



Product Disclosure Statement for the sale of Shares

[This PDS has been approved by Racing Victoria Limited in its capacity as a Lead Regulator]

Horse	UNNAMED, Bay Colt, foaled 7 th September, 2016, by PIERRO (AUS) from SHE'S NOT (AUS), [by FALVELON]
Promoter	SIRE CUSTODIANS LTD (ABN 45 005 088 371) – AFSL 223671
Offeror and Trainer	MARK KAVANAGH RACING STABLES (ABN 46 091 727 623)
Manager	JEWEL RACING PTY LTD (ABN 71 625 149 617)



Sire Custodians

IMPORTANT NOTICES

This information is important and requires your attention

It is important that you read this document carefully and in its entirety prior to making your investment decision with respect to investing in the Syndicate the subject of this PDS. In particular, you should pay careful consideration to the risk factors outlined in Section 5 and the tax implications in Section 6 of this document as they relate to your personal investment objectives, financial circumstances and needs. The potential tax effects of an investment in the Syndicate will vary between Owners. Other risk factors may exist in addition to those identified in this document which should also be considered in light of your personal circumstances. If you have any queries or uncertainties relating to aspects of this document or an investment in the Syndicate, please consult your adviser before deciding whether to invest.

The issuer

This document is a Product Disclosure Statement (PDS) for the purposes of ASIC Corporations (Horse Schemes) Instrument 2016/790 (**ASIC Instrument**) and has been issued by Sire Custodians Ltd (ABN 45 005 088 371), AFSL 223671) (**Promoter**) as the Promoter of the Syndicate.

Date

This PDS is dated 2nd May, 2018. This PDS has not been, and does not need to be, lodged with ASIC. ASIC does not take any responsibility for the contents of this PDS or the merits of the investment to which this PDS relates.

Compulsory Notices – required by RVL

A copy of this PDS has been approved by Racing Victoria Limited (**RVL**) for publication. No liability as to the contents of this PDS is accepted by RVL, its officers, employees or agents. In particular (but without limiting the generality of this disclaimer) RVL does not warrant, and has no responsibility for, the commercial merits or prospects of the Syndicate the subject of this PDS, the manner in which the Syndicate may operate, or the taxation advantages (if any) to which the Syndicate may give rise. Potential investors' financial circumstances may vary, and accordingly, RVL recommends that potential investors obtain independent financial and legal advice in relation to the Syndicate and how it might apply to their circumstances should they decide to invest in the Syndicate.

Other Notices

- (1) If the Syndicate is not fully subscribed by 1st November, 2018, or if RVL refuses to register the Syndicate, all application moneys held in trust, together with any interest earned, will be returned to Applicants within 10 business days.
- (2) The Promoter knows of no fact or occurrence which would render any statement contained in any assessment of value or veterinary report included in this PDS materially inaccurate.
- (3) This PDS contains all information which investors and their advisers would require and reasonably expect to find in the PDS for the purpose of making an informed assessment of the merits of an investment in the Syndicate.

Not investment advice

The information contained in this PDS should not be taken as financial product advice and has been prepared as general information only without consideration for your particular investment objectives, financial circumstances or particular needs.

If you have any queries or uncertainties relating to aspects of this PDS or the offer of Shares in the Horse the subject of this Syndicate, you should consult your accountant or other independent financial adviser before deciding whether or not to invest.

Similarly, the tax implications of your investment will vary depending on your personal financial circumstances and investment objectives. You should consider the tax implications outlined in Section 6 of this PDS and obtain your own professional taxation advice prior to deciding whether or not to invest.

Rights and liabilities attached to Shares

Details of the rights and liabilities attached to the Shares are set out in Section 2 of this document and in the Owners Deed of Agreement.

Electronic PDS

Copies of this PDS are available in both electronic (PDF) format or paper form, free of charge, by contacting the Promoter. Please ensure that you read this PDS in its entirety. The offer to which this PDS relates is available to persons receiving this PDS (electronically or otherwise) in Australia only.

Applications for Shares the subject of this PDS will only be considered if applied for using the Share Application Form included with this PDS.

Jurisdiction

The offer of Shares the subject of this PDS is only available to persons receiving this PDS within Australia. This PDS does not constitute an offer in any jurisdiction in which, or to any person to whom, it would be unlawful to make such an offer. The distribution of this PDS to jurisdictions outside Australia may be restricted and persons who come into possession of this PDS should seek advice from their professional advisers and observe any possible restrictions. A failure to comply with such restrictions may violate the applicable securities law.

Cooling-off

Applicants whose applications for Shares are accepted will have a right to "Cool-off" (thereby cancelling the purchase of the Share or Shares applied for) at any time during the "Cooling-off period".

The Cooling-off period will commence at the end of the 5th day following the day upon which notification of acceptance of applications is forwarded to those applicants whose applications for Shares have been accepted ("the Cooling-off commencement date") and will expire at the end of the 14th day thereafter ("the Cooling-off expiration date").

An applicant who desires to Cool-off must, during the Cooling-off period, notify the Promoter in writing (by post, facsimile or email) that the applicant has elected to Cool-off, in which event the applicant will be entitled to receive

a full refund of all Application Moneys paid to the Promoter.

information

Information regarding this Syndicate may change from time to time.

The Promoter may issue a supplementary PDS to supplement any relevant information not disclosed in this PDS. You should read any supplementary disclosures made in conjunction with this PDS prior to making any investment decision.

Financial information

Unless otherwise specified, all financial and operational information contained in this PDS is believed to be current as at the date of this PDS.

All currency amounts are in Australian dollars unless otherwise specified.

No financial forecasts are made in this document.

Forward Looking Statements

Other than as required by law, none of the Promoter, its directors, officers, employees or advisers or any other person gives any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this PDS will actually occur. You are cautioned not to place undue reliance on those statements.

The forward-looking statements in this PDS reflect the views held only immediately before the date of this PDS, unless otherwise stated. Subject to applicable law, each of the Promoter, the Manager, their respective directors, officers, employees and advisers disclaims any duty to disseminate after the date of this PDS any updates or revisions to any such statements to reflect any change in expectations in relation to such statements or any change in events, conditions or circumstances on which any such statement is based.

Photographs, diagrams and artist's renderings

Photographs, diagrams and artist's renderings contained in this PDS that do not have accompanying descriptions are intended for illustrative purposes only. They should not be interpreted to mean an endorsement of this PDS or its contents by any person shown in these images. Furthermore, assets not accompanied by a description should not be interpreted as being owned by the Promoter or this Syndicate.

Diagrams used in this PDS are also intended for illustrative purposes only and may not be drawn to scale.

Definitions, abbreviations and other information

Explanations of defined terms and abbreviations used throughout this PDS can be found in Section 9 of this document.

Unless otherwise stated or implied, references to times in this PDS are AEST. Similarly, references to dates or years in this PDS are financial years unless otherwise stated or implied.

Disclaimer

No person is authorised to give any information, or to make any representation, in connection with the offer for Shares in this Syndicate that is not contained in this PDS.

Any information or representation that is not in this PDS may not be relied on as having been authorised by the Promoter in connection with the offer for Shares in this Syndicate. Except as required by law, and only to the extent so required, neither the Promoter, nor any other person, warrants or guarantees the future performance of this Syndicate, the repayment of capital, or any return on any investment made pursuant to this information.

Further queries

If you have any queries relating to aspects of this PDS please email: advisory@sirecustodians.com.au

Important notice: This document was compiled by Sire Custodians Ltd ("Sire") from a template provided by Macquarie Legal Practice ("MLP") and is subject to Copyright©. Copying any part of it is prohibited and is therefore illegal and may expose you to legal proceedings unless you have the consent of Sire and then the copy you make must be used only as permitted by the terms of the consent which will be given only for bona fide dealings or activities concerning the Syndicate to which it relates.

Telephone: 02 9235 2500 Email: law@maclegal.com.au Website: www.maclegal.com.au

CONTENTS

1.	KEY FEATURES OF AN INVESTMENT IN THE SYNDICATE	4
2.	WELCOME TO THE SYNDICATE	5
2.1	Overview	5
2.2	Structure of Syndicate.....	5
2.3	How the Syndicate works	5
2.4	The Horse	6
2.5	The passing of title, issuing of and allotment of the Shares	6
2.6	What happens if insufficient money is raised	7
2.7	The Promoter.....	7
2.8	The Manager.....	7
2.9	Director(s) of the Manager	7
2.10	The Manager's remuneration	7
2.11	The Trainer.....	7
2.12	Veterinary Report	8
2.13	Assessment of Value	8
2.14	Insurance	8
2.15	Racing Colours	8
2.16	Code of Conduct.....	8
3.	THE SYNDICATE AT A GLANCE	9
4.	WHAT ARE THE BENEFITS OF INVESTING IN THE SYNDICATE?	11
5.	WHAT ARE THE RISKS OF INVESTING IN THE SYNDICATE?	12
5.1	Risk Overview.....	12
5.2	Specific risks associated with the Syndicate	12
5.3	General Investment Risks.....	13
5.4	Manager Risks.....	13
5.5	Investor Risks	13
6.	APPLICATION PRICE, FEES AND EXPENSES (ONGOING), AND TAXATION	14
6.1	The Application Price.....	14
6.2	Fees and Expenses (ongoing)	14
6.3	Fees payable to the Manager and the Trainer	14
6.4	Example of the annual cost of acquiring and holding 1 Share	15
6.5	Taxation	15
7.	ADDITIONAL INFORMATION.....	16
7.1	Interests of the Promoter, the Manager, their Directors and Experts	16
7.2	Interests in the Horse's Sire.....	16
7.3	Owners Deed of Agreement	16
7.4	Keeping you informed	17
7.5	Complaints	17
7.6	Director(s) authorisation	17
7.7	Consents	17
7.8	Labour standards or environmental, social or ethical considerations.....	18
7.9	Anti-money laundering laws.....	18
7.10	Privacy.....	18
8.	HOW TO APPLY.....	19
8.1	Becoming the Owner of a Share and a member of the Syndicate	19
8.2	Acknowledgements, Conditions and Declarations	19
9.	GLOSSARY.....	20
10.	CORPORATE DIRECTORY	22

ATTACHMENTS	Attachment A – Owners Deed of Agreement
	Attachment B – Pedigree
	Attachment C – Trainer's confirmation letter
	Attachment D – Training Agreement
	Attachment E – Fees Notice
	Attachment F – Veterinary Report
	Attachment G – Certificate of Currency
	Attachment H – Application Price Calculation Sheet

SHARE APPLICATION FORM

AUTHORITY TO SIGN

1. KEY FEATURES OF AN INVESTMENT IN THE SYNDICATE

The Syndicate the subject of this Product Disclosure Statement ("PDS") is designed to afford investors who hold ownership interests (**Shares**) in the Horse as co-owners, the opportunity to contribute the right to use their interests in the Horse to the Syndicate, so that they may, as members of the Syndicate, derive the benefit of racing the Horse as a whole.

The table below is only a summary of the key features of the Syndicate. You must read the whole of this PDS to obtain more information.

Share holdings	
Application Price per Share payable upon application	\$8,204 as set out in Section 6.
Minimum Subscription (investment)	1 Share.
Additional Subscription (investment)	Multiple of 1 Share.
Minimum Overall Subscription (minimum number of Shares to be issued)	20 Shares.
Maximum Overall Subscription (maximum number of Shares to be issued)	20 Shares.
Distributions	
Frequency of Income distributions	<p>If the Horse earns any Prize money, Owners Bonus or Incentive Scheme payments, or other bonuses, the Net Prize money and bonuses will be distributed to the Owners either:</p> <ul style="list-style-type: none"> ◦ directly by the relevant Principal Racing Authority via its Stakes Payment System; or ◦ if paid to the Syndicate's designated bank account maintained by the Manager, within 30 days of the Manager receiving any significant amount of Net Prize money into that account, and upon the winding up of the Syndicate, subject to the right of the Manager to retain moneys on account of the costs of operating the Syndicate, including Horse expenses.
Payment	By EFT to each Owner's nominated bank account.
Amount	Each Owner's proportion of the Income of the Syndicate during the relevant distribution period.
Capital distributions	Upon the winding up of the Syndicate or earlier sale of the Horse
Fees	
Entry fee	Nil.
Exit fee (upon termination of the Syndicate)	Nil.
Management Fee	For further details see Section 6.
Other fees and expenses	For further details see Section 6.
Cost recoveries	For further details see Section 6.

Some of the terms used in this PDS are defined in the Glossary in Section 9.

2. WELCOME TO THE SYNDICATE

2.1 Overview

The Syndicate is designed to afford investors (**Owners**) an opportunity to acquire Shares in a quality thoroughbred racehorse (**Horse**) and to participate in the Common Enterprise of caring for, training and racing the Horse as a whole for their mutual benefit (**Syndicate**). By holding Shares in the Horse and participating in the Syndicate, investors spread both the costs and risks associated with owning and racing thoroughbred horses.

2.2 Structure of Syndicate

The Syndicate is structured as a co-ownership arrangement and relates solely to the Horse the subject of this PDS.

The Owners Deed of Agreement will govern the legal relationship between the Owners for the Term of the Syndicate. A copy of that document is included in this PDS as **attachment A**.

The legal and beneficial title to the Horse is divided into 20 equal undivided Shares (**Shares**), which are held by the Owners' as tenants-in-common.

2.3 How the Syndicate Works

The Owner of each Share:

- (a) is required to contribute to the Syndicate:
 - (i) the right to use one's interest in the Horse, to facilitate the Horse as a whole being used in the Common Enterprise for the mutual benefit of all the Owners; and
 - (ii) moneys to pay the costs of operating the Syndicate, including the costs of maintaining, training and racing the Horse as a whole, in the same proportion as the number of Shares held bears to the total number of Shares; and
- (b) is entitled:
 - (i) to participate in the Common Enterprise; and
 - (ii) to receive a proportion of any Income of the Syndicate (Net Prize money, Owners Bonus or Incentive Scheme payments and other bonuses earned by the Horse) and Proceeds in the same proportion as the number of Shares held bears to the total number of Shares on issue.

The Owners collectively derive the benefit of racing the Horse as a whole and are collectively responsible for the activities and trading of the Syndicate. However, in the normal course, Owners are required to contribute only their proportion of the operating costs of the Syndicate.

The Manager will manage the Syndicate on behalf of the Owners and hold the Syndicate Property upon trust for the benefit of the Owners, in accordance with the Owners Deed of Agreement.

The Manager will appoint the Trainer to supply training and ancillary services in accordance with the Trainer's Training Agreement.

The Trainer's obligations under the Training Agreement include (without limitation):

- (a) taking possession and day-to-day control of the Horse on behalf of the Owners for the purpose of training and racing it to best advantage;
- (b) providing all stabling and ancillary services, equipment and gear, feed and supplements;
- (c) providing or procuring the services of such Third Party Service Providers as the as the Trainer considers necessary to provide services in relation to the Horse, including (without limitation) chiropractic care, dentistry, farriery and veterinary care, agistment, pre-training and transportation;
- (d) determining in consultation with the Manager the racing program of the Horse and also the jockey who will ride it in each of its races; and

- (e) as the representative of the Manager, entering (including nominating, accepting and scratching) the Horse for any race or trial, at the Trainer's discretion, unless otherwise specifically agreed with the Manager. The Manager will not be liable to the Owners for any act or omission on the part of the Trainer resulting in the Horse not being entered for any specific race that may be preferred by the Owners.

Compulsory Notice – required by the terms of the ASIC Instrument

An Owner may elect to have the Horse tested for a prohibited substance under the Rules of Racing, with the cost of the testing to be borne by all participants (whether or not they elected to have the Horse tested).

2.4 The Horse

The Horse the subject of this PDS is identified as follows:

Name	UNNAMED
Colour	Bay
Sex & DOB	Colt, foaled September, 2016
Sire	PIERRO (AUS)
Dam	SHE'S NOT (AUS)
Life number (ASB)	AUS01132450
ASB Microchip number	985100012114619
Name of Breeder (as recorded with ASB)	Vieira Group Pty Ltd

A catalogue style pedigree of the Horse is included in this PDS as **attachment B**.

2.5 The passing of title, issuing and allotment of the Shares

MARK KAVANAGH RACING STABLES (ABN 46 091 727 623) (KAVANAGH GROUP PTY LTD T/AS) (**Offeror**) is the seller of the Shares the subject of this PDS. The Offeror acquired the Horse at auction. The details of that transaction are as follows:

Auction Sale Company	William Inglis & Son Ltd
Location	Riverside Sales Complex, Warwick Farm, NSW
Date	10 th February, 2018
Vendor (as named in catalogue)	Bowness Stud, Young (as agent for Vieira Group Pty Ltd)
Sale Price	\$110,000, plus GST

Prospective investors should be aware that the Offeror may retain any number of Shares and participate as a member of the Syndicate. If the Offeror retains any Shares:

- (a) this will be disclosed to investors; and
- (b) the Offeror will have the same rights and obligations as the Owner of such Shares as any other Owner, notwithstanding that the Offeror is also acting in another capacity under the Owners Deed of Agreement.

