment per Share. This final instalment payment is due on 1 August 2020.</p>
Usage rights attached to Shares	<p>Subject to availability and the following terms (set out below), Shareholders are entitled to the use of the Vessel for a total of 57 Boat Days per year, and unlimited standby Boat Days per year per Share held, on the following terms:</p>

Term	Description
	<ul style="list-style-type: none"> ▪ the 57 Boat Days will be divided into 18 Peak Days use and 39 Off Peak Days use per year, spread evenly across the following three trimester periods: <ul style="list-style-type: none"> ▪ Spring into summer – 1 August to 30 November ▪ Summer into autumn – 1 December to 31 March ▪ Winter – 1 April to 31 July ▪ Shareholders are entitled to 13 Off Peak Days and 6 Peak Days in each trimester ▪ Vessel will be available for bookings from 8 October 2019, being the date on which the Vessel will be in New Zealand, commissioned, and therefore available to be used, subject to any delay of delivery. Refer to section 3.1 regarding delay of delivery. <p>Further detail regarding the use of the Vessel is set out in the Shareholders' Agreement and the Vessel Rules, which are available on the Company's offer register at www.business.govt.nz/disclose. Ownaship may vary the Vessel Rules, including Shareholders' use entitlements at any time.</p>
Use Charge	<p>The Company's board determines an annual Use Charge payable by each Shareholder for the use of the Vessel. The Use Charge funds the Management Charge that the Company is required to pay Ownaship.</p> <p>The initial, pro-rated Use Charge for the period from 1 September 2020 to 31 March 2021 is \$12,712. No GST is charged on the Use Charge as the Company is not GST registered.</p> <p>This Use Charge is set at 16.67% (rounded) of the total Management Charge for each Share you hold.</p> <p>The Management Charge for the period from 1 September 2020 to 31 March 2021 is \$76,272 including GST. This is a pro-rated fee based on the total fee for the first year of the Management Agreement being \$130,752 including GST (which includes the first year's Management Fee of \$32,000 and operating costs and expenses of \$98,752).</p> <p>You may also be required to pay an Additional Use Charge for any additional Use Charge charged to the Company by Ownaship. The Additional Use Charge will be set at the proportion of your respective holding of Shares. For example, if you have two of the 6 Shares then your Additional Use Charge will be equal to 33.33% (rounded) of any additional use charge charged to the Company.</p>

Term	Description
Transferring Shares	<p>You may sell, assign, transfer, convey or otherwise dispose of all of your Shares by issuing a transfer notice to Ownaship, and satisfying the conditions of transfer set out in the Shareholders' Agreement.</p> <p>The terms of the transfer notice appoint Ownaship to act as your agent for the purpose of effecting the transfer. If you want to transfer your Shares to a third party, the conditions of transfer require the third party to:</p> <ul style="list-style-type: none"> ▪ deliver an executed copy of a deed of adherence (binding them to comply with the Shareholders' Agreement) to the Board, and ▪ satisfy the board that the third party is of good standing, financial substance, and reputation. <p>Ownaship will endeavour to find a purchaser for your Shares. Once a purchaser is found Ownaship will, at your direction either enter into the sale of the Shares as your agent, or allow you to withdraw the transfer notice and sell the Shares privately. If Ownaship acts as your agent in the sale, a fee of 6.5% plus GST of the transfer price of the Shares will be payable.</p> <p>A transfer fee of \$1,000 including GST will be payable to Ownaship in any case where a Share is to be transferred. Before a transfer can proceed you must also pay all amounts you owe the Company. You remain responsible for all payments due under the Shareholders' Agreement until the Shares are sold and transferred to the purchaser.</p>
Applications	<p>An application for Shares must be made on the Application Form attached to this PDS. The Company reserves the right to reject any application in whole or in part without giving any reason.</p>

The Shareholders' Agreement and the Management Agreement are available on the Company's offer register at www.business.govt.nz/disclose.

