



YACHT
HIBERNATION
SERVICES

1535 SOUTHEAST 17TH STREET, SUITE 121, FORT LAUDERDALE, FL 33316
PHONE: 954-383-8000, FAX: 954-779-2665
WWW.PARTNERSHIPS-LLC.COM



What is Hibernation?

Hibernation is a way to maintain a yacht in top condition for fifty to seventy percent less than the normal monthly operating cost, depending on the level of Hibernation. It provides an owner, lender, or other agency a way to safely secure a vessel for temporary or long-term storage without the need for a full crew, expensive dockage, and high maintenance costs. The yacht can remain available for inspections, viewing by prospective buyers, even owner's occasional personal use and limited charters.

There are various degrees of Hibernation depending on the needs of the owner or institution in possession of the yacht. The savings are increased as the degree of Hibernation increases. The highest level assumes no owner use or charter activity, and the yacht is only available for inspections and showings. The cost at this level may be as little as thirty percent of the normal annual operating expense, thus saving the owner approximately seventy percent.

Yacht Hibernation is an unfortunate reality for many yacht owners and a necessity for lenders and other institutions. But it is a welcome alternative to continuing to spend the funds necessary to run a normal yacht operation.

Can't the Captain Do This?

A knowledgeable, professional, enthusiastic, and trusted captain does not expect to be sitting at the dock; nor does his crew. They want to work with interesting guests, travel to exciting destinations, and be out on the water. This is not that. In these difficult times you might assume that crew would be happy to still have a job. But if they find themselves living in a shipyard or behind someone's house on a yacht that is virtually shut down, they will look for alternatives; and when they find one, they'll leave. They didn't sign up for this program.

The captain could do his own version of Hibernation by cutting the crew to a minimum as well as his own salary. However, under these circumstances with no one to oversee the daily operations, eventually an unhappy and underpaid crew will deteriorate along with the condition of the yacht.

How About a Shipyard?

Although shipyards provide very useful services for yachts in need of specific maintenance or repairs, they are not a good resource for normal daily maintenance. No matter who the yard assigns to oversee your yacht, that individual is not working for you, they work for the yard. In fact, that person may have never crewed on a yacht, nor understand the nuances of maintaining one. In addition to the machinery, generators, air conditioning, plumbing, and electronics systems, there are many other delicate elements involved including art, china, crystal, fine linens, expensive carpets, furniture, and complicated entertainment and automation systems.

Shipyards generally operate with a mechanical mentality. They employ shipyard laborers, not yacht crew. They are in the business of repairing vessels. Most do not have the staff or familiarity to deal with the very personal touches required to maintain a yacht that is for sale, and must be in show-condition at all times. There is much more involved than just basic vessel maintenance. If the details are not properly attended to, the yacht will suffer economically when it comes time to sell. Moreover, the person or entity who is left with the responsibility to have the yacht display-ready for brokers and prospective buyers, must understand the details involved in this type of service. We do!





Why PartnerShips?

One of the biggest issues facing an owner or bank when attempting to sell a boat that does not have a full crew and an “open checkbook policy”, is proper maintenance. Simply reducing expenses and eliminating crew can be penny-wise and pound-foolish when it comes time to reconcile survey findings, and may result in major price adjustments at closing. These adjustments can easily outweigh any savings in operating costs. It is therefore critical not to compromise the quality of the maintenance program. PartnerShips is the only yacht management company that has staff who have been specifically trained in stored-yacht preservation. All of our personnel are knowledgeable credentialed yacht crew... and they did sign up for this program. Our people have been trained to manage boats of all sizes under these circumstances. Whether it's a 50' Express or a 200' Tri-deck Motoryacht, our experience and expertise ensure the safety of the vessel and cost savings for its owner. When we are retained we debrief all crew prior to taking over management, and create a comprehensive operating manual that provides new crew with a template for running the yacht's systems. We also try to keep some existing crew members who are already familiar with these systems. In addition to the crew who remain aboard, one of our captains is permanently assigned to each yacht. Although our crew may have more than one boat that they oversee, there is always at least one individual who is exclusively assigned to each yacht.

How Is a Boat Preserved?

When PartnerShips is contracted to hibernate a yacht the boat is often relocated and systems are secured throughout. Each manufacturer of equipment aboard a boat provides detailed manuals for preserving their systems, from engines and generators to air conditioning and head systems. PartnerShips meticulously follows the preservation routines set by these manufacturers. This may include capping intakes, closing vents, securing through-hulls, topping off or draining fluids, and covering equipment. Shades are drawn, runners are put down, air conditioning is minimized, lights are turned off, extraneous refrigeration systems are shut down, and the yacht is properly secured. In addition to these obvious cost saving methods, PartnerShips further reduces expenses through its bulk purchasing and fleet savings on supplies, fuel, parts, equipment, mechanical services, even refurbishment expenses if needed.