Upon the Syndicate being fully subscribed, the Promoter:

- (a) will apply the Application Moneys paid by those Applicants whose applications for Shares have been accepted and who have not elected to cool-off ("the Owners") to the payment of the Sale Price of the Horse and the purchase of the Shares;
- (b) will obtain a Vendor Release Statement from the Auction Sale Company; and
- (c) will, before or upon registration of the Syndicate, ensure that the Owners hold the legal and beneficial title to the Horse, free of any encumbrance, subject to the provisions of the Owners Deed of Agreement.

Upon the Promoter applying the Application Moneys, the legal and beneficial title to the Horse will pass to the Owners.

Within 7 days of the payment of the Sale Price, the Promoter will issue Shares numbered 1 to 20 inclusive and allot them to the Owners.

Within 45 days of the Syndicate being fully subscribed, the Promoter will apply to the Registrar of Racehorses to register the Horse in the names of the Owners.

2.6 What happens if insufficient money is raised?

This PDS will expire 6 months from its issue date, or such earlier date as the Promoter may determine (**Offer Closing Date**).

If there are insufficient applications for the 20 Shares (**Minimum Overall Subscription**) by the Offer Closing Date, the Syndicate will not proceed and all Application Moneys received will be refunded.

Until the Minimum Overall Subscription is achieved, the Application Moneys received will be held in a trust account designated for Application Moneys. Such moneys will not be invested in an interest bearing account and no interest will be paid to the applicants by the Promoter.

Shares will be issued once the Minimum Overall Subscription is achieved.

2.7 The Promoter

The Promoter of the Syndicate is SIRE CUSTODIANS LTD (ABN 45 005 088 371) (**Promoter**).

The Promoter holds *Australian Financial Services Licence: 223671*, and is on the *Register of Approved Promoters* with RVL.

The Promoter was incorporated in 1975 and specialises in the establishment and operation of Horse Racing and Horse Breeding (Stallion) Syndicates. It has held its current AFSL since 2002.

The Promoter is a member of the *Financial Ombudsman Service Limited*, an external dispute resolution body (member number 11316).

2.8 The Manager

JEWEL RACING PTY LTD (71 625 149 617) (**Manager**) has agreed to manage the Syndicate on behalf of the Owners in accordance with the Owners Deed of Agreement.

The Manager has relevant expertise in horse racing and is regarded as able to procure the services of various persons to provide services in relation to the Syndicate, and the Horse, including the Trainer, and to monitor the provision of those services.

The Manager will manage the Syndicate in accordance with the Owners Deed of Agreement, the Rules of Racing, and any rules, regulations, or guidelines, made from time to time by the Principal Racing Authority of the state or territory in which the Horse may race.

The Manager, being a Corporation, will appoint one of its officers to represent it in all dealings relating to the Syndicate and the Rules of Racing.

2.9 Director(s) of the Manager

The directors of the Manager are MARK KAVANAGH and LEVI KAVANAGH.

MARK KAVANAGH and LEVI KAVANAGH are both licensed trainers with experience syndicating and managing thoroughbred racehorses.

2.10 The Manager's remuneration

The Owners obligations to contribute to the costs of operating the Syndicate are set out in Section 6.

2.11 The Trainer

MARK KAVANAGH RACING STABLES (ABN 46 091 727 623) (KAVANAGH GROUP PTY LTD T/AS) (**Trainer**) has agreed to train the Horse on behalf of the Owners. A copy of the Trainer's confirmation letter is included in this PDS as **attachment C**.

The Trainer, being a corporation, will appoint licensed trainer MARK KAVANAGH to train the Horse.

The Trainer's main training complex is at Flemington Racecourse, Flemington, Victoria.

The Trainer will provide training and ancillary services in accordance with its Training Agreement and Fees Notice ([subject to Section 6 of this PDS], copies of which are included in this PDS as **attachment D** and **attachment E** respectively.

The Owners obligations to contribute to the costs of operating the Syndicate, including the costs of caring for, training and racing the Horse, are set out in Section 6.

2.12 **Veterinary Report**

The Promoter has arranged for equine veterinary surgeon DR TMB ROBERTS BVSc. MRCVS, of CNETENNIAL PARK VETERINARY PRACTICE (ABN 91 072 794 944) (DR TMB ROBERTS & ASSOCIATES PTY LTD T/AS) to examine the Horse and provide a report. The report includes a statement to the effect that, in the opinion of the examining veterinarian, the Horse is suitable for purchase and for syndication as a prospective racehorse. A copy of the report is included in this PDS as **attachment F**.

2.13 **Assessment of Value**

The Promoter relies upon the Sale Price paid at auction to acquire the Horse (as disclosed in 2.5) as being the fair market value of the Horse.

Any prospective investor requiring an independent assessment of the Horse's value should consult a recognised bloodstock agent as the value of the Horse before applying for a Share.

2.14 **Insurance**

The Promoter has procured insurance cover with INGLIS INSURANCE BROKERS (ABN 75 000 011 307) for the period from the fall of the hammer [see section 2.5] to 10th February, 2019 (**Expiry Date**).

A copy of the Certificate of Currency relating to this insurance cover is included in this PDS as **attachment G**.

The cost of this insurance cover has been apportioned and is included in the Application Price.

The benefit of this insurance cover will pass to the Owners upon the allotment of the Shares.

Prospective investors should be aware that from the Expiry Date, each Owner will be responsible for procuring one's own insurance cover, unless otherwise agreed with and confirmed in writing by the Manager.

2.15 **Racing colours**

The Horse will carry the following racing colours: Purple with Jewel Racing logo, black sleeves. Cap: white, purple peak.

2.16 **Code of conduct**

All Owners must comply with the Rules of Racing and are expected to act in the best interests of racing, the Horse, and all parties associated with the Syndicate. A copy of the Rules of Racing can be obtained from the Racing Australia Limited website: [www.racingaustralia.com.au].

3. THE SYNDICATE AT A GLANCE

The table below provides a summary of key features of the Syndicate:

Feature	Description
What is the Manager's role?	<p>The Manager is responsible for operating the Syndicate on behalf of the Owners in accordance with the Owners Deed of Agreement, including:</p> <ul style="list-style-type: none"> appointing the Trainer to take day-to-day control of the Horse for the purpose of maintaining, training and racing it to best advantage; all communications with the Owners, including as to the Horse's general well-being and progress, proposed racing program and race performances (both pre-race and post-race); with the Trainer; and with other Third Party Service Providers who provide services to the Syndicate. <p>IMPORTANT NOTICE: Owners are not authorised to contact the Trainer directly about the management and training of the Horse.</p>
Who can invest?	Only persons receiving this PDS in Australia may apply for Shares.
How do I access the Manager's services?	<p>By email: office@jewelracing.com</p> <p>By telephone: (03) 9372 6547</p>
How much can I invest?	<p>Minimum Subscription is for 1 Share.</p> <p>The total number of Shares to be issued is 20.</p>
What is the term of my investment?	<p>The Term of the Syndicate is not fixed. It will commence on the Commencement Date and end on the End Date, which will be determined in accordance with the Owners Deed of Agreement.</p> <p>The Syndicate may be terminated by the Manager at any time, with the Owners approval (evidenced by an Extraordinary Resolution):</p> <ul style="list-style-type: none"> if the Horse fails to win any significant races or Prize money and the Manager considers it is unlikely to do so; if in the Manager's reasonable opinion, supported by veterinary advice, the Horse is unsound to continue racing; or if the Manager considers it to be in the best interests of the Owners to sell the Horse, or to retire it from racing.
How does the Manager apply my Contributions?	Owners' contributions are used to pay the costs of operating the Syndicate, including maintaining, training and racing the Horse as a whole.
What return do I receive for my investment?	Returns are entirely speculative, so no estimates of likely returns are provided.
When do I receive payments?	<p>If the Horse earns any Prize money, Owners Bonus or Incentive Scheme payments, or other bonuses, the Net Prize money and bonuses will be distributed to the Owners either:</p> <ul style="list-style-type: none"> directly by the relevant Principal Racing Authority via its Stakes Payment System; or if paid to the Syndicate's designated bank account maintained by the Manager, within 30 days of the Manager receiving any significant amount of Net Prize money into that account, and upon the winding up of the Syndicate, subject to the right of the Manager to retain moneys on account of the estimated costs of operating the Syndicate, including Horse expenses.
What costs do I pay?	Each Owner must pay one's proportion of all costs of operating the Syndicate, including maintaining, training and racing the Horse, as set out in Section 6.
What happens if I don't pay my proportion of costs when due?	<p>The Manager has the right to charge interest or late fees and can sell your Share(s).</p> <p>The Manager also has the right:</p> <ul style="list-style-type: none"> to give a direction for the payment of Prize money and

	<p>Proceeds, and to deduct any outstanding amounts from any distributions of Income and Proceeds otherwise due to you; and</p> <ul style="list-style-type: none"> to require you to surrender your Share(s) if your contributions or payments are more than 60 days in arrears.
How do I withdraw funds?	An Owner does not have the right to require the Promoter or the Manager to redeem Shares or to buy them back either at any time during the Term or upon the winding up of the Syndicate. However, an Owner may at any time during the Term transfer one's Share(s) to some other person with the Manager's approval, in accordance with the Owners Deed of Agreement.
Are there risks in investing?	Yes, there are a number of risks which may lead you to lose some or all of your investment. It is important that you read and understand each of the risks set out in Section 5.
What happens at the end of the Horse's racing career?	This will be determined in accordance with the Owners Deed of Agreement.
What happens if the Horse dies?	The Syndicate will be wound up in accordance with the Owners Deed of Agreement.
What happens at the end of the Term?	This will be determined in accordance with the Owners Deed of Agreement.

4. WHAT ARE THE BENEFITS OF INVESTING IN THE SYNDICATE?

Investing in the Syndicate is not without risk. It is important that as well as reading the benefits of investing set out below, you read and understand each of the risks set out in Section 5.

Significant benefits	Description
Participation in horse racing	An investment in the Syndicate allows you to participate in the horse racing industry. The Syndicate will be professionally managed on behalf of the Owners.
Sharing in Prizemoney	Owners will be entitled to receive a proportion of the Income of the Syndicate (Net Prize money, Owners Bonus or Incentive Scheme payments and other bonuses earned by the Horse) in the same proportion as the number of Shares held bears to the total number of Shares on issue, subject to the right of the Manager to retain moneys on account of the estimated costs of operating the Syndicate, including Horse expenses.
Trophies	The Manager will take delivery of any Original Trophy won by the Horse and make it available to the Owners in accordance with the procedure set out in the Owners Deed of Agreement.
Other Owners rights	<p>An investment in the Syndicate also affords you the opportunity to experience other Owners rights, including:</p> <ul style="list-style-type: none"> ○ (naming rights) If the Horse is unnamed at the Commencement Date of the Syndicate, all Owners will have the opportunity to make a nomination on the naming of the Horse. However, the final decision as to the name of the Horse will be made by the Manager, at one's discretion, in consultation with the Registrar of Racehorses. ○ (facebook) Each Owner of 5% (1 Share) or more of the Horse will be entitled to have one's name appear in the racebook as an owner of the Horse. If a Share is held by 2 or more persons jointly, the Manager may require you to register a syndicate and to hold the Share in the name of that Syndicate. The registered manager of that syndicate: <ul style="list-style-type: none"> - will hold the Share as trustee for the other members of that syndicate; - will represent them in all dealings relating to the ownership of the Horse; and - will be responsible for ensuring that they comply with their collective obligations as the Owner of a Share under the Owners Deed of Agreement. ○ (enclosure ticketing) Race Clubs currently normally provide for a maximum of 20 owners enclosure tickets only on race day. On some race days owners enclosure ticketing is restricted, in which case the Manager will ballot the available tickets amongst the Owners intending to attend on race day.
Communications	The Manager will ensure that the Owners receive regular reports on the Horse's progress, including pre-race and post-race reports, video, audio and photo updates.

5. WHAT ARE THE RISKS OF INVESTING IN THE SYNDICATE?

5.1 Risk Overview

All investments involve a degree of risk. These risks include (without limitation):

- (a) those associated with the Syndicate, including inherent risks and other risks that may be insignificant or not reasonably foreseeable;
- (b) those that apply to investments generally;
- (c) those that are associated with the Manager; and
- (d) those that individual investors may face.

While a number of these risks are explained below, you should:

- read the whole of this PDS to fully appreciate these matters;
- think about your tolerance to risk and how the potential investment risks of this Syndicate may affect you; and
- seek your own independent legal, financial and tax advice before deciding to invest.

5.2 Specific risks associated with the Syndicate

Investment in racing thoroughbred horses must be considered to be of a speculative nature.

Risks specifically associated with the Syndicate include (without limitation):

- (a) Owners will incur significant expense without the assurance of any financial return;
- (b) there is no guarantee or assurance as to the racing ability of the Horse or that it will progress to winning any races or Prize money;
- (c) the Horse may die, or its suitability for racing or subsequently for breeding may be diminished or lost as a consequence of market forces or the materialisation of an inherent risk, including (without limitation) accident, illness, infertility or sub-fertility, injury or natural cause, or other risk that may be insignificant or not reasonably foreseeable;
- (d) if the Horse is an Entire (a male horse that has not been gelded), it may require gelding. Most male racehorses are gelded as a consequence of physical or behavioural considerations in an effort to enhance racing performance. However, even if the Horse is permitted to remain an Entire, a residual value as a stallion is not assured; and
- (e) racing stables, racecourses and other places where the Horse may be located from time to time can be dangerous places, including because horses do not always behave as expected. Entering onto those places involves the risk of injury, accident and loss or damage to person or property for all persons who enter.

Owners should also anticipate that the value of the Shares will fluctuate during the Term of the Syndicate and that there will be no ready market for the Shares.

(Payment obligations) As a participant in a co-ownership arrangement (Common Enterprise), you should be aware:

- (a) that an Owner's Share, or the Horse, may be lawfully sold if all of the Owners do not pay their proportion of all costs of operating the Syndicate when due; and
- (b) that the failure of any Owner to comply with one's payment obligations to the Trainer may result in the Trainer stopping or suspending training of the Horse (including entering it for any race or trial), even though the other Owners are complying with their payment obligations.

(Industry conditions) Changes in the thoroughbred horse racing industry or market conditions could have a positive or negative impact on your investment during the time that you are an Owner, including level of Prizemoney on offer.

It is also possible that restrictions on the racing of thoroughbred horses, or an outright ban on horse racing, could occur in any or all of the Australian states and territories in which the Horse may be raced. If that occurs, you may lose all of your investment, there will be no further Prizemoney and there may be a period of time when you are still required to pay the costs associated with the maintenance and welfare of the Horse.

5.3 General Investment Risks

The Syndicate will be exposed to the direct and indirect consequences of changes in the state of the economy generally, including inflation risks, interest rates, market and investment sentiment and other changes in the economic factors that affect a particular industry or market sector, as well as other factors over which the Manager has no control.

Legal, taxation and regulatory changes in the Australian investment environment, as well as changes in State or Federal Government policy may occur during the time that you are an Owner.

5.4 Manager Risks

(Dependence on the Manager) The Manager is obliged to manage the Syndicate and to ensure the efficient day-to-day operation of the Syndicate. If it fails to do so, then the Owners have the right to appoint an alternate third party manager. There are risks attached to the Owners' dependence on the Manager, including:

- (a) reliance on the skill and expertise of the Manager to manage the Syndicate, as well as the manner in which these functions are carried out;
- (b) the way in which the Manager performs these functions may affect the returns to Owners; and
- (c) changes in the personnel of the Manager which may reduce its skill level in managing the Syndicate.

(Dependence on Third Party Service Providers) The Manager will engage the services of various Third Party Service Providers, including the Trainer, to provide services in relation to the Syndicate and the Horse. There are risks attached to the Manager's dependence on those third parties, including (without limitation) the risk that the third party fails to effectively provide the services and support that such parties are contracted to provide.

5.5 Investor Risks

(Illiquid Investment) An investment in the Syndicate is illiquid. You have no right to redeem your Shares, there is no secondary market for them, and you may not be able to find someone to buy them from you.

(Default) You will be in default if you fail to pay an amount when due. If you are in default then the Manager may:

- (a) charge interest on any outstanding amount owing to the Manager;
- (b) deduct such amounts from the proportion of any Income of the Syndicate otherwise due to you; or
- (c) require you to sell your Share(s) either to the other Owners or an outside party if you breach a material obligation, including any payment obligation, under the Owners Deed of Agreement and fail to remedy such breach when requested to do so by the Manager.

The Manager may bring an action against an Owner to collect all amounts due, including interest, late charges and costs. If a Share is owned by more than one person or entity, such holders are jointly and severally liable for all amounts payable in relation to that Share. The Manager is not obliged to sell the Share and in any event may be unable to do so. The liability for ongoing costs associated with the ownership of a Share for the Term of the Syndicate may not be avoided by abandoning or surrendering that Share.