Shareholders' Agreement

5.1 Under the Shareholders' Agreement, each Share gives the Shareholder the right:

- to use the Vessel for a total of 57 days per year in accordance with and subject to the terms in the Shareholders' Agreement and Vessel Rules. Refer to the table above for further information about the Vessel use
- to vote at a general meeting of the Company, including the right to cast one vote per Share on a poll
- to approve by the exercise of a special resolution (as defined in the Companies Act 1993):
 - authorisation of the transfer of the Vessel;

- authorisation of the termination of the Management Agreement by the Company;
 - the appointment or removal of a director of the Company during the term of the Management Agreement; and
 - the issue of any shares in the Company or securities that are convertible into or exchangeable for shares in the Company or the consolidation or subdivision of shares in the Company other than in connection with this offer
- to receive an equal share in any cash distributions or other distributions made on the Shares
 - upon liquidation of the Company, as a Shareholder to share in the distribution of any surplus assets of the Company. If the Company does go into liquidation, your claim will rank equally with those of other Shareholders but behind the claims of any secured and unsecured creditors of the Company
 - to be provided with certain Company information
 - as a holder of shares conferred by the Companies Act 1993.

Management Agreement

5.2 By subscribing for Shares, investors agree to be bound by the terms of the Management Agreement. In summary, under the Management Agreement:

- the Company has appointed Ownaship to manage and be responsible for the day to day operation and maintenance of the Vessel;
- the Company authorises Ownaship to incur and account for expenditure on its behalf (subject to budgeted expenditure);
- for providing the management services, the Company will pay to Ownaship a Management Charge for each year;
- Ownaship has been appointed for an initial term of five years, with an automatic renewal for a further 12 months unless notice is given by one party of its intention not to renew the Management Agreement;
- the Company may terminate the Management Agreement in certain circumstances, including if Ownaship commits a material breach of the Management Agreement and does not remedy this within a certain timeframe; and
- Ownaship may terminate the Management Agreement in certain circumstances.

The Shares are impacted upon by the terms of the Shareholders' Agreement and the Management Agreement as these agreements impose conditions on the Shares, including for example, the requirement for the Company to pay Management Charges annually and certain expenditure, and the restrictions placed on the use of the Vessel by Shareholders.

6 Key features of the Shares

- 6.1 The key features of the Shares are contained in the Shareholders' Agreement and Management Agreement. A description of these key features is included in Section 5 of the PDS.

Dividend policy

- 6.2 As at the date this PDS, it is not the current intention of the board to pay dividends and, as the Company is not expected to earn any income, it is not expected that any dividends will be paid.
- 6.3 The director considers it is unlikely the policy will change in the future given the Company has been established to operate a boat owing scheme and is not intended to make any profit or return.

7 BoatCo M51-4 Limited's financial information

Prospective financial information

- 7.1 The Company was incorporated on 29 November 2019 and has not yet commenced business operations. The Company will purchase the Vessel from Ownaship (which is an asset), however there has been no business acquisition. Accordingly, no financial statements for the Company have been prepared or registered under the Companies Act 1993 and the Financial Reporting Act 2013.
- 7.2 This prospective financial information, which is based on the Company's assessment of events and conditions existing at the date of this PDS and have been prepared in accordance with NZ Financial Reporting Standard FRS-42. You should read the information in light of the assumptions that accompany the prospective financial information.
- 7.3 The table below provides key selective financial information about the Company on the basis that it purchases the Vessel by 10 October 2020. Full prospective financial statements are available on the offer register at www.companiesoffice.govt.nz/disclose. If you do not understand the financial information you can seek advice from a financial advisor or an accountant. You should read the information in light of the assumptions that accompany the prospective financial information including the risks that are set out in Section 8 'Risks to BoatCo M51-4 Limited's business and plans' of the PDS.