Levels of Hibernation

The lowest level of Hibernation is intended for owners who still wish to use or charter their yacht, but want to dramatically cut operating costs.

This is accomplished by reducing crew and nonessential supplies, relocating to inexpensive dockage, renegotiating premiums with insurance underwriters, and supplementing crew with our staff as needed. Temporary crew is used for charter and owner use. The

higher levels of Hibernation are intended for lenders or other organizations that are in possession of a yacht which will not be used or operated except for broker showings and pre-sale sea-trials. Under these circumstances additional systems are minimized, crew is further reduced, and dockage may be more remote than it would be for an individual owner.

Security

Particular attention is paid to the security of each yacht, especially art work, expensive china, crystal, and personal effects. When PartnerShips takes over a yacht every item aboard is inventoried and secured as necessary. There is a captain assigned to oversee the crew and monitor the yacht. That captain is personally responsible for all activities on a yacht that he is assigned to, and all crew undergo proper background checks. Insurance policies remain in effect or a new one is established which covers all valuables on the yacht.

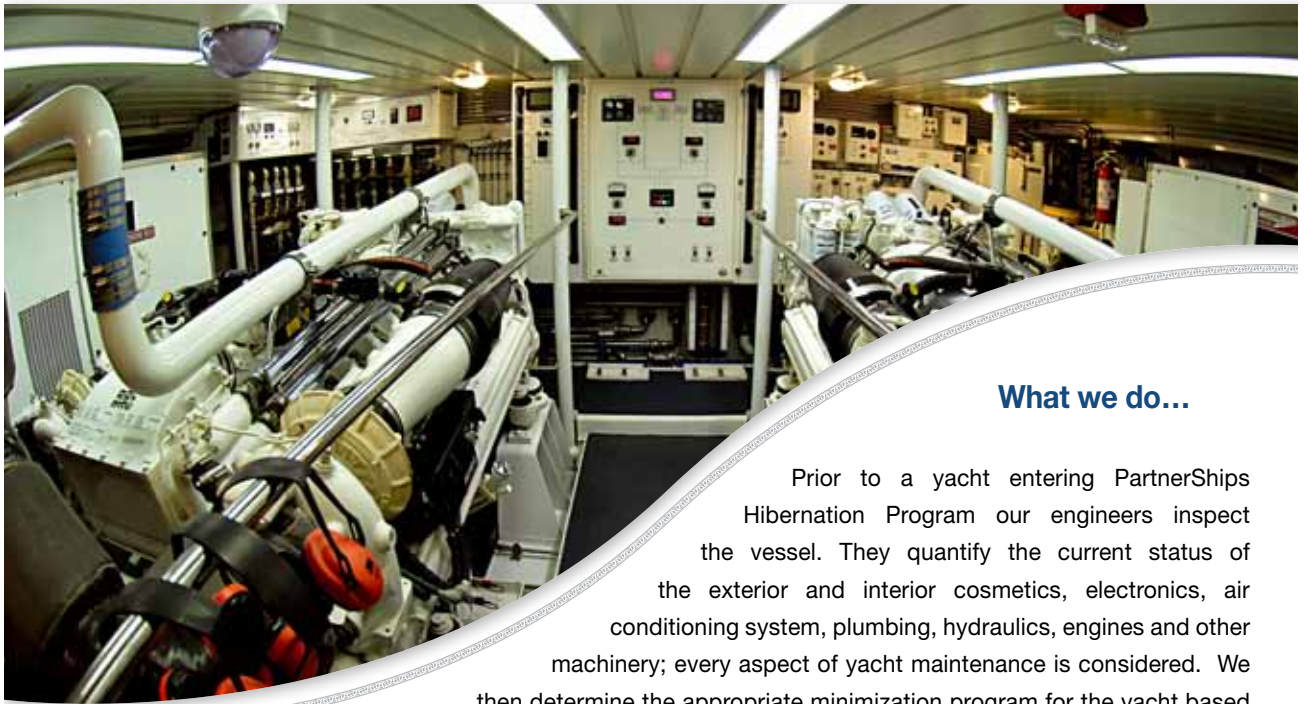


Cost & Accounting

Before entering the Hibernation Program, PartnerShips will prepare a detailed monthly pro forma estimate. The amount calculated is based on all anticipated expenses. Although actual costs may vary depending on required maintenance and other miscellaneous variables, every effort is made to stay within the parameters set in the pro forma. Each month PartnerShips will provide a detailed accounting of the actual expenses incurred.