6. APPLICATION PRICE, FEES AND EXPENSES (ONGOING), AND TAXATION

6.1 Application Price

The Promoter is offering Shares to prospective investors at the Application Price per Share of \$8,204 (including GST), calculated as follows:

	Total for Syndicate	Per Share (20)
A. Initial Cost Price of Horse paid by Offeror – fall of the hammer	110,000.00	5,500.00
B. Offeror's margin (if any)	00.00	00.00
C. Other acquisition costs	12,260.00	613.00
D. Syndicate establishment costs payable to the Promoter	3,000.00	150.00
C. Other Syndication costs	6,110.00	305.50
E. Actual and estimated Horse husbandry costs to 31 st July, 2018	11,771.00	588.55
Sub-total	143,141.00	7,157.05
F. GST	14,314.10	715.70
G. Insurance, including GST	6,394.08	319.70
H. Racing NSW Registration Fees (GST exempt)	187.00	9.35
I. ASIC lodgement fee on PDS in-use notice (GST exempt)	39.00	1.95
Total	\$164,075.18	\$8,203.75
Application Price per Share – 1/20th [or 5%] Share	Rounded	\$8,204.00

Further details in relation to how the Application Price has been calculated are set out in **attachment H**.

6.2 Fees and Expenses (ongoing)

The total costs (including GST) of operating the Syndicate, except for the cost of entry fees for group races, interstate travel and extraordinary veterinary treatments and surgery, that will be payable by the Owners annually are set out in the following table:

	Total for Syndicate	Total per Share	Per Owner
Payable to Manager			
Management Fee per Owner or per Share (not per Share) or per Share	-	-	-
Payable to Promoter			
Annual Review Fee – Syndicate Financial Statement	550.00	27.50	-
Horse expenses payable to the Manager/Trainer and other unrelated external service providers			
The total fees and expenses of operating the Syndicate, including maintaining, training and racing the Horse, excluding race entry fees for group races, and the cost of any extraordinary (non-routine) veterinary and other treatments, including surgery	59,760.00	2,988.00	-
Total	\$60,310.00	\$3,015.50	-

6.3 Fees payable to the Manager and the Trainer

The Owner of each Share will be required to contribute \$249 per month to the costs of operating the Syndicate, including (without limitation) all fees of and expenses of caring for, training and racing the Horse [including, agistment, pre-training and training fees, race entry fees (nomination, acceptance and scratching), chiropractic, dentistry, farriery, and veterinary fees, and transportation costs], EXCEPT for the cost of entry fees for group races, interstate travel, extraordinary veterinary treatments and surgery, which will be borne and paid by the Owners in the same proportions as the number of Shares held bears to the total number of Shares issued. Any such additional costs will be invoiced to the Owners by the Manager during the month immediately following the month in which such expenses are incurred.

Furthermore, the Manager may require the Owners to make contributions in advance of the estimated cost of any surgery and entry fees for group races and prior to the Manager or Trainer authorising the incurring of the expense.

Manager's other fees and charges

The Manager is not and does not intend to be party to any agreement with a Third Party Service Provider which will result in the Manager receiving from such party any rebates or commissions.

6.4 Example of the annual cost of holding 1 Share

If you acquire 1 Share you will be required to contribute the following amounts (including GST) during each year	Monthly		Total Annually
	Per Owner	Per Share	
Syndicate non-Horse expenses (Manager)	-	-	-
Syndicate non-Horse expenses (Promoter)	-	-	27.50
Syndicate Horse expenses	-	249.00	2,988.00
EQUALS COST OF 1 SHARE			\$3,015.50

6.5 Taxation

The Promoter is not an expert in taxation. Owners are advised to consult their professional advisers as to the income tax and capital gains consequences of investing in the Syndicate.

7. ADDITIONAL INFORMATION

7.1 Interests of the Promoter, the Manager, their Directors and Experts

The Promoter and the Manager neither have, nor have had, in the period of 2 years before the date of this PDS, any interest in relation to the Horse (including its sire or dam) or the promotion of the Syndicate, other than the interests detailed in this PDS.

No Director or proposed Director of the Promoter or the Manager has or has had in the period of 2 years before the date of this PDS, any interest in relation to the Horse (including its sire or dam) or the promotion of the Syndicate, other than emoluments such person may be entitled to receive from the Promoter or the Manager, and which are detailed in this PDS.

The Promoter will ensure that any veterinarian providing a veterinary report to the Promoter or the Manager, neither has, nor has had, any interest in relation to the Horse or the promotion of the Syndicate, except that such person will receive a professional fee for undertaking the examination and providing the report.

There is nothing in the Owners Deed of Agreement to prevent either themselves or any members, officers, directors of the Promoter or the Manager, or any corporation or other person related to any of them, from purchasing, holding, dealing in or disposing of Shares, or from otherwise contracting or acting as agent or entering into or being interested in any contract or transaction whatsoever with any other of them or with any Owner, provided that those persons must act, in connection with any such transaction, in a fiduciary relationship of utmost good faith to the Owners.

7.2 Interests in the Horse's Sire

Compulsory Statement – required by the terms of the ASIC Instrument

The Promoter and the Offeror neither have, nor have had, any entitlement to a free service to the Horse's Sire.

7.3 Owners Deed of Agreement

The Owners Deed of Agreement is binding upon the Owners and the Manager and covers a number of additional matters to those referred to in other parts of this PDS, including:

- (a) the right of Owners to receive a proportion of any Income of the Syndicate and Proceeds;
- (b) Owners meetings (a resolution may bind an Owner, regardless of how or whether or not the Owner voted);
- (c) the circumstances in which the Manager is and is not liable to the Owners;
- (d) the Manager's rights, powers, and entitlement to fees and expenses;
- (e) the Manager's right of indemnification for all costs incurred by it in relation to the operation of the Syndicate (subject to the proper performance of its duties);
- (f) the circumstances in which Manager may give a direction for the payment of a Defaulting Party's proportion of Prize money and Proceeds and to apply same to remedy such default;
- (g) when the Manager can retire;
- (h) the circumstances in which the Owners can remove and replace the Manager or the Trainer; and
- (i) when the Manager can terminate the Syndicate.

The Manager is not obliged to convene Owners meetings but may do so at any time upon the giving of at least 21 days' notice to the Owners.

The Owners may make recommendations to the Manager as to the operation of the Syndicate and the management of the Horse.

Subject to the specific provisions of the Owners Deed of Agreement, the Manager may amend the Owners Deed of Agreement from time to time PROVIDED it reasonably considers that any such amendment will not adversely affect the rights of Owners. Otherwise, the Manager must obtain the Owners approval (evidenced by a Special Resolution) before adopting any proposed amendment.

Any resolution, including an Extraordinary Resolution or a Special Resolution, at an Owners meeting will bind an Owner, regardless of how or whether or not the Owner voted.

7.4 Keeping you informed

The Manager will keep you up-to-date regarding your investment. For example, you will receive:

- (a) a confirmation notice after the Share you have applied for is issued;
- (b) an Annual Financial Statement.

Email is our default means of sending you information. However, we will send you information by post if you contact us and request this method of delivery.

7.5 Complaints

If you have any concerns or complaints in relation to the operation of the Syndicate, you should contact the Manager. The Manager will acknowledge receipt of your complaint and attempt to resolve it as soon as practicable.

A procedure for making and handling complaints is set out in the Owners Deed of Agreement.

7.6 Directors' authorisation

The Directors of the Promoter state that they have made all reasonable enquiries and have reasonable grounds to believe that all statements in this PDS are true and not misleading. The Directors have given and have not, at the date of this PDS, withdrawn their consent to the issue of this PDS. The issue of this PDS by the Promoter was authorised by Board resolution dated 2nd May, 2018.

7.7 Consents

The persons listed in the table below have given and have not withdrawn their written consent to:

- (a) be named in this PDS in the form and context in which they are named;
- (b) the inclusion of their respective reports or statements noted next to their names and the references to those reports or statements in the form and context in which they are included in this PDS; and
- (c) the inclusion of other statements in this PDS which are based on or referable to statements made in those reports or statements, or which are based on or referable to other statements made by those persons in the form and context in which they are included:

Name of person	Named as	Reports or statements
Macquarie Legal Practice	Legal Adviser	Provided template document from which this PDS has been prepared
Sire Custodians Ltd	Promoter	Consent to act
Kavanagh Racing Stables	Offeror & Trainer	Provided Trainer's confirmation letter and consent to act
Jewel Racing Pty Ltd	Manager	Consent to act
Dr TMB Roberts	Veterinarian	Provided Veterinary Report and consent to be named
Inglis Insurance Brokers	Insurance agent	Provided Memorandum of Insurance and consent to be named

None of the persons referred to above has made any statement that is included in this PDS or any statement on which this PDS is based, other than the statement or report included in this PDS with the consent of that person as specified above.

Except for the Promoter, each of the persons referred to above:

- (a) has not authorised or caused the issue of this PDS, and makes no representation or warranty, express or implied, as to the fairness, accuracy or completeness of the information contained in this PDS; and

- (b) to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any statements in or omissions from this PDS other than references to its name or a statement or report included in this PDS with the consent of that person as specified above.

7.8 Labour standards or environmental, social or ethical considerations

The Promoter does not take into account labour standards or environmental, social or ethical considerations in determining the selection, retention or realisation of assets. However, to the extent that the Promoter believes those matters may affect the value or performance of an underlying investment, they may be considered.

The Promoter does not have a predetermined view as to what constitutes a labour standard or environmental, social or ethical consideration, as these will be determined on a case-by-case basis.

7.9 Anti-money laundering laws

The Promoter may be required to collect certain customer identification information and verify that information in compliance with the Anti-Money Laundering/Counter-Terrorism Financing Act 2006 (Cth) (the **AML/CTF Act**) and AML/CTF Rules before it can issue Shares to Applicants.

Customer identification information may include detailed know your customer (**KYC**) information in relation to the Applicant such as, for an individual Applicant, name, address, and date of birth and for an Applicant that is a business entity, details of directors and beneficial owners, and where the Applicant is a trustee, details of the Constitution and beneficiaries. The Promoter may require further KYC information such as information concerning business activities, structure and source of funds of Applicants and from time to time may require an Applicant to provide updated or additional information.

The Promoter may refuse to accept an application or decline to issue Shares to an Applicant until it has satisfactorily concluded a customer identification procedure in relation to the Applicant.

The Promoter may delay or refuse any request or transaction, including by suspending the issue or redemption of Shares if the Promoter is concerned that the request or transaction may cause the Promoter to contravene the AML/CTF Act. The Promoter will not incur any liability to the Applicant by doing so.

7.10 Privacy

The Promoter is committed to respecting the privacy of your personal information.

Privacy laws regulate, among other matters, the way organisations collect, use, disclose, keep secure and give people access to their personal information. The Promoter collects personal information from you in the Application Form and may collect additional personal information in the course of managing your investment.

We may also disclose your information to persons who provide services to us, or in relation to the Syndicate, or the Horse.

In addition, we disclose your personal information:

- (a) If you consent to the disclosure; or
- (b) If we required to do so by law, or by any Principal Racing Authority.

A copy of our Privacy Policy is available upon request.

8. HOW TO APPLY

8.1 Becoming the Owner of a Share and a member of the Syndicate

Applications to become an Owner are made using the Share Application Form included with this PDS. If you decide to invest, read the PDS and fill in the Share Application Form, provide proof of identity and pay the Application Price per Share by EFT or cheque.

Applicants should note that the Promoter has the right to accept or reject any application for Shares, whether in whole or in part, in its absolute discretion and has no obligation to give any reason if it rejects an application.

The completed Share Application Form should be lodged (together with the Application moneys) with:

Sire Custodians Ltd
PO Box 299
NORTH SYDNEY, NSW, 2059

Note: Applications are accepted for the Minimum Subscription per Applicant, then in multiples of One (1) Share.

8.2 Acknowledgments Conditions and Declarations

By completing the Share Application Form you:

- declare that you have read and understood this PDS;
- agree to be bound by the conditions of the offer set out in this PDS;
- acknowledge that, unless waived by the Manager, any government levies, duties or taxes will be charged to your account;
- declare that if the Share Application Form is signed under power of attorney, you have no knowledge of the revocation of that power of attorney;
- declare that all information provided in the Share Application Form or any other information provided in support of the application is true and correct;
- declare that you have the power to make an investment in accordance with the application;
- acknowledge that neither the Promoter nor the Manager, nor any of their directors or associates, guarantees the repayment of moneys invested or a return on the investment;
- acknowledge that you have relied upon your own enquiries and independent advice in relation to the your financial and legal rights and obligations as an Owner in the Syndicate;
- acknowledge and declare that you have not received any advice either from the Promoter or the Manager, or any representative of either of them, other than as detailed in this PDS;
- acknowledge that any investment in the Syndicate is subject to investment and other risks, including (without limitation) delays in payment and possible loss of capital invested; and
- acknowledge that all information relating to this application for investment or any subsequent information relating to this investment may be disclosed to any service provider to the Syndicate and to your adviser. You understand that this will not include disclosure of your TFN, ABN, or any information in relation to them. This authority will continue unless revoked by you in writing.

9. GLOSSARY

In this PDS, the following terms have the following meaning unless the context otherwise requires:

AML/CTF Act	<i>Anti-Money Laundering/Counter-Terrorism Financing Act 2006 (Cth).</i>
Applicant	A person who submits a Share Application Form, with Application Moneys, applying for a Share.
Application Moneys	Moneys paid by an applicant for a Share in the Horse under this PDS.
Application Price	The price at which Shares are offered under this PDS.
ASB	The <i>Australian Stud Book</i> .
ASIC	The <i>Australian Securities and Investments Commission</i> .
Commencement Date	The Commencement Date of the Syndicate.
End Date	The date upon which the Syndicate is ended in accordance with the Owners Deed of Agreement.
Extraordinary Resolution	A Resolution: (a) of which notice in accordance with clause 6.1 (of the Owners Deed of Agreement) has been given; and (b) that has been passed by at least 50% of the total votes that may be cast by Owners entitled to vote on the resolution (including Owners who are not present in person or by proxy).
Income	For the Syndicate and the Accounting Period, the net income of the Syndicate, in respect of that period, determined in accordance with generally accepted accounting principles, whether accrued, due or receivable or received and not previously accounted for.
Manager	<i>Jewel Racing Pty Ltd (71 625 149 617).</i>
Minimum Subscription	1 Share.
Minimum Overall Subscription	20 Shares.
Net Prize money	Prize money after the mandatory deductions under the Rules of Racing.
Owner	Each person who from time to time owns a Share and is bound by the Owners Deed of Agreement.
Owners Deed of Agreement	The provisions (including all covenants, terms and conditions) of the deed governing the relationship between the Owners and the Manager, including any modification or replacement deed adopted by the Manager with the Owners approval.
PDS	This document.
Proceeds	Proceeds of sale or of any insurance claim paid in relation to a Share or the Horse, as the context requires.
Resolution	Subject to any further qualification specified in the Owners Deed of Agreement: (a) a resolution passed at a meeting of Owners; (i) on a show of hands, by the majority of Owners present in person or by proxy, representative or attorney; or (ii) if a poll is demanded, by the majority of numbers of Shares held by Owners present in person or by proxy,

- representative or attorney voting on the poll; or
- (b) a resolution in writing signed by Owners holding the required majority of the Shares.

Share

1 of the number of equal undivided ownership interests in the Horse to be issued under this PDS.

Share Application Form

The Share Application Form included with this PDS, which an Applicant must use to apply for a Share.

Special Resolution

A Resolution:

- (a) of which notice in accordance with clause 6.1 (of the Owners Deed of Agreement) has been given; and
- (b) that has been passed by at least 75% of the votes cast by Owners entitled to vote on the resolution (including Owners who are not present in person or by proxy).

Syndicate

The arrangement evidenced by the Owners Deed of Agreement pursuant to which the Owners agree to participate in the undertaking (**Common Enterprise**) of caring for, training and racing the Horse as a whole for their mutual benefit.

Syndicate Property

Any contributions to, or Income of, the Syndicate, including (without limitation):

- (a) Owners contributions to the costs of operating the Syndicate (regardless of whether they are paid to the Syndicate's designated bank account maintained by the Manager, or by each Owner directly to the Trainer and other Third Party Service Providers one's proportion of such costs);
- (b) Prize money (regardless of whether net Prize money is paid by the Principal Racing Authority to the Syndicate's designated bank account maintained by the Manager, or to each Owner directly one's proportion of such Prize money); and
- (c) Owners Bonus or Incentive Scheme payments and other bonuses.

The Horse does not comprise Syndicate Property as it is owned by the Owners as tenants-in-common in equal undivided Shares.

Term

The period during which the Syndicate will operate, being from the Commencement Date until the End Date, determined in accordance with this PDS and the Owners Deed of Agreement.

TFN

Tax File Number.

If there is any inconsistency between a definition in this Glossary and a definition of the same term in the Owners Deed of Agreement, the definition set out in the Owners Deed of Agreement will apply.