Selected Financial Information
As determined in accordance with GAAP

	7 Months Ending 31 March 2021	12 Months Ending 31 March 2022	12 Months Ending 31 March 2023
Revenue	76,272	130,752	130,752
Net Profit before interest, tax, depreciation and amortisation (EBITDA)	-	-	-
Depreciation	(135,275)	(218,373)	(196,535)
Net Profit after tax	(135,275)	(218,373)	(196,535)
Dividends on all equity securities of the issuer	-	-	-
Total Assets	2,183,725	1,965,352	1,768,817
Cash and Cash Equivalents	-	-	-
Total Liabilities	-	-	-
Total Debt	-	-	-
Net Cash Flows from operating activities	-	-	-

Key Assumptions:

- It is assumed all 6 shares are sold prior to 31 March 2021
- Costs of \$15,000 will be incurred in relation to the issue of shares in the Company
- Boat is operational from 8 October 2020.

The prospective financial information is based upon the following assumptions:

Purchase of 2020 Maritimo M51

The cost of the purchase of the 2020 Maritimo M51 is based on the price agreed with Ownaship (with settlement occurring on 15 September 2020 being \$2,319,000 including GST).

Revenue

Revenue consists of Shareholder Use Charges which are based on 6 charges of \$12,712 for the 7-month period ending 31 March 2021, and 6 charges of \$21,792 for the 12 months ended 31 March 2022.

Expenses

All expenses other than interest, tax, depreciation and amortisation are expected to equate to the Revenue and therefore Net Profit before interest, tax, depreciation and amortization (EBITDA) is expected to be nil. Interest, amortisation and tax are expected to be nil.

Depreciation

Depreciation is prorated at a rate of 10% of the book value.

More detailed assumptions can be found with the full prospective financial statements which are available on the offer register at www.companiesoffice.govt.nz/disclose

8 Risks to BoatCo M51-4 Limited's business and plans

- 8.1 Set out below is a description of the circumstances that the Company or Ownaship are aware of that exist or are likely to arise that significantly increase the risk to the Company's financial position, financial performance, and plans of the Company, together with an assessment of the likelihood of the circumstances arising.

Risk	Assessment of risk
Depreciation of Vessel	As the Vessel will be the Company's sole asset, and it is a depreciating asset, it is highly likely that the future market price of the Shares will be less than the price paid for them. There is no mitigation strategy in relation to this risk, other than Ownaship being responsible under the Management Agreement for the ongoing maintenance of the Vessel, which may prevent premature depreciation of the Vessel.
Damage to Vessel	The Company will hold only one asset, the Vessel. The Vessel may suffer damage due to acts of nature or the actions of third parties. The Company will mitigate this risk by ensuring the Vessel is insured against such damage.
Key personnel risk	If the sole director of both the Company and Ownaship ceases to be involved in the operation of the Company, Ownaship or the Scheme, it could negatively impact on your returns from the Company.
Failure of Ownaship	If the Manager fails to perform its obligations in respect of the management of the Vessel, then there could be a negative impact on the value of the Vessel and your Shares. A mitigating factor which minimises this risk is that Ownaship has experience in the management structure and the operation of boat ownership schemes. In addition if the Manager is not performing, then under the Management Agreement, the Company can (in certain circumstances) terminate the Management Agreement and then could find a replacement manager.
No performance history of Company	The Company is newly incorporated, and accordingly has no history of operations. A mitigating factor which minimises this risk is that Ownaship has experience in the management structure and the operation of boat ownership schemes, and its director is also the director of the Company.
Loss of rights	In the event of a default by you (such events are set out in the Shareholders' Agreement, and include, but are not limited to, a failure to pay any amount due under the Shareholders' Agreement on the due date, or a breach by you of any provision