Mutual Interest

Our goal is to maintain yachts in top condition while continually seeking to minimize operational costs. Since most boats in Hibernation are also for sale, PartnerShips' staff do their part to help represent each yacht in its best light. Specifically, when a yacht in the program is being shown to a prospective buyer the boat is washed and cleaned, the acting captain is always aboard, the crew is dressed in proper uniforms, all lights are on, shades are open, cushions are placed out, soft music is playing, and beverages are offered to guests. We will do everything that we can to make a proper presentation of the vessel and help facilitate a quick sale.



What we do...

Prior to a yacht entering PartnerShips Hibernation Program our engineers inspect the vessel. They quantify the current status of the exterior and interior cosmetics, electronics, air conditioning system, plumbing, hydraulics, engines and other machinery; every aspect of yacht maintenance is considered. We then determine the appropriate minimization program for the yacht based on the reason that it is being hibernated. A written report is prepared which includes an analysis and detailed checklist of what will be done each week and a service estimate is provided. Under certain circumstances it may be appropriate to hibernate the main engines and/or generators. When this is done PartnerShips rigorously follows the guidelines set by each engine manufacturer to execute this process. It generally includes sealing the engine air inlets, closing the emergency air shut-off flaps if installed, sealing exhaust outlets and the crankcase breather. The nuances of each boat are taken into consideration when determining the specific course of action. Attached is a sample list of the activities that are conducted daily, weekly, monthly, quarterly, semi-annually and annually for each yacht in the Hibernation Program.



DAILY MAINTENANCE CHECK LIST

TODAY'S DATE _____

ITEM	SIGNATURE
Check All Bilge Level	_____
Check Black & Gray Water Tank Levels (pump as necessary)	_____
Check Day Tank(s) Levels	_____
Check Water Tank Levels (maintain above 60%)	_____
Check all Exterior Lights (replace if necessary)	_____
Check AC Raw Water Flow, Temperatures and Check for Leaks	_____
Check Water Makers for Leaks (if applicable)	_____
Check Head System Raw Water Flow for Leaks	_____
Back Flush Head Chlorination Unit (if applicable)	_____
Check All Interior & Exterior Areas for Cleanliness & Organization	_____
Inspect Engine Room & All Machinery	_____
Comments: _____	_____
_____	_____
_____	_____

Name _____ Signature: _____

WEEKLY MAINTENANCE CHECK LIST

WEEK ENDING _____

ITEM	SIGNATURE
Drain Air Compressor Tank of Condensate	_____
Flush Water Makers with Fresh Water	_____
Check Steering Tank Oil Level	_____
Check Hydraulics Tank Oil Level	_____
Check Stern & Bow Thruster Header Tanks	_____
Check Passerelle Oil Level	_____
Check Stabilizer Oil Level	_____
Check AC Chilled Water Loop Pressure (or raw water system if applicable)	_____
Check & Fill Head Chlorine Tank (if installed)	_____
Check Tenders & Jet Skis	_____
Check Shore Power Converter and Clean	_____
Check all Sea Strainers	_____
Check Interior Lights (replace if necessary)	_____
Check Navigation Lights	_____
Complete Wash & Wipe Down (bi-weekly or as needed after rain)	_____
Comments: _____	_____
_____	_____
_____	_____

Name _____ Signature: _____

MONTHLY MAINTENANCE CHECK LIST

MONTH ENDING _____

ITEM

SIGNATURE

- Check Head System for Leaks _____
- Clean All Gray Water Sumps _____
- Water Makers (run and test for leaks) _____
- Rotate between Water Pumps (if possible) _____
- Rotate Air Conditioning Pumps _____
- Fully Exercise All Sea Inlet Valves _____
- Check & Grease Steering System (operate stop to stop) _____
- Check Thruster (operate Port and Starboard) _____
- Thoroughly Clean Engine Room _____
- Clean Control Room _____
- Check Main Bilge Pump (operate and check for leaks) _____
- Service and Clean Centrifuge _____
- Clean/Replace Air Handler Filters _____
- Check & Clean Shore Power Cable _____
- Oil All Locks & Hinges (throughout entire vessel) _____
- Operate Wipers & Washers at All Speeds _____
- Operate all Navigational Equipments and Verify Functions _____
- Clean BBQ _____
- Check all Safety Equipment (in accordance with safety regulations) _____
- Check Coolant & Oil Levels on Main Engines _____
- Check Coolant & Oil Levels on Generators _____
- Operate & Test Radars _____
- Operate & Test All Other Electronics _____
- Underwater Check & Clean _____