10. CORPORATE DIRECTORY

Promoter

SIRE CUSTODIANS LTD
Suite 203, 66 Berry Street, NORTH SYDNEY, NSW, 2060
Postal address: PO Box 299, NORTH SYDNEY, NSW, 2059
Tel: 02 9235 2500
Fax: 02 9235 1511
Email: advisory@sirecustodians.com.au
Website: www.sirecustodians.com

Manager

JEWEL RACING PTY LTD
Postal Address: PO Box 958, MOONEE PONDS, VIC, 3039
Tel: (03) 9372 6547
Fax: (03) 9372 6549
Email: office@jewelracing.com
Website:



OWNERS DEED OF AGREEMENT

SCHEDULE 1 – REFERENCE SCHEDULE

Important notice: This Co-ownership arrangement ("Syndicate") is subject to regulation by the Corporations Act. The Offer of Shares in this Syndicate is the subject of a Product Disclosure Statement ("PDS") that has been approved by a Lead Regulator pursuant to the terms of ASIC Corporations (Horse Schemes) Instrument 2016/790. Participation as an Owner is available to investors who receive a PDS from the Promoter and complete the Application Form attached to the PDS. The Promoter must hold an Australian Financial Services Licence ("AFSL") or be an Authorised Representative of an AFS Licensee.

Item 1

Date	This Deed is made the		day of		, 2018
------	-----------------------	--	--------	--	--------

Item 2

Promoter	SIRE CUSTODIANS LTD (ABN 45 005 088 371)
Licence Details	AFSL 223671

Item 3

Manager	JEWEL RACING PTY LTD (ABN 71 625 149 617)
Address	3 Stables Drive, Flemington Racecourse, FLEMINGTON, VIC, 3031
Postal address	PO Box 958, MOONEE PONDS, VIC, 3039
Telephone	(03) 9372 6547
Email	office@jewelracing.com
Contact Person(s)	Cara Kavanagh

Item 4

Horse	UNNAMED, Bay Colt, foaled 7 th January, 2016, by PIERRO (AUS) from SHE'S NOT (AUS) [by FALVELON]
Life Number	AUS01132450
Microchip Number	985100012114619

Item 5

Syndicate Name, if any (Optional)	
-----------------------------------	--

Item 6

Number of Shares	Twenty (20)
------------------	-------------

Item 7

Application Price	\$8,204
-------------------	---------

Item 8

Commencement Date	
-------------------	--

Item 9

Racing Colours	Purple with Jewel Racing logo, black sleeves. Cap white, purple peak.
----------------	---

Item 10

Trainer	KAVANAGH RACING STABLES (ABN 46 091 727 623)
---------	--

This document is comprised of 19 pages, including this page.

Item 11

Manager's Remuneration	Management Fee: Nil
Manager's Additional Remuneration and Gratuities	<ul style="list-style-type: none"> ➤ Percentage of Prize money and bonuses: Nil ➤ Percentage of Sale Price: Nil ➤ Lifetime Service Right(s): Not applicable

Item 12

External Dispute Body	The Promoter is a member of the <i>Financial Ombudsman Service Limited</i> - member number 11316
-----------------------	---

Item 13

Governing law (state/territory)	Victoria
---------------------------------	----------

EXECUTED BY THE PARTIES AS A DEED

Executed by)
JEWEL RACING PTY LTD (ABN 71 625 149 617))
in accordance with section 127 of the *Corporations Act*)
2001:)

.....
Director/Company Secretary

.....
Director

MARK KAVANAGH
.....

LEVI KAVANAGH
.....

Name of Director/Company Secretary
(BLOCK LETTERS)

Name of Director (BLOCK LETTERS)

This document is comprised of 19 pages, including this page.

This document was compiled by Macquarie Legal Practice ("MLP") and is subject to Copyright©.
Telephone: 02 9235 2500; Email: law@maclegal.com.au; Website: www.maclegal.com.au

ADDITIONAL CONDITIONS**28. OWNERS MONTHLY CONTRIBUTIONS**

This clause will take precedence over any provisions to the contrary set out in this Agreement.

The Owner of each Share is required to contribute \$249 per month to the costs of operating the Syndicate, including (without limitation) all fees of and expenses of caring for, training and racing the Horse [including, agistment, pre-training and training fees, race entry fees (nomination, acceptance and scratching), chiropractic, dentistry, farriery, and veterinary fees, and transportation costs], EXCEPT for the cost of entry fees for group races, interstate travel, extraordinary veterinary treatments and surgery, which will be borne and paid by the Owners in the same proportions as the number of Shares held bears to the total number of Shares issued. Any such additional costs will be invoiced to the Owners by the Manager during the month immediately following the month in which such expenses are incurred.

Furthermore, the Manager may require the Owners to make contributions in advance of the estimated cost of any surgery and entry fees for group races and prior to the Manager or Trainer authorising the incurring of the expense.

CO-OWNERSHIP OF A RACEHORSE

THIS OWNERS DEED OF AGREEMENT is made on the date specified in Schedule 1.

BETWEEN: The Owners

AND: The Manager

WHEREAS

- A. The Owners of the Horse have agreed to their relationship being governed by this Deed to enable them to obtain the benefit of the Horse from racing.
- B. The Manager has agreed to operate the Syndicate on behalf of the Owners in accordance with this Deed.

NOW BY THIS DEED OF AGREEMENT it is agreed as follows:

1. OWNERSHIP

1.1 (1) The Owners:

- (a) agree to the ownership of the Horse, together with the Syndicate Property, being governed by the provisions (including all covenants, terms and conditions) of this Deed;
- (b) acknowledge that the Syndicate is established and will be operated as a Lead Regulator-approved Syndicate in accordance with the terms of the relief set out in ASIC Corporations (Horse Schemes) Instrument 2016/790 ("ASIC Instrument"), except for which it would be necessary to establish and operate the Syndicate as a registered scheme in accordance with the requirements of Chapter 5C of the Corporations Act.
- (2) This document and its provisions will be legally enforceable by each Owner and the Manager against each other Owner and the Manager respectively, and against all persons claiming through an Owner and the Manager as if they were parties to it.

1.2 Subject to each initial Applicant being approved as the Owner of a Share, paying the Application Price and providing a completed Application Deed, for the Term:

- (a) the Owners:
 - (i) will hold the whole of the legal and beneficial title to the Horse, divided into the number of equal undivided Shares specified in Schedule 1, as tenants-in-common, free of any Encumbrance, except for any Security Interest granted or permitted by this Deed;
 - (ii) will contribute the right to use their respective ownership interests in the Horse to the Syndicate to facilitate the Horse as a whole being used in the Common Enterprise for their mutual benefit;
 - (iii) will participate in the Common Enterprise; and
 - (iv) will, in consideration of the provisions of clauses 10 and 20, waive any right to apply for an order for sale of the Horse and partition of the Proceeds; and
- (b) the Manager will hold the Syndicate Property upon trust for the Owners, in the number of equal undivided Shares specified in Schedule 1, free of any Encumbrance, except for any Security Interest granted or permitted by this Deed.

1.3 PRIZE MONEY

Subject to the clauses 12.4 and 19.1, each Owner will be entitled to a proportion of net Prize money, Owners Bonus or Incentive Scheme payments and other bonuses earned by the Horse, in the same proportion as the number of Shares held bears to the total number of Shares.

1.4 TROPHIES

If the Horse wins a Trophy ("Original Trophy"):

- (a) The Manager will receive the Original Trophy on behalf of the Owners and request each of the Owners to indicate if they wish to acquire it. If more than 1 Owner so indicates, then the Manager will determine the matter by ballot. Such transaction will be treated as a sale and purchase of the Original Trophy;
- (b) the Owner who acquires the Original Trophy must compensate the other Owners by paying to each of them a proportion of the advertised value of the Original Trophy, in the same proportion as the number of Shares held bears to the total number of Shares;
- (c) if none of the Owners wish to acquire the Original Trophy, the Manager may retain it if it does not have any significant realisable value, but otherwise must use reasonable endeavours to sell it for the best possible price and apportion the proceeds between each of the Owners in the same proportion as the number of Shares held bears to the total number of Shares; and
- (d) if any Owner wishes to acquire a replica of the Original Trophy, the Manager will endeavour either to procure same at the best possible price, which will be invoiced to and paid by such Owner prior to order, or to procure and provide to such Owner details of the supplier of the Original Trophy.

1.5 RACEBOOK

Each Owner of 5% or more of the Horse will be entitled to have one's name appear in the racebook as a co-owner of the Horse. If a Share is held by 2 or more persons jointly, the Manager may require those persons to register a syndicate at their own cost and to hold the Share in the name of that syndicate. The registered manager of any such syndicate:

- (a) will hold the Share as trustee for the other members of that syndicate;
- (b) will represent them in all dealings relating to the ownership of the Horse; and
- (c) will be responsible for ensuring that they comply with their collective obligations as the Owner of a Share under this Deed.

In any event, the total number of registered Owners of the Horse must be no more than 20 and the total number of individual persons who hold a legal interest, jointly or otherwise, in all of the Shares must be no more than 50.

1.6 RACING COLOURS

The Horse will carry the Racing Colours specified in Schedule 1, or such other Racing Colours as the Manager may determine from time to time with the Owners approval (evidenced by an Extraordinary Resolution).

1.7 REGISTRATION OF OWNERSHIP

Each Owner authorises the Manager to do anything required to be done by an Owner in order to comply with this Deed and the Rules of Racing, including (without limitation) authority to sign on one's behalf any instrument required to be signed and lodged with the Registrar of Racehorses or Principal Racing Authority to give effect to any application for registration of the Horse, a syndicate, or transfer of ownership. If the Manager is a corporation, this authority will vest in the duly authorised officer of such entity.

1.8 SYNDICATE RECORDS

All books, records and other documents relating to this Deed will be kept by the Manager but will remain the property of the Owners. If for any reason the Owners take possession of such books, records or other documents, the Manager will have full and unfettered right of access to inspect or copy same.

1.9 This Deed relates to the Horse only and to no other horse or investment.

- 1.10 None of the provisions of this Deed concerning the Manager, in such capacity, bestow any share or interest in the legal or beneficial title to the Horse.
- 1.11 The Manager may beneficially hold any number of Shares, without liability to account, and will have the same rights and obligations as the Owner of such Shares as any other Owner, notwithstanding that the Manager is also acting in another capacity under this Deed.
- 2. OWNERS LIABILITY FOR COSTS**
- 2.1 (1) The Owners will be severally liable for all costs of operating the Syndicate in accordance with this Deed, including (without limitation):
- (a) all fees and expenses of caring for, training and racing the Horse, including agistment, pre-training and training fees, race entry fees (nomination, acceptance and scratching) chiropractic, dentistry, farriery and veterinary fees, and transportation costs; and
 - (b) all other costs, including fees payable to the Manager and compliance expenses.
- (2) Subject to paragraph (1), all such costs will be borne and paid by the Owners in accordance with clause 12.4.
- 2.2 Any arrangement to pay to or bestow upon the Trainer or the jockey any additional remuneration or gratuity must either:
- (a) be in accordance with the terms of the Training Agreement and Fees Notice; or
 - (b) be approved by the Owners (evidenced by an Extraordinary Resolution);
- and such additional remuneration or gratuity will constitute a racing expense payable by the Owners pursuant to clause 2.1.
- 3. MANAGER**
- 3.1 **APPOINTMENT**
- The Owners appoint the Manager for the Term (subject to clauses 3.9 and 3.10) and the Manager accepts the appointment:
- (a) to operate the Syndicate on behalf of the Owners; and
 - (b) to act as trustee of the Syndicate and custodian of the Syndicate Property;
- in accordance with this Deed.
- 3.2 The Manager may, with the Owners approval (evidenced by an Extraordinary Resolution), delegate any of the Manager's duties under this Deed to a third party, including (without limitation) the Trainer.
- 3.3 **OBLIGATIONS**
- The Manager must at all times during the Term, exercising reasonable care, skill and diligence:
- (a) operate the Syndicate in a proper and efficient manner in accordance with the normal standards applied, provided and maintained in connection with the management of thoroughbred racehorses;
 - (b) exercise the Manager's powers and perform the Manager's duties in the best interests of all of the Owners collectively;
 - (c) treat each Owner fairly and impartially;
 - (d) ensure that no Syndicate Property is applied other than for the purpose of the Syndicate;
 - (e) comply with the terms of the ASIC Instrument; and
 - (f) be either:
 - (i) an AFS Licensee (or authorised representative) with the necessary licence authorisations for the services to be provided by the Manager under this Deed; or
 - (ii) such other person as permitted by the ASIC Instrument and Lead Regulator's Promoter's Policy.
- 3.4 **SYNDICATE PROPERTY**
- The Syndicate Property must be clearly identified as property of the Syndicate and held separately from the assets of the Manager and any other person.
- 3.5 If the Manager receives moneys for or on behalf of the Owners, it must be held either as their agent or as Syndicate Property (as the case requires) and the Manager will, subject to clauses 12.4, 15 and 19, if requested by the Owners, apportion and account to them for such moneys.
- 3.6 **DUTIES**
- The Manager's duties include (without limitation):
- (a) (i) obtaining the Owners approval to the appointment of a Trainer, including any change of Trainer (evidenced by an Extraordinary Resolution);
 - (ii) providing to the Owners a copy of the Training Agreement and Fees Notice; and
 - (iii) communicating on a regular basis with the Trainer on behalf of the Owners and the Owners on behalf of the Trainer in relation to the management, training and racing, of the Horse, including (without limitation) the Horse's general well-being and progress, proposed racing program and race performances (pre-race and post-race reports).
 - (b) arranging for the Trainer and other Third Party Service Providers to invoice all fees and charges of caring for, training and racing the Horse either:
 - (i) to the Owners via the Manager; or
 - (ii) subject to clause 2.1, to each Owner directly one's proportion of such fees and charges;
 - (c) arranging for the Principal Racing Authority to distribute net Prize money due to the Owners either:
 - (i) to the Syndicate's designated bank account maintained by the Manager; or
 - (ii) to each Owner directly one's proportion of such Prize money;
 - (d) establishing and maintaining a trust account, or other designated bank account, into which all moneys received on behalf of the Owners must be deposited and from which all costs payable by the Owners and distributions of Income payable to the Owners must be paid, except for when direct invoicing and distribution arrangements contemplated by paragraphs (b)(ii) and (c)(ii) are in place;
 - (e) appointing a person to be Secretary to the Syndicate and keep the Accounts and such other records of the Syndicate as the Manager considers necessary;
 - (f) providing or arranging for the provision of all necessary accounting, taxation and legal advice to the Syndicate;
 - (g) keeping a register of Owners which contains their names, addresses, contact details (including telephone and facsimile numbers and email addresses), and the number of Shares held by each Owner, the date upon which the Owner was entered in the register and the date upon which any person ceased to be an Owner and in respect of any Security Interest referred to in clause 11. The Manager will make available to any Owner for inspection at all reasonable times and without charge, the register of Owners and a copy of this Deed. Subject to clause 11, the Manager will not be obliged to enter into the register notice of any trust, whether express or implied, and only the person so entered will be entitled to vote, or otherwise exercise, the rights of an Owner under this Deed;

- (h) administering race day Owners privileges, including the allocation of ticketing and mounting yards passes on each day that the Horse is racing and Owners privileges are restricted, resulting in the number of Owners privileges allocated by the relevant race club being insufficient to enable an equal distribution to all of the Owners; and

(i) If required by ASIC or the Lead Regulator:

- (i) making available all the records of the Syndicate, including the Accounts, secretarial records, share register and transfer journal;
- (iii) providing all information requested in relation to the Syndicate; and
- (iv) lodging a copy of the Accounts and all other documentation relating to the performance of the Syndicate forwarded to Owners at the same time as the Accounts and such other documentation is forwarded to the Owners.

3.7 The Manager is not obliged:

- (a) to act in accordance with any direction of an Owner or Owners, unless such direction is set out in either:
 - (i) a Resolution proposed at a meeting of Owners and passed by more than 50% of the votes that may be cast by Owners entitled to attend the meeting and vote on the Resolution; or
 - (ii) an Extraordinary Resolution or a Special Resolution (as the case requires); or
- (b) to sell a Share on behalf of an Owner. If the Manager sells a Share as agent on behalf of an Owner, this will not obligate the Manager to sell a Share on behalf of any other Owner.