Risk	Assessment of risk
	of the Shareholders' Agreement or the Vessel Rules without rectification), you will be deemed to have issued a transfer notice for all your Shares and you will have your rights to use the Vessel suspended until the event of default is remedied or the Shares have been transferred.
Inability to sell Shares	You may be unable to sell your Shares or fail to recover your initial investment on a sale of your Shares.
Additional usage charges	Additional usage charges may become payable as the Vessel becomes older and any warranty period applying to the Vessel ends.
Risk of loss of initial instalment payment	If you do not make payment of the final instalment payment upon the due date, you will not be refunded the amount of the initial instalment, unless and when Ownaship finds another purchaser for your Share(s). If another purchaser is found for your Share(s), the amount you receive will depend on the sale price and will be subject to deduction of fees. See Section 5 'Terms of the Offer' for more information.
Company's inability to meet its commitments	<p>If a Shareholder or Shareholders default on their Use Charge payments, then the Company may not be able to meet its Management Charge payment obligations to Ownaship in a timely manner, or at all. In addition, if not all of the Shares offered under this Offer are issued, then the Company may not be able to meet its Management Charge payment obligations to Ownaship because it will receive less number of Use Charge payments than it would if all 6 Shares were issued.</p> <p>The Shareholders' Agreement gives the Board the power to sell a Shareholder's Share if that Shareholder defaults (and that default remains unremedied after 10 working days), as referred to above in the risk '<i>Loss of rights</i>'. This power reduces the likelihood that the Company will default on its obligations in the event of a Shareholder defaulting.</p>
Reduction of Shareholders' Boat Days	If the Vessel is damaged, there is a mechanical failure, or adverse weather conditions render the boat use unsafe, there is a risk that Shareholders may not be able to have their 57 Boat Days use in the year.

9 Tax

9.1 Tax can have significant consequences for investments.

- 9.2 The Company's understanding of New Zealand tax law is that the market value of Shareholders' rights to use the Vessel must equal the amount that Shareholders pay, and the obligations that they assume under the Shareholders' Agreement and the Vessel Rules, in return for those rights. If the Inland Revenue Department decides that the market value of your rights to use the Vessel are worth more than the consideration you have given for those rights, then it may deem any difference to be a dividend and you will be required to pay tax on that difference, with a credit for any resident withholding tax paid by the Company on that dividend.
- 9.3 If you have queries relating to the tax consequences of investing in the Shares, you should seek professional advice on those consequences. Liability for personal taxation is your responsibility.

10 Where you can find more information

- 10.1 Further information relating to the Shares and the Company (for example the financial statements, once issued), is available on the Company's offer register at <http://www.business.govt.nz/disclose>. A copy of the information on the offer register is available on request from the Registrar of Financial Service Providers.
- 10.2 The above information is also available free of charge by emailing simon@ownaship.co.nz or by contacting us on 0800 696 7447 (0800 OWNSHIP).
- 10.3 Further information relating to BoatCo M51-4 Limited is available on the public register at the Companies Office website at www.business.govt.nz/companies under the Company's register entry.

11 How to apply

- 11.1 You can subscribe for Shares by completing the Application Form attached to this PDS. The completed Application Form, accompanied by a cheque, should be forwarded to Ownaship. Cheques for the initial instalment payment should be made payable to BoatCo M51-4 Limited and crossed 'Not Transferable'.
- 11.1 There is a maximum number of 2 Shares that can be applied for by any one subscriber. Payment for the initial instalment payment of \$100,000 per Share applied for must be made with this Application Form. The final instalment payment must be made by 1 August 2020.
- 11.2 The director of the Company reserves the right to withdraw this PDS and decline any or all applications at any time. The Company will not pay any interest on subscription moneys paid by applicants that are rejected and subsequently refunded.
- 11.3 Pending allotment, the subscription money (initial instalment payment) paid to the Company will be held in an account on behalf of the subscribers. Interest will not be payable to subscribers.
- 11.4 The director has the right to refuse or limit any application at his discretion and shall not be bound to provide reasons or explanations of his decisions. The director is under no obligation to treat applicants equally or consistently.

12 Contact information

The Company

BoatCo M51-4 Limited
29c Ngake Street
Orakei
Auckland
Telephone: (09) 360 2845
Email: simon@ownaship.co.nz

Securities Registrar

Ownaship Limited
29c Ngake Street
Orakei
Auckland
Telephone: 0800 OWNSHIP (0800 696 7447)
Email: simon@ownaship.co.nz

Glossary

Boat Day will commence at sunrise and finish at the earlier of 8.00pm or sunset on the same day.

Company means BoatCo M51-4 Limited.

FMCA means the Financial Markets Conduct Act 2013.

Management Agreement means the management agreement between the Company and Ownaship dated 10 December 2019, under which the Company has appointed Ownaship as manager to manage and be responsible for the day to day operation and maintenance of the Vessel.