Comments: _____

Name _____

Signature: _____

QUARTERLY MAINTENANCE CHECK LIST

QUARTER ENDING _____

ITEM

SIGNATURE

- Clean Head Chlorination Unit _____
- Change Fresh Water Filters _____
- Change all Drinking Water Filters _____
- Grease & Operate Windlass _____
- Grease & Operate Capstans _____
- Grease & Operate Crane _____
- Grease & Operate Passerelle _____
- Clean All Refrigeration Compressors _____
- Test & Check All Hibernated Refrigeration Units _____
- Clean Aft Deck Lockers _____
- Clean Fore Deck Lockers _____
- Clean Top Deck Lockers _____
- Check condition Shaft Brushes _____
- Check condition of all Batteries _____
- Comments: _____
- _____
- _____
- _____
- _____
- Name _____ Signature: _____

SEMI-ANNUAL MAINTENANCE CHECK LIST

HALF-YEAR ENDING _____

ITEM

SIGNATURE

- Change Water Maker Flush Filters _____
- Check & Grease Stabilizer Actuators _____
- Remove all Above Deck Components of the Windlass's and Clean & Grease _____
- Remove all Above Deck Components of the Capstans and Clean & Regrease _____
- Change out Strobe Light Batteries _____
- Change out all Emergency Flash Light Batteries _____
- Wax Topsides _____
- Clean Dryer Vents _____
- Comments: _____
- _____
- _____
- _____
- Name _____ Signature: _____

ANNUAL MAINTENANCE CHECK LIST

YEAR ENDING _____

ITEM

SIGNATURE

Change Air Compressor Oil

Change Steering Filter

Change Hydraulics Filters

Change Water Maker Oil

Check Hydraulics Heat Exchangers

Clean AC Condensers

Load Test Batteries

Clean all Waste Tanks

Service Life Raft/s

Service Fire Extinguishers

Comments:

Name _____

Signature: _____





NORMAL OPERATION VS. HIBERNATION

170' BENETTI

6 Staterooms, 12 guests, 14 crew

Comparison Basis Valuation: \$26,238,000

PRO FORMA

MONTHLY EXPENSES

PERMANENT CREW COSTS

	NORMAL MONTHLY	HIBERNATION MONTHLY
Captain	\$14,000	\$10,000
Engineer (Part Time)	\$12,000	\$4,000
Chef	\$10,000	\$0
Second Engineer	\$5,000	\$5,000
First Officer	\$8,500	\$0
Second Officer (Part Time)	\$5,000	\$2,500
Deck 1	\$2,800	\$2,800
Deck 2	\$2,800	\$0
Deck 3	\$2,800	\$0
Purser	\$9,000	\$0
Chief Stew	\$7,000	\$0
Second Stew	\$3,250	\$0
Deck/Stew	\$2,800	\$2,800
Third Stew	\$2,800	\$0
Food / Bev for crew <small>Calculated for 4 weeks @ \$140/person</small>	\$7,840	\$0
Crew Insurance <small>\$1600 per permanent crew member/yr</small>	\$1,862	\$0
Crew Uniforms <small>\$1000/crew/yr</small>	\$1,166	\$0
Crew Travel/Airfare <small>\$1500/crew/yr</small>	\$1,750	\$0
Crew Transport/Car hire <small>\$25/day average 90 days/year x 2 vs 1</small>	\$375	\$187
TOTAL CREW EXPENSE	\$100,743	\$27,287

MONTHLY OPERATIONS

Dockage & Utilities <small>(Calculated at \$4.00 vs \$1.90 per foot per including utilities)</small>	\$20,400	\$9,690
Admin, Nav & Engineering Supplies	\$4,166	\$2,479
Interior & Deck Supplies	\$2,266	\$1,472
Yacht Insurance <small>(0.95% vs 0.55%)</small>	\$20,772	\$12,026
Maintenance/ Reserve Fund* <small>(2.5% vs .25% of boat's value)</small>	\$54,662	\$0.00
Haul-out and bottom paint <small>\$75/ft</small>	\$1,062	\$0.00
Management Fee	\$9,000	\$9,000
TOTAL OPERATING EXPENSES	\$112,328	\$34,667

TOTAL EXPENSES MONTHLY

**Covers all regular maintenance and/or repairs*

TOTAL EXPENSES ANNUALLY

PERCENTAGE SAVINGS

TOTAL EXPENSES MONTHLY	\$213,071	\$61,954
TOTAL EXPENSES ANNUALLY	\$2,556,852	\$743,448
PERCENTAGE SAVINGS		71%

Note: Information contained in this document is theoretical and intended to be used as an example of the savings which may be possible through Hibernation.