3.8 REMUNERATION

Subject to the proper performance of the Manager's duties under this Deed, the Manager will be entitled:

- (a) to charge and be paid the fee specified in Schedule 1 for the first year of the Syndicate and, for subsequent years, as adjusted in accordance with increases in the consumer price index (all groups) for the capital city of the state or territory specified in Schedule 1, as remuneration for performing those duties;
- (b) to charge and be paid or reimbursed the cost of any accounting, administration, bookkeeping, legal and secretarial services provided or procured, and for reasonable travel and accommodation expenses incurred, in relation to the Syndicate; and
- (c) to receive or have bestowed the following additional remuneration or other entitlements:
 - (i) if the Horse earns gross Prize money, Owners Bonus or Incentive Scheme payments, or other bonuses, above the amount specified in Schedule 1 (Surplus Prize money), a proportion of Surplus Prize money equal to the percentage specified in Schedule 1;
 - (ii) if the Horse or a Share in the Horse is sold (including any allotment and sale of additional shares), a commission on the gross sale price (excluding GST) equal to the percentage specified in Schedule 1; and
 - (iii) if the Horse is an Entire and retired from racing to perform stud duties at a stud, the number of Lifetime Service Rights specified in Schedule 1.

The provisions of this paragraph (c) will apply for the benefit of the first appointee only of the Owners as Manager (as named in Schedule 1). Furthermore, the Owners must ensure that any buyer of a Share, or the Horse, is made aware of and agrees to novate these provisions.

3.9 RETIREMENT

Subject to the requirements of the ASIC Instrument, the Manager may at any time give the Owners not less than 30 days' notice of an intention to retire as Manager, in which case the Owners must agree the appointment of a new Manager (evidenced by an Extraordinary Resolution). If the Manager retires voluntarily, clause 3.8(c) will no longer apply.

3.10 REMOVAL

The Owners may at any time agree (evidenced by an Extraordinary Resolution) to remove the Manager and appoint a new Manager.

3.11 (1) The outgoing Manager:

- (a) must deliver up to the new Manager all books, records and other documents relating to this Deed, but retains a right of access to inspect or copy same; and
- (b) is released from any further obligations under this Deed.

(2) The retirement or removal of the Manager will not affect any right of indemnity which the Manager may have in relation to the exercise of the Manager's powers and the performance of the Manager's duties prior to retirement or removal.

3.12 The Manager must not accept any payment, gratuity or benefit for ceasing to act as Manager, unless such payment, gratuity or benefit is approved by the Owners (evidenced by an Extraordinary Resolution).

4. CARE OF HORSE

4.1 MANAGER

For so long as the Horse continues to race for the benefit of the Owners during the Term, the Manager will manage the Horse, including (without limitation) appointing the Trainer:

- (a) to take possession and day-to-day control of the Horse on behalf of the Owners for the purpose of training and racing it to best advantage;
- (b) to care for and maintain the Horse, including:
 - (i) providing stabling and ancillary facilities, equipment and gear, feed and supplements; and
 - (ii) providing or as the agent of the Owners procuring agistment, pre-training and transportation;
- (c) as the agent of the Owners, to procure the services of such Third Party Service Providers as the Trainer considers necessary to provide services in relation to the Horse, including (without limitation) chiropractic care, dentistry, farriery and veterinary care;
- (d) to determine in consultation with the Manager the racing program of the Horse and also the jockey who will ride the Horse in each of its races; and
- (e) as the representative of the Manager, to enter (including nominate and accept) the Horse for or scratch the Horse from any race or trial, at the Trainer's discretion, unless otherwise specifically agreed with the Manager. The Manager will not be liable to the Owners for any act or omission on the part of the Trainer resulting in the Horse not being entered for any specific race that may be preferred by the Owners.

4.2 TRAINER AND OTHER THIRD PARTY SERVICE PROVIDERS

The Owners acknowledge that it will be necessary for the Manager to place the Horse in the care of the Trainer and other Third Party Service Providers from time-to-time, in the normal course, to facilitate the Horse being properly cared for while on agistment, in pre-training, training and racing, including transportation, AND THAT it will also be necessary for those Third Party Service Providers from time-to-time, at their discretion, to prescribe and administer various treatments, including (without

- limitation) chiropractic care, dentistry, farriery and veterinary care.
- 4.3 If the Horse is an Entire it must not be gelded, except with the approval of the Manager and the Owners (evidenced by an Extraordinary Resolution).
- 4.4 Except in circumstances that do not afford the Manager the opportunity to obtain veterinary advice and the Owners approval (evidenced by an Extraordinary Resolution), the Manager will not permit the Horse to be euthanized as a consequence of accident, illness, injury, or other cause, unless such action is recommended on humane grounds and certified by a qualified equine veterinarian retained at the discretion of the Manager or relevant race club.
- 5. RULES OF RACING**
- The Owners and the Manager must at all times comply with the Rules of Racing, including the Training Fees Disputes Resolution Procedures, as administered by the Principal Racing Authority in the place where the Horse is racing or may race. Furthermore, each Owner and the Manager must at all times be eligible to be an Owner under the Rules of Racing.
- 6. OWNERS MEETINGS**
- 6.1 (1) The Manager is not obliged to convene Owners meetings but may do so at any time upon the giving of at least 21 days' notice to the Owners. The Manager may determine the date, place and time for an Owners meeting and the manner in which it will be convened.
- (2) Subject to clause 19.1, an Owner or Owners with at least 5% of the votes that may be cast on any Extraordinary Resolution or Special Resolution may either request the Manager to call an Owners meeting, or call such meeting, upon the giving of at least 21 days' notice to the other Owners and the Manager. If the Manager receives a request to call an Owners meeting, the Manager must within 21 days call such meeting, which must be held not later than 2 months after such request is made.
- (3) The notice must state the date, place and time for the Owners meeting (and, if such meeting is to be held in 2 or more places, the technology that will be used to facilitate this) and the general nature of the business to be dealt with. If there is any dispute as to the date, place and time for the meeting, such dispute will be determined by the Manager.
- (4) A notice of meeting at which either an Extraordinary Resolution or a Special Resolution is to be proposed:
- (a) must set out an intention to propose the Extraordinary Resolution or Special Resolution and state the resolution; and
- (b) must contain a statement setting out the following information:
- (i) that the Owner has the right to appoint a proxy;
- (ii) that the proxy does not need to be an Owner; and
- (iii) that if the Owner appoints 2 proxies the Owner must specify the proportion or number of votes each proxy is appointed to exercise.
- (5) Subject to clause 19.1, the Owner of each Share and the Manager may attend and be heard at any Owners meeting.
- 6.2 A quorum for an Owners meeting is 2 Owners present either in person, or by attorney, proxy or representative.
- 6.3 (1) The Manager will either act as Chairman, or nominate a person to so act, of any Owners meeting convened by the Manager.
- (2) If an Owners meeting is called by an Owner or by the Manager in response to a request by an Owner to call an Owners meeting, then the Manager will act as Chairman of the meeting, unless the Owners nominate or elect an alternate Chairman.
- (3) If no such Chairman is nominated or elected, or if at any Owners meeting, the Chairman is not present at the time appointed for the commencement of such meeting, then the Owners present may choose 1 of their number to be Chairman.
- 6.4 (1) Owners may vote personally, or by attorney, proxy, or representative.
- (2) No business will be transacted at an Owners meeting unless a quorum is present and if a quorum is not present within 30 minutes of the time for commencement of the meeting, such meeting will be adjourned to the same day of the next week, at the same time and place, or such other date, time and place as the Manager determines, and at that meeting any 1 or more of the Owners present in person or by proxy, attorney or representative will constitute a quorum.
- (3) When an Owners meeting is adjourned, notice of the adjourned meeting must be given to the Owners and, if the meeting has been convened by an Owner or Owners, notice must also be given to the Manager.
- 6.5 Subject to clause 19.2, the Owner of each Share is entitled to 1 vote and the passing of a Resolution will, unless otherwise stated in this Deed, be by simple majority (passed by more than 50% of the votes cast by Owners who vote on the Resolution). The Chairman does not have a second or casting vote. A Resolution binds all Owners, whether or not they are present at the meeting. No objection may be made to any vote cast unless the objection is made at the meeting. The decision of the chair on any matter is final.
- 6.6 Notwithstanding anything to the contrary in this clause 6, but subject to the Manager's approval, at one's discretion, and there being no objection received by the Manager from any Owner within 2 days after giving notice to the Owners of a proposal to proceed with either of the following:
- (a) the period of notice required to be given in relation to the calling of an Owners meeting at which it is intended to propose an Extraordinary Resolution or Special Resolution may be shortened or dispensed with if the Owners with the number of votes required to pass such a resolution at such meeting agree; or
- (b) an Extraordinary Resolution or Special Resolution in writing and signed by at least the number of Owners required to pass such a resolution will be as effective as an Extraordinary Resolution or Special Resolution passed at an Owners meeting, duly convened and held, and may consist of several documents in like form, each signed by one or more of the Owners (including any proxy, attorney or representative).
- 6.7 The Manager will ensure that minutes are kept of all Owners meetings which must be signed by the Chairman as a true record of the proceedings when Resolutions are reduced to writing.
- 7. PROXY ATTORNEY OR REPRESENTATIVE**
- 7.1 An Owner may appoint another person as one's proxy, attorney or representative for any question to be considered at an Owners meeting and must give notice to the Manager of that appointment in the manner and no later than such period as is advised in the notice of meeting.

- 7.2 A proxy is valid:
- (a) for such period as is advised in the notice of an Owners meeting; and
 - (b) after the Owner who gave it dies, or becomes subject to a legal disability, or becomes bankrupt or insolvent, resulting in one's assets having passed to a trustee in bankruptcy, or similar administrator, unless the Manager has received written notice or has actual knowledge of that fact before the relevant Owners meeting.
- 7.3 A proxy will be in such form as the Manager determines.
- 7.4 The Manager is not obliged to enquire whether the appointment of a proxy, attorney or representative has been validly made.
- 8. JOINT HOLDERS**
- Where a Share is held by 2 or more persons (whether in equal shares or not):
- (a) seniority will be determined by the order in which the names appear in the register of Owners.
 - (b) at an Owners meeting the vote of the most senior who tenders a vote (whether in person or by proxy or attorney) will be accepted to the exclusion of the vote of the other joint holders;
 - (c) any notice, demand, consent or other document may be given to all joint holders by giving it to the senior joint holder;
 - (d) any 1 of the joint holders may give an effectual receipt for any money payable to joint holders pursuant to this Deed; and
 - (e) this Deed will bind the joint holders of a Share jointly and each of them severally.
- If there is any dispute between the joint holders of a Share, the Manager may direct all dealings in relation to the Share to the senior joint holder under paragraph (a).
- 9. BALLOTS**
- Any ballot under this Deed will be conducted by the Manager as follows:
- (a) each person entitled to participate in a ballot will be given 7 days' notice of the time and place of such ballot and will be entitled to attend and observe such ballot, either in person or by proxy, attorney or representative; and
 - (b) at such ballot an Owner will be entitled to one ballot paper (marked with such Owner's name) for each Share owned.
- 10. TRANSFER OF SHARES**
- 10.1 An Owner may transfer, sell or otherwise dispose of a Share in accordance with the procedures set out in this clause 10, with the Manager's approval, which will not be unreasonably withheld or delayed. However, it will not be unreasonable for the Manager to withhold approval if the Owner is in breach of any payment obligation under this Deed.
- 10.2 Notwithstanding anything contained in this Deed, any transfer, sale or other disposal of a Share will be conditional upon:
- (a) the transferee receiving a PDS;
 - (b) the transferee being capable of being registered as an owner under the Rules of Racing;
 - (c) the transferee entering into an Application Deed in favour of the Manager and the Owners pursuant to which the transferee covenants to be bound by this Deed as if such transferee was an original party to it;
 - (d) the transferee and the transferor executing a Share Transfer; and
 - (e) the transferee and the transferor, or the Manager on behalf of each of them, executing a form of transfer of ownership as required by the Registrar of Racehorses.
- 10.3 Subject to clauses 10.1 and 10.2, the Manager's approval will not be required for the transfer, sale, or other disposal of a Share:
- (a) to another person known to the transferor who is already an Owner or otherwise party to this Deed;
 - (b) to the spouse or child of an Owner, or family trust or company in either case that is and remains controlled by such Owner, spouse or child;
 - (c) for the purpose of transmitting a Share to the legal personal representative of a deceased Owner; or
 - (d) by the legal personal representative of a deceased Owner to the heir or beneficiary of the estate of such deceased Owner.
- Clause 10.4 will not apply to the transfer, sale, or other disposal, of a Share to any of these persons.
- 10.4
- (1) If at any time an Owner wishes to transfer a Share ("proposing transferor") to any person other than a person referred to in clause 10.3, such Owner or Owner's authorised representative must give notice to the Manager ("transfer notice") that the Owner wishes to transfer the Share at the price and on the terms ("sale terms") specified in the transfer notice. A transfer notice will constitute the Manager the Owner's agent for the sale of the Share on the sale terms. Subject to the right of the proposing transferor to offer any number of Shares for sale and to require that such Shares be sold together as one transaction, if a transfer notice relates to more than 1 Share it will operate as if it were a separate transfer notice for each Share. A transfer notice cannot be revoked except with the approval of the Manager, at one's discretion.
 - (2) Upon receipt of a transfer notice the Manager must forthwith offer the Share for sale to the other Owners on the sale terms, allowing each of them 14 days within which to notify the Manager in writing if such Owner wishes to accept the offer and acquire the Share.
 - (3) If the Manager within 21 days after being served with a transfer notice finds a buyer for the Share on the sale terms and gives notice to the proposing transferor, such proposing transferor will be bound upon payment of the price in accordance with the sale terms to transfer the Share to the buyer (subject to clause 10.1) and will execute any instrument and do any act or thing required to convey and assure the buyer the Share sold.
 - (4) If more than 1 Owner accepts the offer of the Share, then such Owners will acquire the Share jointly, as tenants-in-common, in the same proportions as the number of Shares held.
 - (5) If no buyer of the Share is found by the Manager following the procedure required by this clause 10.4, then the proposing transferor may at any time within the next 90 days, subject to clauses 10.1 and 10.2:
 - (a) sell and transfer the Share to any person on the sale terms;
 - (b) publicly advertise or promote the Share for sale on the sale terms; or
 - (c) offer the Share for sale by public auction or tender. The proposing transferor must give the Manager at least 21 days prior notice of the date, place and time of the proposed public auction or tender, which information the

- Syndicate Manager must communicate to the Owners.
- 10.5 (1) An Owner must obtain the Manager's approval before either directly or via an agent:
- publicly offering a Share for sale by any means, including (without limitation) by private treaty, public auction or tender; or
 - publicly advertising or promoting a Share for sale by any means, including (without limitation) issuing an invitation to treat offers in the print media, on radio, TV or the internet.
- (2) If the proposing transferor is required by the Corporations Act, or the ASIC Instrument, to provide a prospective buyer with a PDS, the Manager will, upon being requested to do so, provide a PDS for the purpose of enabling the proposing transferor to publicly offer the Share for sale.
- 10.6 The costs and disbursements incurred by the Manager in properly complying with the procedure set out in this clause 10 will be borne and paid by the proposing transferor regardless of whether or not the Share is sold.
- 10.7 The transferee will be liable for all obligations and liabilities attaching to the Share whether arising before or after the date of registration of the transferee as the Owner, but the transferor will also not be released from and will remain liable for all such obligations and liabilities attaching to the Share to the date of registration of the transferee as the Owner until they are satisfied.
- 10.8 This clause 10 will also apply to an interest in a Share.
- 11. GRANT OF SECURITY INTEREST TO OUTSIDE PARTY**
- 11.1 An Owner may grant a Security Interest attaching to one's own Share, subject to giving 7 days' notice to the Manager. Such notice must include the name, address and description of the grantee of the Security Interest ("Grantee"), the identity of the party entitled to receive Prize money during the term of the Security Interest, and any other information that may reasonably be required by the Manager to enable the Manager to make the appropriate recording of the Security Interest in the register of Owners.
- 11.2 Upon entering the name of the Grantee into the register of Owners in relation to a Share the Manager will issue the Grantee with a certificate ("Caveat Certificate"). Until such time as the Caveat Certificate is surrendered to the Manager by the Grantee no further transactions in respect of that Share will be registered.
- 11.3 While a person is recorded in the register as the Grantee of a Security Interest, that person in lieu of the Owner will be entitled to the rights attaching to the Share. If there is more than 1 Grantee recorded in respect of a Share, the voting and attendance rights will belong to the Grantee first recorded in the register of Owners.
- 11.4 Unless the Manager has any reason to believe that the information provided in relation to a Security Interest is not genuine, the Manager may at all times rely and act upon the matters recorded in the register of Owners in respect of any Security Interest and will not be obliged to take account of any claim or any other matter alleged by either the Owner, or the Grantee of a Security Interest, unless ordered to do so by a court of competent jurisdiction.
- 11.5 The rights of the Grantee under any Security Interest recorded on the register of Owners in accordance with this clause will be subject to the due observance and proper performance of this Deed on the part of the Owner and the Security Interests granted by each Owner to the other Owners and the Manager under this Deed having priority over such Security Interest.
- 11.6 The Manager will be entitled to a reasonable fee from the Owner and Grantee in relation to all acts properly carried out under this clause 11 and the Manager will not be obliged to record any entries in the register of Owners prior to receipt of such fee.
- 12. OWNERS COSTS**
- 12.1 INSURANCE**
- (1) Each Owner is responsible for procuring insurance cover for mortality and other insurable risks in relation to one's own Share. If the Manager procures insurance cover for any of the Owners, it will be as their representative (duly authorised in writing), and neither the policy of insurance nor any proceeds received in settlement of a claim will comprise Syndicate Property. Furthermore, each Owner is directly and solely responsible:
- for payment of that proportion of the insurance premium as relates to one's own Share; and
 - for all negotiations and arrangements with the relevant insurer regarding either renewal of the existing cover, or the procurement of alternative cover, unless otherwise agreed with and confirmed in writing by the Manager prior to the expiry date of the existing cover.
- (2) The Manager may procure such public liability cover in relation to the Horse as the Manager considers is desirable and able to secure the cost of which will be borne and paid by the Owners.
- 12.2 SALE RACE SERIES AND OWNERS BONUS OR INCENTIVE SCHEME**
- (1) The Manager may from time to time pay a sum of money ("Qualifying Fee") to any person or entity conducting a Sale Race Series or Owners Bonus or Incentive Scheme.
- (2) If the Manager elects to pay a Qualifying Fee, it will be borne and paid by the Owners.
- (3) Subject to clauses 12.4 and 19.1, if the Manager receives any significant Owners Bonus or Incentive Scheme payments, those moneys will be payable to the Owners noted in the register of Owners at the time they are earned and must be paid to them by the Manager within 30 days of receipt.
- 12.3 COMPLIANCE EXPENSES**
- The Owners must pay or reimburse the Manager all fees and expenses properly earned or incurred in complying with this Deed, including (without limitation) the cost of:
- administering the Complaints handling procedures under clause 14;
 - obtaining accounting and legal advice, as necessary, in relation to the Syndicate; and
 - reviewing and amending, as necessary, this Deed.
- The bona fide determination as to whether any fees and expenses are compliance expenses and the amount thereof will be made by the Manager, whose determination will be final and binding upon the Owners, and may be invoiced proportionately to the Owners by the Manager in accordance with clause 12.4.
- 12.4 LIABILITY FOR COSTS**
- (1) Subject to clause 2.1, all costs of operating the Syndicate will be borne and paid by each Owner proportionately, in the same proportion as the number of Shares held bears to the total number of Shares.
- (2) The Manager may from time to time, by notice, require the Owners to make contributions, in the proportions required by paragraph (1), to cover all fees and expenses which the Manager estimates all parties who provide services to the Syndicate, including the Trainer

and other Third Party Service Providers, will properly earn or incur during the Accounting Period, and such contributions must be made by the Owners within 14 days after notice is given.