Management Charge the Management Fee plus operating costs and expenses payable by the Company to Ownaship each year, on or prior to the first day of that year.

Management Fee a management fee payable to Ownaship for Ownaship providing the management services each year, as agreed between the Company and Ownaship.

Off-peak Days are all days other than Peak Days.

Ownaship means Ownaship Limited, the manager of the Scheme.

PDS means this product disclosure statement dated 12 December 2019.

Peak Days are weekends, all New Zealand public holidays and any other day designated as a public holiday by Ownaship.

Sale Agreement means the sale and purchase agreement between the Company and Ownaship dated 10 December 2019, under which the Company has agreed to purchase the Vessel from Ownaship.

Scheme means the boat-owning scheme in relation to the Vessel.

Share means an ordinary share in the capital of the Company offered under the PDS.

Shareholder means a holder of Shares.

Shareholders' Agreement means the shareholders' agreement for the Company entered into by way of deed of adherence by each Shareholder, and which sets out how the decision making of the Company will be carried out, the procedure if you want to transfer Shares, termination, and the guarantee and indemnity that you must provide.

Use Charge means the annual use charge payable by each Shareholder to the Company for the use of the Vessel. The Use Charge funds the Management Charge.

Vessel means a 2020 Maritimo M51.

Vessel Rules means the rules relating to the Vessel use by Shareholders, available on the Company's offer registry at www.business.govt.nz/disclose.

Application Instructions

How to invest

To ensure your application can be processed please:

- Complete all details in ballpoint pen.
- Use capital letters.
- If you make a mistake, simply draw a line through the mistake and write the correct details above. Do not use correction fluid.
- If there is not enough space, please use any available space in the margins.

Application Form

- Complete the Application Form included at the back of this Product Disclosure Statement.
- Joint applications must be signed by all investors.
- For companies, if there is only one company director, that director's signature must be witnessed.
- Applications by trusts must be signed by all trustees.
- If signed under a power of attorney, by signing the Application Form the attorney certifies that he/she has not received notice of revocation of that power of attorney.

Cheques

Make your cheque payable to 'BoatCo M51-4 Limited' and cross it 'Not Transferable'.

Return form and cheque

Mail your Application Form, cheque for the initial instalment payment, and other documentation to Ownaship Limited at PO Box 133213, Eastridge, Auckland.

Investor identification

Under the Anti-Money Laundering and Countering Financing of Terrorism Act 2009, we are required to verify the identity and confirm certain details about our investors. To do this, we require verified copies of the documents listed below. Please ensure you attach the relevant documents to this Application Form before submitting.

Individual investors

Please provide one of the following:

- New Zealand passport
- New Zealand firearms licence

OR: one of the following:

- New Zealand birth certificate
- Certificate of New Zealand citizenship,

Together with a New Zealand drivers licence

OR: a New Zealand drivers licence together with a document issued by a registered bank that contains your name and signature, for example a credit card, debit card or eftpos card.

You must **also** provide a major utility bill in your name from the last 3 months addressed to you at your residential address.

Company investors

Please provide all of the following:

- Certificate of incorporation of the company
- Trading name of the company (if different)
- Principal business address or registered office address, and a copy of a bank statement issued in the last 3 months to the company at the postal address given

AND for each director, beneficial owners* of the company, and anyone else acting on behalf of the company in respect of the investment in the Shares, the information set out under 'Individual investors', or if a shareholder or person acting on behalf is a company, the information set out under 'Company investors'.

Trusts

Please provide all of the following:

- Copy of the trust deed
- Copy of a bank statement issued in the last 3 months to the trust at the postal address given
- Source of funds or wealth of the trust
- In respect of each trustee, the beneficial owners* of the trust, and anyone acting on behalf of the trust, please provide in the case of individual trustees and anyone acting on behalf of the trust, the information set out under 'Individual investors', and, in the case of corporate trustees, the information set out under 'Company investors'.