NORMAL OPERATION VS. HIBERNATION

125' PALMER JOHNSON

5 Staterooms, 10 guests, 7 crew

Comparison Basis Valuation: \$12,000,000

MONTHLY EXPENSES

PERMANENT CREW COSTS

	NORMAL MONTHLY	HIBERNATION MONTHLY
Captain	\$9,000	\$7,000
Engineer	\$7,000	\$0
Mate/deckhand	\$4,000	\$4,000
Chef	\$5,000	\$0
Chief Stew	\$3,750	\$0
Deck/Stew	\$2,500	\$0
Deck/Stew	\$2,500	\$2,500
Food / Bev for crew <small>Calculated for 4 weeks @ \$140/person</small>	\$3,920	\$0
Crew Insurance <small>\$1600 per permanent crew member/yr</small>	\$933	\$0
Crew Uniforms <small>\$1,000/crew/yr</small>	\$583	\$0
Crew Travel/Airfare <small>\$1,500/crew/yr</small>	\$875	\$0
Crew Transport/Car hire <small>\$25/day (average 90 days/year)</small>	\$187	\$187
TOTAL CREW EXPENSE	\$40,249	\$13,687

MONTHLY OPERATIONS

Dockage & Utilities <small>(Calculated at \$4.00 vs \$1.90 per foot per including utilities)</small>	\$15,000	\$7,125
Admin, Nav & Engineering Supplies	\$3,080	\$2,041
Interior & Deck Supplies	\$1,600	\$1,000
Yacht Insurance <small>(0.95% vs 0.55%)</small>	\$9,500	\$5,500
Maintenance/ Reserve Fund* <small>(2.5% vs .25% of boat's value)</small>	\$25,000	\$0.00
Haul-out & bottom paint <small>\$75/ft</small>	\$781	\$0.00
Management Fee	\$5,500	\$5,500
TOTAL OPERATING EXPENSES	\$60,461	\$21,166

TOTAL EXPENSES MONTHLY

**Covers all regular maintenance and/or repairs*

TOTAL EXPENSES MONTHLY	\$100,710	\$34,853
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TOTAL EXPENSES ANNUALLY

TOTAL EXPENSES ANNUALLY	\$1,208,520	\$418,236
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PERCENTAGE SAVINGS

65%

Note: Information contained in this document is theoretical and intended to be used as an example of the savings which may be possible through Hibernation.



NORMAL OPERATION VS. HIBERNATION

PRO FORMA

80' AZIMUT

4 Staterooms, 8 guests, 2 crew
 Comparison Basis Valuation: \$2,700,000

MONTHLY EXPENSES

PERMANENT CREW COSTS

	NORMAL MONTHLY	HIBERNATION MONTHLY
Captain / Engineer	\$7,500	\$3,500
Chef / Stew	\$4,500	\$0
Deck / Stew	\$3,500	\$1,500
Food / Bev for crew <small>Calculated for 4 week @ \$140/person</small>	\$1,220	\$0
Crew Insurance <small>\$1600 per permanent crew member/yr</small>	\$400	\$0
Crew Uniforms <small>\$1000/crew/yr</small>	\$250	\$0
Crew Travel/Airfare <small>\$1500/crew/yr</small>	\$375	\$0
Crew Transport/Car hire <small>\$25/day average 90 days/year</small>	\$187	\$187
TOTAL CREW EXPENSE	\$17,932	\$5,187

MONTHLY OPERATIONS

Dockage & Utilities <small>(Calculated at \$4.00 vs \$1.90 per foot per including utilities)</small>	\$9,600	\$4,440
Admin, Nav & Engineering Supplies	\$1,946	\$1,015
Interior & Deck Supplies	\$1,066	\$750
Yacht Insurance <small>(0.95% vs 0.55%)</small>	\$2,138	\$1,238
Maintenance/ Reserve Fund* <small>(2.5% vs .25% of boat's value)</small>	\$5,625	\$0.00
Haul-out and bottom paint <small>\$75/ft</small>	\$500	\$0.00
Management Fee <small>monthly</small>	\$3,500	\$3,500
TOTAL OPERATING EXPENSES	\$24,375	\$10,943

TOTAL EXPENSES MONTHLY

\$42,307 **\$16,130**

**Covers all regular maintenance and/or repairs*

TOTAL EXPENSES ANNUALLY

\$507,684 **\$193,560**

PERCENTAGE SAVINGS

62%

Note: Information contained in this document is theoretical and intended to be used as an example of the savings which may be possible through Hibernation.