- (3) The Owners must, in the proportions required by paragraph (1), pay or reimburse when due (and in any event within 14 days after notice requiring payment is given by the Manager) all fees and expenses properly earned or incurred by all parties who provide services to the Syndicate, including the Trainer and other Third Party Service Providers.
- (4) The Manager may from time to time retain out of Income or any other moneys, including Proceeds, received for or on behalf of the Owners, such amount as may be required to satisfy any obligation of the Owners to make a contribution or payment pursuant to this clause 12.4.
- (5) The rights of the Manager pursuant to this clause 12.4 are subject to clause 16.2.

13. GST

- 13.1 The parties acknowledge that the GST Act has application and accordingly any charge hereunder will increase by the amount of GST payable under the GST Act for providing a Taxable Supply.
- 13.2 Each party warrants that if required by the GST Act, such party will be registered at the time of any supply made on which GST is imposed. If the other party requests written evidence of registration, the party claiming to be registered will promptly produce evidence satisfactory to the party seeking such evidence.
- 13.3 Any invoice rendered by a party to this Deed in connection with a supply under this Deed which seeks to recover an amount of GST payable by that party must conform to the requirements for a Tax Invoice.

14. COMPLAINTS

- 14.1 The Owners and the Manager agree that all internal Complaints will be dealt with in accordance with the complaints handling guidelines Australian Standard AS ISO 10002-2014.
- 14.2 If the Manager receives a Complaint from an Owner regarding the operation of the Syndicate, or the conduct of the Manager, including the amount of any fees and expenses charged under this Deed, then the Manager:
 - (a) must acknowledge the Complaint as soon as practicable;
 - (b) must ensure the Complaint is given proper consideration;
 - (c) must act in good faith to correct any problem identified by the complaint as far as possible without adversely affecting the rights of third parties;
 - (d) may provide any of the following remedies:
 - (i) an explanation of the circumstances giving rise to the Complaint;
 - (ii) an apology; or
 - (iii) such other remedy as the Manager considers is appropriate in the circumstances; and
 - (e) must communicate with the complainant within 45 days of receipt of the Complaint:
 - (i) the determination in relation to the Complaint;
 - (ii) the remedies (if any) available to the complainant; and
 - (iii) information regarding further avenues of Complaint including, subject to agreement between the parties, independent arbitration of the dispute.

15. LIEN AND CHARGE

- 15.1 Each Owner grants to the other Owners collectively and the Manager a Lien over one's Share and a Charge over one's Share and Proceeds, as security for the proper performance of one's obligations under this Deed, including (without limitation):
 - (a) to pay one's proportion of all costs of operating the Syndicate when due; and
 - (b) not to transfer, sell or otherwise dispose of, or create any Encumbrance in relation to, the Share, other than in accordance with this Deed.
- 15.2 This Lien or Charge:
 - (a) entitles the Manager to possession of the Owner's Share; and
 - (b) includes the right of the Manager:
 - (i) to give a direction in accordance with clause 19.3 for the payment of Prizemoney and Proceeds; and
 - (ii) to sell and transfer the Owner's Share in accordance with clause 19.4;

when the Owner's breach of this Deed occurs.
- 15.3 The rights conferred by this clause 15 are in addition to and not in substitution of any rights of the parties at common law or under any statute.

16. INDEMNITIES

- 16.1 (1) The Owners acknowledge that as between themselves all liabilities and expenses incurred under this Deed are to be borne by them proportionately, in the same proportions as the number of Shares held bears to the total number of Shares.
- (2) Each Owner covenants with every other Owner to indemnify them and keep them indemnified against all liabilities and expenses to the extent that such liabilities and expenses are borne otherwise than in the proportions stated in this Deed, PROVIDED THAT nothing in this clause will require an Owner to indemnify any other Owner for liabilities and expenses which may be incurred as a result of a particular Owner's breach of a material obligation under this Deed or contravention of any statute.
- 16.2 No Owner will pledge the credit of the Syndicate, or hold oneself out as acting on behalf of the other Owners, and if an Owner purports to do so such Owner will be personally liable for any debt so created.
- 16.3 Unless specifically contemplated by this Deed, no Owner will bind any other Owner to a transaction with any third party except with a written authorization from that Owner enabling the first mentioned Owner to do so.
- 16.4 (1) The Owners must severally indemnify the Manager for all liabilities and expenses incurred in the course of properly exercising one's powers and performing one's duties under this Deed.
- (2) The right of the Manager to be paid fees out of Syndicate Property, and to be indemnified for liabilities and expenses incurred in relation to the performance of one's duties, will only arise after the duties have been performed and is subject to the proper performance of those duties.

17. LIMITATIONS TO OWNERS RIGHT OF INDEMNITY

- 17.1 The Manager will not be liable to the Owners for damages for harm suffered by the loss or diminution in value of the Horse through market forces, or if it dies, or value is diminished as a consequence of:
 - (a) the materialisation of a risk, howsoever arising, that is either:

- (i) an Inherent Risk, including (without limitation) accident, illness, infertility or sub-fertility, injury, or natural cause; or
 - (ii) any other risk that was insignificant or not reasonably foreseeable; or
 - (b) its failure to compete in or win any races or Prize money.
- 17.2 (1) Except for any right of indemnity specifically preserved by this Deed, the Owners expressly surrender, so far as the law permits, any rights which any of them, either individually or collectively, may have against the Manager to claim damages for harm suffered by the loss or diminution in value of the Horse, howsoever arising, including liability in negligence and the right of an Owner to claim for economic loss or loss of opportunity to earn future income.
- (2) Any such right of indemnity either specifically preserved or not capable of surrender will be limited in damages to the Application Price.
- 17.3 Certain legislation, including the *Competition and Consumer Act 2010 (Cth)*, may impose consumer guarantees or imply warranties or conditions or impose obligations upon the Manager which cannot be excluded restricted or modified, or cannot be excluded restricted or modified except to a limited extent. This Deed must be read subject to these statutory provisions. If these statutory provisions apply, to the extent to which the Manager is entitled to limit one's liability, such liability is limited to:
- (a) in the case of goods, at the Manager's option:
 - (i) the replacement of the goods or the supply of equivalent goods;
 - (ii) the repair of the goods;
 - (iii) the payment of the cost of replacing the goods or of acquiring equivalent goods; or
 - (iv) the payment of the cost of having the goods repaired; and
 - (b) in the case of services, at the Manager's option:
 - (i) the supplying of the services again; or
 - (ii) the payment of the cost of having the services supplied again.
- 18. OWNERS ACKNOWLEDGEMENTS AND DECLARATIONS**
- 18.1 Each Owner acknowledges entering into this Deed at one's own risk and that, except for what is set out in this document, the Manager has neither made any representation nor provided any warranty in relation to:
- (a) the services to be provided by the Manager;
 - (b) the physical soundness or suitability of the Horse for racing or any other purpose;
 - (c) the adequacy or reliability of any insurance cover procured by the Manager pursuant to clause 12.1; or
 - (d) the future value or saleability of the Shares, or the Horse, either at any time during the Term or upon termination of the Syndicate.
- 18.2 Each Owner further acknowledges:
- (a) that owning and racing the Horse and thoroughbred horses generally:
 - (i) is speculative, as the Owners will incur significant obligations and expense without the assurance of any financial return; and
 - (ii) involves risks, including (without limitation) those risks specifically referred to in clause 17.1;
 - (b) that prior to entering into this Deed, the Owner has been given and has read and understood the attachment marked "WARNING – IMPORTANT INFORMATION";
- (c) that a breach by any Owner of a payment obligation may result in the Syndicate Property being insufficient to pay all costs of operating the Syndicate in accordance with this Deed, necessitating the sale of the Horse and the winding up of the Syndicate;
 - (d) that there may be no ready market for the Shares, or the Horse, either at any time during the Term or upon termination of the Syndicate;
 - (e) that the Horse, if it is an Entire, may require gelding as a consequence of physical or behavioural considerations in an effort to enhance racing performance, or if permitted to remain an Entire, a residual value as a stallion is not assured; and
 - (f) that any assessment or expression of opinion by the Manager as to how the Horse may perform in any specific race, or generally, will not constitute a representation or warranty as to performance.
- 18.3 Each Owner declares that such Owner has had the opportunity to obtain:
- (a) independent legal advice in relation to one's individual and collective rights and obligations under this Deed;
 - (b) a copy of the Training Agreement, including the Fees Notice; and
 - (c) a copy of the Rules of Racing from website [www.racingaustralia.com.au];
- and has either done so or freely declined the opportunity to do so.
- 19. DEFAULT**
- 19.1 (1) If an Owner fails to make any contribution or payment under this Deed by the due date the Manager may give notice to such Owner requiring payment of the outstanding amount within 14 days. If such Owner then fails to pay the outstanding amount, the Manager may charge such Owner compound interest at the rate of 1% per month on the outstanding amount for the period commencing on the due date and ending on the date payment is received.
- (2) The right conferred by paragraph (1) will not prejudice any other rights which the Manager may have against such Owner.
- 19.2 If an Owner:
- (a) breaches a material obligation under this Deed, including (without limitation) any payment obligation, and does not remedy such breach within 14 days after being given notice by the Manager requiring that it be remedied;
 - (b) is declared by a Principal Racing Authority to be ineligible to be an Owner under the Rules of Racing; or
 - (c) is either bankrupt or insolvent resulting in one's assets having passed to a trustee in bankruptcy or similar administrator;
- then such Owner ("Defaulting Party") will not until such time as the breach is remedied be entitled to exercise any of the rights conferred upon an Owner by this Deed, and the Manager may suspend all such rights and proceed to exercise the full range of legal and equitable remedies against the Defaulting Party.
- 19.3 RIGHT TO GIVE A DIRECTION FOR THE PAYMENT OF PRIZE MONEY AND PROCEEDS**
- (1) The Manager may exercise one's right to give a direction for the payment of Prize money and Proceeds:
- (a) if the Horse is racing, by notice to the Principal Racing Authority;

- (b) if the Defaulting Party's Share or the Horse is sold, by notice to the selling agent or buyer, as the case requires; and
- (c) if there is a claim under any insurance policy attaching to the Defaulting Party's Share or the Horse, by notice to the insurer;
- requiring payment directly to the Manager of such amount as is required to fully discharge any outstanding payment obligation of the Defaulting Party under this Deed as a first call on the Defaulting Party's proportion of any net Prize money or Proceeds.
- (2) The Defaulting Party expressly and irrevocably directs the third party recipient of a notice given pursuant to paragraph (1) to make payment in accordance with that notice without reference to the Defaulting Party and without requiring a court order for payment and attachment of debt.
- 19.4 POWER OF SALE**
- (1) If an Owner is in breach of a material obligation under this Deed, including any payment obligation, for more than 60 days, the Manager may require the Defaulting Party to sell one's Share either:
- (a) to the other Owners (in the same proportion as the number of Shares held, or on such other basis as the Manager determines); or
- (b) to such other person and by such means as the Manager requires;
- by giving notice to the Defaulting Party, without requiring a court order for sale and attachment of debt.
- (2) For the purpose only of the Manager exercising one's right to sell the Defaulting Party's Share when the Defaulting Party's breach of this Deed occurs, the Defaulting Party:
- (a) in consideration of these presents and for good and valuable consideration, irrevocably appoints and directs the Manager, as the Defaulting Party's agent, attorney or representative, as the law permits, to execute any instrument and do any act or thing required to effect the sale and convey and assure the buyer the Share sold, including (without limitation) registration of the transfer of ownership with the Registrar of Racehorses or Principal Racing Authority; and
- (b) expressly and irrevocably directs the Registrar of Racehorses or Principal Racing Authority to register such transfer without reference to the Defaulting Party and without requiring a court order for registration.
- (3) Any sale of the Defaulting Party's Share, other than at public auction, must be at a price not less than the fair market value of such Share, as determined in writing by either MM or WI, or if neither of them is able and willing to act, then another member of the FBAA who is able and willing, at the Manager's discretion. For the purpose of this Deed, such determination will be as an expert and will be final and binding upon the parties.
- (4) The Manager will effect the sale of the Defaulting Party's Share as soon as practicable after the sale price has been determined.
- (5) Upon the sale of the Defaulting Party's Share the Manager must apply the Proceeds:
- (a) firstly, in payment of all sale fees and charges, including (without limitation) the sale entry fee and commission; and
- (b) secondly, in payment to the Manager of all fees and expenses, including (without limitation) those referred to in clause 19.5, that are outstanding and payable by the Defaulting Party under this Deed.
- The Manager must pay to the Defaulting Party any Proceeds not required to be applied by the Manager either in remedying or as a consequence of the Defaulting Party's breach of this Deed.
- 19.5 RIGHT TO INDEMNITY COSTS**
- If the Manager or nominee undertakes any debt recovery action with any agency or legal proceedings against the Defaulting Party in relation to the breach of a material obligation under this Deed, including (without limitation) any payment obligation, the Manager may recover from the Defaulting Party all fees and expenses, including agency commissions, legal fees and other costs, incurred in relation to such action or proceedings on a full indemnity basis.
- 19.6 OTHER RIGHTS**
- The rights conferred by clauses 19.1 to 19.5 inclusive will not prejudice any other rights which the Manager or other party to this Deed may have against the Defaulting Party.
- 19.7 INSOLVENCY**
- (1) If the Manager is unable either:
- (a) to secure the Defaulting Party's compliance with one's payment obligations; or
- (b) to effect the sale of the Defaulting Party's Share to the other Owners or an outside party;
- then the Manager may declare, by giving notice to the Owners, that the Syndicate's purpose cannot be accomplished as a consequence of the Syndicate Property being insufficient to pay all costs of operating the Syndicate in accordance with this Deed, and an intention to sell the Horse and wind up the Syndicate.
- (2) If the situation which caused the Manager to give the notice referred to in paragraph (1) is rectified within 28 days after notice is given, the Manager will not take any further action. However, if the situation remains unrectified, the Manager may then proceed in accordance with clause 20.3(2), subject to clauses 20.4, 20.5 and 20.6, to sell the Horse by private treaty or at public auction and wind up the Syndicate, or appoint a receiver to do so, without requiring a court order for such action.
- (3) Upon the sale of the Horse pursuant to this clause 19.7, the Manager or receiver, as the case requires, will apply the Defaulting Party's proportion of the net Proceeds in accordance with clause 19.4(5).
- 20. TERMINATION**
- 20.1** This Deed (as amended by modification or replacement deed) will have full force and effect until it is ended by the first to occur of the following:
- (a) the Horse either dies, or is retired from racing, sold or otherwise disposed of in accordance with this Deed;
- (b) the Owners agree (evidenced by an Extraordinary Resolution) to end the Syndicate and terminate the rights, powers and authorities conferred by this Deed;
- (c) the Manager exercises one's right under clause 19.7 and requires that the Horse be sold and the Syndicate wound up; or
- (d) a direction is given by order of the court requiring the winding up of the Syndicate.
- 20.2 RETIREMENT FROM RACING**
- (1) If the Horse is to be retired from racing and is suitable for breeding purposes, the Horse must be sold in accordance with clause 20.3, unless:

- (a) the Owners agree (evidenced by an Extraordinary Resolution) to modify or replace this Deed with terms that provide for the continuing ongoing operation of the Common Enterprise as a breeding enterprise; and
 - (b) any Owner who wishes to sell one's Share is able to achieve a sale via the process set out in clause 10.4.
- (2) If the Horse is a gelding or otherwise unsuitable for breeding purposes, the Horse must be sold in accordance with clause 20.3, unless all of the Owners agree (evidenced by a Resolution at a meeting of Owners with all Owners who vote on the Resolution casting votes to pass the Resolution):
- (a) to the Horse being transferred to an Owner or other appropriate person for its retirement; or
 - (b) to it being retrained and rehomed as an equestrian or riding horse.