For all verification documents:

Where you are providing copies of documents to us, the documents must be certified by a trusted referee. A trusted referee must not be your spouse or partner, related to you, or someone who lives at the same address as you. A trusted referee is any one of the following:

- Commonwealth representative
- Member of the Police
- Justice of the peace
- Registered medical doctor
- Kaumatua
- Registered teacher
- Minister of religion
- New Zealand lawyer
- Notary public
- New Zealand Honorary consul
- Member of Parliament
- Chartered accountant
- A person who has the legal authority to take statutory declarations or the equivalent in New Zealand.

The trusted referee must sight the original document, and provide a written statement to the effect that the copy is a true copy and represents the identity of the named individual. This statement must include the name and signature of the trusted referee and the date of certification (which must be in the last 3 months), as well as the referee's qualification to act as a trusted referee (for example, if they are a lawyer).

*A beneficial owner is an individual who has effective control of a customer or person on whose behalf a transaction is conducted, or who owns 25% or more of the customer or person on whose behalf a transaction is conducted. Examples are set out below:

- Beneficial owners of a company may include shareholders, senior management (eg CEO), and any other person with effective control (such as some directors).
- Beneficial owners of a trust may include a beneficiary of the trust, and any other individual who has effective control over the trust, specific trust property, or the power to amend the trust deed, or remove or appoint trustees or one or more beneficiaries of the trust.

Investing for another person under power of attorney

Identification of the person in whose name the investment is being made is as specified for individual investors above; in addition, copies of each of the following documents are required:

- Power of Attorney
- Certificate of Non-Revocation.

Investing on behalf of a minor

Identification of the person in whose name the investment is being made is as specified for individual investors above.

Personal information

By signing the Application Form you acknowledge that the personal information you have provided will be held and used by the Company for the purposes of administering your investment. Under the Privacy Act 1993, you have the right to request access to all personal information held about you and to ask that this is corrected if it is wrong.

BoatCo M51-4 Limited - Application Form

For instructions on how to complete and deliver this Application Form, see the Application Instructions in the Product Disclosure Statement dated 12 December 2019 ("**Product Disclosure Statement**").

Name details

We are signing on behalf of –

☐

Individual/Immediate Family Group

☐

Company

☐

Trust

Applicant name(s) (full legal name (to which title is declared))

Mr/Mrs/Miss/Ms/Company Name/Trustee _____

Mr/Mrs/Miss/Ms/Company Name/Trustee _____

Mr/Mrs/Miss/Ms/Company Name/Trustee _____

Name of Trust (if applicable) _____

Address details

PO Box _____ Street & number _____

Suburb _____ City _____

State (if applicable) _____ Post code _____ Country _____

Email address _____ Fax no. _____ Phone no. _____

Investment details

Number of Shares applied for: _____ (NB: maximum of 2 Shares per investor)

Total initial instalment payment/cheque payable for \$ _____

Cheque payable to 'BoatCo M51-4 Limited' and crossed 'Not Transferable'

Please post your cheque and completed Application Form to: Ownaship Limited, PO Box 133213, Eastridge, Auckland

☐

or

☐

Account Name

Bank

Branch

Account

Suffix

I/We agree to enter into the Shareholders' Agreement by way of deed of adherence.

Signature _____

Date _____

Signature _____

Date _____

Signature _____

Date _____

7. In the case of joint applicants, all notices, distributions etc will be sent to the address of the first named of the joint applicants.
8. Additional information about the Company and the boat-owning scheme is available on the Company's online register entry.

CERTIFICATE OF NON-REVOCATION OF POWER OF ATTORNEY

(Complete this if you are applying on behalf of someone for whom you hold a Power of Attorney)

I, _____
Name of Attorney Attorney's occupation

Of _____
Attorney's address

Hereby certify

THAT I am the attorney of _____ under and by virtue of
a Power of Attorney dated the _____ day of _____ given to me by
him/her/them.

THAT I have executed the application for subscription as attorney under that Power of Attorney and
pursuant to the powers thereby conferred upon me.

THAT at the date of this certificate I have not received any notice of revocation or suspension of that
Power of Attorney.

Signature of Attorney:

Signed at:

_____ on _____
Place Date