If the Horse requires retraining to facilitate its rehoming, all fees and expenses incurred during the process of retraining will be borne and paid by the Owners.

20.3 SALE

- (1) Unless otherwise expressly authorised by this Deed or order of the court, the Horse will only be transferred, sold or otherwise disposed of by the Manager on behalf of the Owners pursuant to and in accordance with the terms of an Extraordinary Resolution of the Owners. In the absence of an Extraordinary Resolution of the Owners to the contrary, any sale other than by public auction must be at arms' length and at a price not less than the fair market value of the Horse as determined in writing by either MM or WI, or if neither of them is able and willing to act, then another member of the FBAA who is able and willing, at the Manager's discretion.
- (2) The Manager will be deemed to be the Owners duly appointed agent, attorney or representative, as the law permits, to undertake the sale of the Horse and to execute any instrument and do any act or thing required to effect the sale. Upon the sale of the Horse, each Owner will thereafter be entitled (subject to clause 12.4) to receive a proportion of the net Proceeds, in the same proportion as the number of Shares held bears to the total number of Shares.

20.4 If the Manager proceeds to sell the Horse either by private treaty or at public auction, any Owner, except for a Defaulting Party under clause 19.2, may submit an offer to purchase or bid at auction without reference to the other Owners. A Defaulting Party under clause 19.2 will not be entitled to submit an offer to purchase or bid at auction.

20.5 All rights and obligations accruing prior to the End Date will not be affected or prejudiced by the Syndicate ending.

20.6 Upon the termination of this Deed and the completion of the winding up of the Syndicate, the Manager:

- (a) must distribute to each Owner one's proportion of the Syndicate Property;
- (b) must prepare the Accounts for the Accounting Period; and
- (c) must forward to each Owner a copy of the Accounts.

21. PPSA

21.1 SECURITY AGREEMENT

The provisions of this Deed constitute a Security Agreement under the PPSA. These provisions are in addition to and not in substitution of any rights of the parties at common law or under any statute.

21.2 GRANT OF SECURITY INTEREST AND CONSENT TO REGISTRATION

Each Owner:

- (a) grants to the other Owners collectively and the Manager (each a "Secured Party") a Security Interest over one's Share in the Horse as livestock (as that term is defined in the PPSA) and Proceeds to secure the proper performance of the Owner's obligations under this Deed;
- (b) consents to the Secured Parties registering the Security Interests on the PPSR;
- (c) authorizes the Manager to create a secured party group which includes all of the Secured Parties, and to act as their agent for the purposes of registration, maintenance and enforcement of the Security Interests;
- (d) undertakes:
 - (i) to execute any instrument required to enable the Manager to register a Financing Statement or Financing Change Statement from time to time on the PPSR to perfect each of the Security Interests and, together with the other Secured Parties, to pay all fees and expenses incurred in relation to the registration, maintenance, enforcement or discharge of the Security Interests; and
 - (ii) not to grant any Encumbrance to any other person in one's Share without first obtaining the consent in writing of the Manager, which consent will be deemed to be consent of all the Secured Parties;
- (e) declares that, to the extent permitted under the PPSA, sections 142 and 143 of the PPSA do not apply to this contract, or the Security Interests; and
- (f) waives any right as permissible under the PPSA to receive a notice.

22. NOTICES

22.1 Any notice, demand, or other instrument given pursuant to this Deed will be deemed properly given if it is in writing and delivered to or sent by prepaid mail to an address within Australia, or by prepaid airmail post to an address outside Australia, or by facsimile or email transmission, in the case of:

- (a) the Manager, to the Manager's address or number specified in Schedule 1; and
- (b) an Owner, to the Owner's address or number set out in the register of Owners.

22.2 Notice given in accordance with clause 22.1 will be deemed to have been duly served, in the case of:

- (a) prepaid mail to an address within Australia, upon the expiration of 3 days after the day of posting;
- (b) prepaid airmail post to an address outside Australia, at the expiration of 10 days after the day of posting; and
- (c) facsimile or email transmission, on the day after the day of transmission.

23. FURTHER ASSURANCES

23.1 Each Owner will at one's own cost, when called upon by the Manager to do so, execute any instrument and do any act or thing required to give effect to this Deed.

23.2 If an Owner fails for a period of 21 days after notice of such failure has been given by the Manager to perform any obligations under clauses 10.1, 10.4, or 23.1, then the Manager will, upon the expiration of that period, be deemed to be the Owner's duly appointed agent, attorney or representative, as the law permits, to execute any instrument and do any act or thing required to fulfil the obligation.

24. GOVERNING LAW

- 24.1 The law governing this Deed is the law of the Commonwealth of Australia and of the state or territory specified in Schedule 1, and the forum for all disputes will be either the Federal Court of Australia, or the Courts, of that place, to the authority of and which, including any appellate jurisdictions of such courts, the parties unconditionally submit and confine themselves.
- 24.2 The parties submit themselves to the jurisdictions of the Courts of the Commonwealth of Australia and that place for all proceedings arising from this Deed.

25. AMENDMENT

- 25.1 The Manager may only amend (including add to or delete from) this Deed by modification or replacement deed with the Owners approval (evidenced by a Special Resolution).
- 25.2 No amendment will be made to this Deed that adversely affects the rights of each Owner to receive one's proportion of Prize money, Owners Bonus or Incentive Scheme payments, other bonuses and Proceeds.

26. EXECUTION

An Owner can apply to become a party to this Deed by executing an Application Deed and forwarding it to the Manager and will become bound by this Deed upon being registered as an Owner.

27. DEFINITIONS AND INTERPRETATION

- 27.1 The following words have these meanings in this Deed unless the contrary intention appears:

Accounting Period means any one of the following periods:

- (a) the period from the Commencement Date to 30 June next;
- (b) each following period of 12 months ending on 30 June in each year until 30 June immediately preceding the End Date; or
- (c) the period from 1 July immediately preceding the End Date to the End Date;

but the Manager may alter the Accounting Period to a period of 12 months ending on a date other than 30 June and in those circumstances the reference to 30 June and 1 July are altered accordingly.

Accounts means the profit and loss accounts and balance sheet for the Syndicate and includes statements, reports and notes attached to or intended to be read with any of those profit and loss accounts or balance sheets, which accounts must be prepared in accordance with generally accepted accounting principles.

AFSL means *Australian Financial Services Licence*.

AFS Licensee means a person or entity that holds an AFSL.

Applicant means each person who, in accordance with this Deed, is entitled to acquire a Share.

Application Deed means an application for a Share in the form of Schedule 2.

Application Price means the amount specified in Schedule 1 at which Shares were initially offered for sale prior to the Commencement Date of the Syndicate.

ASIC means the *Australian Securities & Investments Commission*.

Associate has the meaning ascribed to that word by the Corporations Act.

Business Day means a day that is not a Saturday, Sunday, bank holiday or public holiday in the state specified in Schedule 1.

Charge means right to seize and sell (including a power of sale and right to receive and apply Prize money and Proceeds).

Commencement Date means the commencement date of the Syndicate or this Deed, as the context requires.

Competition and Consumer Act means the *Competition and Consumer Act 2010 (Cth)*, as amended.

Complaint means an expression of dissatisfaction made to an organisation, related to its products or services, or the complaints handling process itself, where a response or resolution is explicitly expected.

Corporations Act means the *Corporations Act 2001 (Cth)*, as amended.

Deed means the provisions (including all covenants, terms and conditions) of this document, including any modification or replacement deed adopted by the Manager with the Owners approval.

Encumbrance means:

- (a) any Security Interest;
- (b) any right, interest or arrangement which has the effect of giving another person a preference, priority or advantage over creditors, including any right of set-off;
- (c) any third party right or interest in property, or any right arising as a consequence of the enforcement of a judgement;

or any agreement to create any of them or allow them to exist.

End Date means the date upon which the Syndicate is ended in accordance with clause 20.

Entire means a male horse that has not been gelded.

External Dispute Body means the external dispute body of which the Manager is a member specified in Schedule 1.

Extraordinary Resolution means a resolution:

- (a) of which notice in accordance with clause 6.1 has been given; and
- (b) that has been passed by at least 50% of the total votes that may be cast by Owners entitled to vote on the resolution (including Owners who are not present in person or by proxy).

FBAA means *Federation of Bloodstock Agents Australia Ltd (ABN 27 003 596 718)*.

Fees Notice means the notice (as amended) of the Trainer's current basic fees and charges, including any additional remuneration or gratuities that the Owners may be required to pay to or bestow upon the Trainer for maintaining, training and racing the Horse.

Financing Statement has the meaning ascribed to it in the PPSA.

Financing Change Statement has the meaning ascribed to it in the PPSA.

GST Act means the "*A New Tax System (Goods and Services Tax) Act 1999*", as amended.

Horse means the thoroughbred colt, filly, Entire, gelding or mare the object of this Deed described in Schedule 1.

Income means, for the Syndicate and any Accounting Period, the net income of the Syndicate, in respect of the Accounting Period, determined in accordance with generally accepted accounting principles, whether accrued, due or receivable or received and not previously accounted for.

Inherent Risk means a risk of something occurring that cannot be avoided by the exercise of reasonable care.

Lead Regulator means one of the following **Principal Racing Authorities** with whom the Manager is registered as an approved promoter of horse racing syndicates: *Racing NSW, Racing Victoria Limited, Racing & Wagering WA, Thoroughbred Racing NT, Thoroughbred Racing SA Limited, Queensland Racing Limited* and *Tasmanian Racing Board*.

Lien means the right to retain.

Lifetime Service Right means a service right each stud season free of any service fee. The granting of a Lifetime Service Right will not bestow any interest in the legal and beneficial title to the Horse.

MM means *Magic Millions Sales Pty Ltd (ABN 54 078 396 317)*.

Managed Investment Scheme has the meaning ascribed to that term by the Corporations Act.

Manager means the person or entity named in Schedule 1, or subsequently appointed by the Owners under this Deed, as the Manager.

Month means calendar month.

Owner means a person who holds an interest in the Syndicate. For the purpose of this Deed joint holders of an interest will count as a single Owner unless otherwise provided.

Owners Bonus or Incentive Scheme means any owners bonus or incentive scheme (e.g. BOBS, QRIS, SABIS or VOBIS) for which the Horse is eligible.

PDS means either the Lead Regulator-approved Product Disclosure Statement issued by the Promoter for the initial offering of the Shares, or any Product Disclosure Statement subsequently issued by the Manager pursuant to clause 10.5.

PPSA means the *Personal Property Securities Act 2009 (Cth)*, as amended.

PPSR means the *Personal Property Securities Register* under the PPSA.

Principal Racing Authority means the body responsible for the regulation of thoroughbred horse racing in the place in which the Horse is racing or may race.

Prize money means money earned from racing the Horse.

Proceeds means proceeds of sale or of any insurance claim paid in relation to a Share or the Horse, as the context requires.

Promoter means the AFS Licensee named as the Promoter in Schedule 1.

Racing Colours means the racing colours referred to in clause 1.6 and specified in Schedule 1.

Registrar of Racehorses means the registrar under the Rules of Racing.

Resolution (subject to any further qualification specified in this Deed) means:

- (a) a resolution passed at an Owners meeting;
 - (i) on a show of hands, by the required majority of Owners present in person or by proxy, representative or attorney; or
 - (ii) if a poll is demanded, by the required majority of numbers of Shares held by Owners present in person or by proxy, representative or attorney voting on the poll; or
- (b) a resolution in writing signed by Owners holding the required majority of the Shares.

Rules of Racing means the rules of racing applying in the place where the Horse is racing or may race. The Australian Rules of Racing ("AR") are published by Racing Australia Limited and supplemented by local rules ("LR") determined by each Principal Racing Authority, as amended.

Sale Race Series means any sale race or race series (e.g. MM, QRIS, or WI) for which the Horse is eligible.

Secretary means the Secretary referred to in clause 3.6(e) of this Deed.

Secured Party means a person who is granted a Security Interest under this Deed.

Security Interest means:

- (a) in relation to any personal property (as defined in the PPSA), has the same meaning as under the PPSA; and
- (b) in relation to any other property, means any charge, mortgage, pledge, bill of sale, hypothecation, lien, arrangement concerning the deposit of documents evidencing title, trust, power or title retention arrangement, or any other covenant or arrangement

of any nature made to secure the payment of money or the observance of an obligation.

Share means one (1) of the number of equal undivided ownership interests in the Horse specified in Schedule 1.

Share Transfer means a Share Transfer in the form of Schedule 3.

Special Resolution means a resolution:

- (a) of which notice in accordance with clause 6.1 has been given; and
- (b) that has been passed by at least 75% of the votes cast by Owners entitled to vote on the resolution (including Owners who are not present in person or by proxy).

Syndicate means the arrangement evidenced by this Deed pursuant to which the Owners agree to participate in the undertaking ("**Common Enterprise**") of caring for, training and racing the Horse as a whole for their mutual benefit.

Syndicate Name means the syndicate name, if any, specified in Schedule 1 and registered with the Registrar of Racehorses by the Manager on behalf of the Owners.

Syndicate Property means any contributions to, or Income of, the Syndicate, including (without limitation):

- (a) Owners contributions to the costs of operating the Syndicate (regardless of whether they are paid to the Syndicate's designated bank account maintained by the Manager, or by each Owner directly to the Trainer and other Third Party Service Providers one's proportion of such costs);
- (b) Prize money (regardless of whether net Prize money is paid by the Principal Racing Authority to the Syndicate's designated bank account maintained by the Manager, or to each Owner directly one's proportion of such Prize money); and
- (c) Owners Bonus or Incentive Scheme payments and other bonuses.

The Horse does not comprise Syndicate Property as it is owned by the Owners as tenants-in-common in equal undivided Shares.

Tax Invoice has the meaning ascribed to it in the GST Act.

Taxable Supply has the meaning ascribed to it in the GST Act.

Term means the period from the Commencement Date until the End Date.

Third Party Service Provider means any external service provider contracted by either the Manager, or the Trainer, to provide services in relation to the Horse, including, but not limited to agistment, pre-training, training and racing, dentistry, farriery, veterinary, and transportation.

TOR Rules means those rules set out in Schedule 1 of the Rules of Racing.

Trainer means the appropriately licensed person named in Schedule 1, or subsequently appointed by the Manager as the Trainer under this Deed.

Training Agreement means the agreement (including all covenants, terms and conditions) between the Trainer and the Owner upon which the Trainer agrees to provide training and ancillary services in relation to the Horse.

Training Fees Disputes Resolution Procedures means the procedures in the TOR Rules (TOR Rules 4 to 9 inclusive) for the resolution of a dispute between a trainer and an owner over the payment of training fees.

Trophy includes any trophy, rug, sash, trinket, prize or other non-cash benefit.

WI means *William Inglis & Son Ltd (ABN 75 000 011 307)*.

27.2 In this Deed unless the contrary intention appears:

- (i) the singular includes the plural and the plural includes the singular;
- (ii) a reference to any one gender includes a reference to each other gender;

- (iii) a reference to a person includes a reference to a firm, corporation or other corporate body;
- (iv) a reference to writing includes a reference to printing, typing and other methods of producing words in a visible form;
- (v) a reference to any legislation includes subordinate legislation under it and includes that legislation and subordinate legislation as modified or replaced;
- (vi) a reference to any regulatory policy, legislative instrument, or similar, includes that policy, legislative instrument, or similar, as modified or replaced;
- (vii) where a word or expression is given a particular meaning, other parts of speech and grammatical forms of that word or expression have corresponding meanings;
- (viii) headings are for ease of reference and do not affect the construction of this Deed;
- (ix) if a party consists of more than one person this Deed binds them jointly and each of them severally;
- (x) this Deed binds in addition to the parties, their respective legal personal representatives and successors; and
- (xi) any schedule or annexure will form part of this Deed.

SCHEDULE 2

SHARE APPLICATION – TO BE COMPLETED AND EXECUTED BY OWNER

THIS DEED OF AGREEMENT is made on the day of , .

BY:

Applicant (1) – Surname:		
Given name(s):		Date of birth:
Applicant (2) – Surname:		
Given name(s):		Date of birth:
Company name:		ACN:
Syndicate/trading name, if any:		
Street address:		
PO Box, if preferred mailing address:		
Suburb:	State:	Postcode:
Telephone: (Bus)	Home:	Mobile:
Email:		
Tax file number (voluntary):		
Australian Business Number (ABN), if applicable:		
If you have an ABN number, are you registered for GST (if applicable):		
Where ABN is not supplied, please confirm that you are a hobby owner:		

BANK ACCOUNT DETAILS FOR PAYMENT OF DISTRIBUTIONS, IF ANY, BY EFT

ACCOUNT NAME	BANK NAME	BSB NUMBER	ACCOUNT NUMBER

[ALL DETAILS specified in the above table MUST be provided as the information is required by the Registrar of Racehorses when registering the ownership].

IN FAVOUR

OF: The Manager

AND: Each person who from time to time is bound as an Owner by the Owners Deed of Agreement dated the day of , , governing the ownership of the thoroughbred horse

Name of Horse:		
Colour: Bay	Sex: Colt	Year foaled: 2016
Sire: PIERRO (AUS)	Dam: SHE'S NOT (AUS)	
Life number: AUS01132450	ASB Microchip number: 985100012114619	

by reason of executing a deed in the form of this deed (each separately called an "Owner" and collectively the "Owners").

RECITALS

- A. The Applicant has been accepted by the Manager as an Owner, subject to the Owners Deed of Agreement.
- B. The Applicant has agreed to enter into this deed for the benefit of each other party to the Owners Deed of Agreement.

NOW BY THIS DEED OF AGREEMENT it is agreed as follows:

- 1. The Applicant hereby covenants and agrees with the Manager and the Owners from time to time of Shares in the Horse and the Syndicate that the Applicant will be bound by the Owners Deed of Agreement and will comply with all the obligations imposed on each Owner as if the Applicant had executed the Owners Deed of Agreement and was an original party to it.
- 2. Words and expressions used in this deed will have the same meaning as they have in the Owners Deed of Agreement.

EXECUTED BY THE PARTIES AS A DEED

[Applicant - if an individual]

Signed, Sealed and Delivered by)
)
in the presence of:)

.....
Signature of witness

.....
Signature of Applicant

.....
Name of witness (BLOCK LETTERS)

[Applicant - if a company]

Executed by)
)
ACN/ABN #)
in accordance with section 127 of the *Corporations Act*)
2001:)

.....
Director/Company Secretary

.....
Director

.....
Name of Director/Company Secretary
(BLOCK LETTERS)

.....
Name of Director (BLOCK LETTERS)

Executed by)
PTY LTD)
ABN)
in accordance with section 127 of the *Corporations Act*)
2001:)

.....
Name of Sole Director/Sole Company secretary (BLOCK
LETTERS)

.....
Sole Director/Sole Company Secretary

SCHEDULE 3

SHARE TRANSFER – TO BE COMPLETED AND EXECUTED BY BOTH TRANSFEROR AND TRANSFEREE

THIS TRANSFER is dated the _____ day of _____, _____.

BETWEEN: ("Transferor")

AND: ("Transferee")

The Transferor in consideration of \$ _____ paid by the Transferee
HEREBY TRANSFERS to the Transferee Share Number () of the Shares in the thoroughbred horse

Name of Horse:		
Colour: Bay	Sex: Colt	Year foaled: 2016
Sire: PIERRO (AUS)	Dam: SHE'S NOT (AUS)	
Life number: AUS01132450	ASB Microchip number: 985100012114619	

and the # [INSERT NAME OF HORSE (#)] Syndicate constituted by Owners Deed of Agreement deed dated the _____ day of _____, _____, and made between the parties to hold the same unto the Transferee subject to that document.

[Transferor - if an individual]

Signed _____)

in the presence of: _____)

.....
Signature of witness

.....
Signature of Transferor

Name of witness (BLOCK LETTERS)

[Transferor - if a company]

Executed by _____)

ACN/ABN)

in accordance with section 127 of the *Corporations Act*)

2001:

.....
Director/Company Secretary

.....
Director

Name of Director/Company Secretary
(BLOCK LETTERS)

Name of Director (BLOCK LETTERS)

Executed by _____)

PTY LTD)

ABN)

in accordance with section 127 of the *Corporations Act*)

2001:)

.....
Name of Sole Director/Sole Company secretary (BLOCK LETTERS)

.....
Sole Director/Sole Company Secretary

[Transferee - if an individual]

Signed)
)
in the presence of:)

.....
Signature of witness

.....
Signature of Transferee

.....
Name of witness (BLOCK LETTERS)

[Transferee - if a company]

Executed by)
)
ACN/ABN)
in accordance with section 127 of the *Corporations Act*)
2001:)

.....
Director/Company Secretary

.....
Director

.....
Name of Director/Company Secretary
(BLOCK LETTERS)

.....
Name of Director (BLOCK LETTERS)

Executed by)
PTY LTD)
ABN)
in accordance with section 127 of the *Corporations Act*)
2001:)

.....
Name of Sole Director/Sole Company secretary (BLOCK
LETTERS)

.....
Sole Director/Sole Company Secretary

ATTACHMENT

WARNING – IMPORTANT INFORMATION

The ownership and racing of thoroughbred horses involves risks, including Inherent Risks and other risks that may be insignificant or not reasonably foreseeable. Be aware that:

- The value of the Horse may be diminished or lost through:
 - market forces;
 - the failure of the Horse to compete in or win any races or Prize money;
 - the death of the Horse; or
 - the materialisation of an Inherent Risk, including (without limitation) accident, illness, injury, infertility or subfertility, or natural cause.
- The Horse may have no residual value as a stallion or broodmare.
- Racing stables, racecourses, agistment farms and other places where the Horse and other horses may be located from time to time can be dangerous places, including because horses do not always behave as expected. Entering into those places involves the risk of injury, accident and loss or damage to person or property for all persons who enter.

PAYMENT OBLIGATIONS


The Owners should be aware that the failure of any Owner to comply with one's payment obligations may result in:

- the Trainer stopping or suspending training of the Horse until all outstanding accounts of the Trainer and Third Party Service Providers are paid; and
- the Syndicate Property being insufficient to pay all costs of operating the Syndicate, necessitating the sale of the Horse and the winding up of the Syndicate.



Barn E Stables 6-11, 22-27, 38-43
On Account of BOWNESS STUD, Young
(As Agent for Vieira Group Pty Ltd)

Lot 51**BAY COLT**

(Branded  nr sh. $\frac{3}{6}$ off sh. Foaled 7th September 2016)

SIRE	Lonhro.....	Octagonal (NZ).....by Zabeel (NZ).....
PIERRO	Miss Right Note (Ire).....	Shadea (NZ)..... by Straight Strike.....
		Daylami..... by Doyoun.....
DAM	Falvelon.....	Sky Song..... by Sadler's Wells.....
SHE'S NOT		Alannon..... by Noalcoholic (Fr).....
2008	She's a Meanie (NZ).....	Devil's Zephyr..... by Zephyr Zing (NZ)....
		Prince Salieri..... by Salieri (USA).....
		Shekanwyn..... by Musical Phantasy.....

PIERRO (AUS) (Bay 2009-Stud 2013). 11 wins-6 at 2-from 1000m to 1600m, ATC Golden Slipper S., Gr.1. Out of a half-sister to SW Laverock. Leading Aust. First Season Sire in 2016-17. Sire of SW Pinot (VRC Oaks, Gr.1), Levendi, Tulip, Satin Slipper, Kentucky Breeze, SP Pierata, Poseidon's Pool and of Arcadia Prince, Action, Noviero, Octabello, Pissaro, Roy Had Enough, Cajetan, Charli Rose, Cabierro, Meazza, Pierone, Pierocity, etc. His oldest progeny are 3YOs.

1st Dam

SHE'S NOT, by Falvelon. Placed at 3. Sister to **SHE'S MEANER**, half-sister to **LOVE CONQUERS ALL**, **She's Bella**. This is her third foal. Her second foal is an unraced 3YO. Dam of 1 foal to race, **1 winner**-Fast Cut (g by Foxwedge). **Winner** at 900m in 2016-17.

2nd Dam

SHE'S A MEANIE (NZ), by Prince Salieri. **7 wins**-1 at 2-1200 to 2200m, \$191,279, Avondale Gold Cup, **Gr 1**, BOP RC Thames Valley S., **Gr 3**, Avondale JC Sunday Markets H., Ra Ora Juvenile S., Waikato RC Mainfreight H., Counties RC State Insurance H., 2d Waikato RC International S., **Gr 1**, WRC Cuddle S.H., **Gr 3**, Avondale JC Ra Ora Juvenile S., 3d AuRC The Oaks Stud Trophy, **Gr 2**, Waikato RC Sir Tristram Fillies Classic, **Gr 2**, AuRC Great Northern Foal S., **Gr 3**, NZTBA Sprint H., Counties RC Campbell Tyson H., Newstalk ZB H., 4th Taranaki 2YO Classic, **Gr 2**, Cambridge JC Travis S., **Gr 2**, AuRC Welcome S., **L**, STC Stayers' Cup, **L**. Dam of 7 named foals, 6 to race, **5 winners**, inc:-

LOVE CONQUERS ALL (c Mossman). **8 wins** 1100 to 1400m, \$1,380,000, ATC Shorts H., **Gr 2**, AJC Missile S., **Gr 3**, MRC Betfair S., **Gr 3**, AJC June S., **L**, City Tatt's RC Brian Crowley S., **L**, AJC Randwick's 150th Anniversary H., Victory Vein P., Linesman H., 2d ATC George Ryder S., **Gr 1**, Doncaster H., **Gr 1**, BRC Doomben Ten Thousand S., **Gr 1**, ATC Canterbury S., **Gr 2**, STC Expressway S., **Gr 2**, 3d ATC Premiere S., **Gr 2**. Sire.

SHE'S MEANER (f Falvelon). **3 wins** at 2 1000 to 1200m, \$467,500, BTC Tommy Smith Slipper S., **L**, Wyong RC Magic Millions 2YO Slipper, AJC Fringe Bar 2YO H., 2d GCTC Magic Millions 2YO Classic S., **RL**. Dam of-Smart Devil. **2 wins** at 1200m in 2016-17, 3d Qld Tatt's RC Carlton Mid H.

She's Bella (f Sebring). **Winner** at 1000m, 2d ATC Australian Turf Club 2YO P., 3d ATC Reginald Allen H., **L**, Bishop Kevin Manning 2YO P.

Gatakers Bay. **4 wins** 1200 to 1400m, BTC Frantelle H., QTC JM Gray-Buchanan H., 2d BTC Men of League Foundation P.

Cinderellas Secret. **Winner** at 1300m, 2d ATC TJ's Champagne Bar P. Dam of-Pegapus. **2 wins**-1 at 2-at 1200, 1666m to 2016-17, BRC Glenloghan Park 2YO P.

3rd Dam

SHEKANWYN, by Musical Phantasy (USA). **2 wins** at 2 at 1000, 1100m in NZ. Half-sister to **SAXONVALE**, Flytaine (dam of **MERCURY MISTRESS**). Dam of 11 named foals, 10 to race, **8 winners**, inc:-

SHE'S A MEANIE (f Prince Salieri). **7 wins**. See above.

Palemo. **5 wins** 2100 to 4800m, \$144,485 in NZ.

Copper Flame. **4 wins** to 1400m, WRC Central Forklifts H., Sparkes Walker H.

Extra. **Winner** at 1200m, 2d WRC Your Local Point H. Dam of 5 winners-

Browne Sugar (f Don Eduardo). **4 wins** 1200 to 2100m, 3d CJC Spring Classic, **L**, Blue Star Taxis H., Win a Ford Focus H.



KAVANAGH RACING STABLES

FLEMINGTON RACECOURSE ♦ MARBELLESA PARK
PO BOX 958, Moonee Ponds Vic 3039

Ph: (03) 9372 6547 Email: mark@kavanaghracing.com
Fax: (03) 9372 6549 Web: www.kavanaghracing.com

ABN 46 091 727 623

Monday, 16 April 2018

TRAINER LETTER OF ACKNOWLEDGEMENT

I Mark Kavanagh, agree to train the Bay Colt by Pierro out of She's Not foaled on the 7/09/2016 for Jewel Racing.

The horse will be trained by me at my Flemington Stables in accordance with our Training Services and Agreement attached.

This letter may be used in the Product Disclosure Statement for Jewel Racing and I can be listed as the trainer in any advertising material related to this colt.

Yours Sincerely,

A handwritten signature in black ink, appearing to read 'Mark Kavanagh', is positioned above the printed name. The signature is fluid and cursive.

Mark Kavanagh



KAVANAGH GROUP PTY LTD T/AS MARK KAVANAGH RACING STABLES (ABN 46 091 727 623)

3 Stables Drive, Flemington Racecourse, FLEMINGTON, VIC, 3031 Postal address: PO Box 958, MOONEE PONDS, VICTORIA, 3039

Tel: +61 (3) 9372 6547 Fax: +61 (3) 9372 6549 Email: mark@kavanaghracing.com Web: www.kavanaghracing.com

This document is our Training Agreement. It will apply to each Horse from the time it is delivered by the Owner or the Owner's agent and accepted by us onto the Property. Delivery of the Horse will constitute the Owner's acceptance of all terms and conditions.

TRAINING AGREEMENT – TERMS AND CONDITIONS (from 1/8/2017)

THIS AGREEMENT will operate from the Effective Date.

BETWEEN: The Proprietor

AND: The Owner

RECITALS

- A. The Proprietor is a provider of horse training and ancillary services.
- B. The Owner is the owner or lessee of the Horse.
- C. The parties have agreed that the Proprietor will accept delivery of the Horse and provide the services in accordance with this Agreement.

BY THIS AGREEMENT it is agreed as follows:

1. APPOINTMENT

- 1.1 The Proprietor:
 - (a) will take possession and day-to-day control of the Horse on behalf of the Owner for the purpose of providing the services; and
 - (b) will, exercising reasonable care, skill and diligence at all times during the Term, provide the services in a proper and efficient manner in accordance with the normal standards applied, provided and maintained in connection with the training and racing of thoroughbred racehorses.
- 1.2 Clause 1.1 notwithstanding, but subject to clause 8, all risk in relation to the physical well-being of the Horse will remain with the Owner.
- 1.3 (1) This Agreement:
 - (a) is subject to the Rules of Racing, including the TOR Rules;
 - (b) excludes and replaces the terms of the TOR Standard Training Agreement, as permitted by TOR Rule 1; and
 - (c) is irrevocable and legally binding upon the parties for the Term.
- (2) Any right or obligation accruing under this Agreement during the Term will not be affected or prejudiced by it ending. The Proprietor is relieved of any further obligation from the End Date.

1.4 ASSOCIATED ENTITIES

- (1) Additional services may be provided by Associated Entities of the Proprietor. If any such additional services are provided by an Associated Entity of the Proprietor, and such Associated Entity does not have a separate agreement with the Owner in relation to the provision of those additional services, then the Owner agrees that this Agreement, except for clauses 3 and 6, will apply *mutatis mutandis* to the agreement between the Owner and the Associated Entity for the provision of those additional services.
- (2) Without limiting paragraph (1), the Owner acknowledges and agrees that in entering into paragraph (1), the Proprietor does so for one's own benefit, and as agent of and trustee for each Associated Entity of the Proprietor who is or may be entitled to the benefit of the Owner's covenants in paragraph (1) (with each Associated Entity entitled to enforce those covenants against the Owner in its own name and style).

1.5 MULTIPLE PARTY OWNERSHIP ARRANGEMENTS

- (1) If multiple parties comprise the ownership of the Horse:
 - (a) this Agreement binds them both individually and collectively; and
 - (b) either the first-named registered Owner or such other person nominated by the Owners will be the manager and deemed duly authorized agent of all of them for all dealings with the Proprietor in relation to the Horse and this Agreement.
- (2) **CO-OWNERS**
 - (a) Unless otherwise agreed with the Proprietor, if the multiple parties comprising the ownership arrangement are co-owners, they are severally liable for the proper

performance of the Owner's obligations under this Agreement. Consequently, clauses 10, 12, 16 and 17 of this Agreement will apply to each co-owner's interest in the Horse, except for:

- (i) clauses 10.2(a) and 16.1(a), which will apply to the whole Horse; and
 - (ii) clause 16.3, which will apply to the whole Horse if a co-owner holding 50% or more of the Horse is in breach of one's obligations under this Agreement.
- (b) Each co-owner expressly and irrevocably authorises the Proprietor to notify the manager and the other co-owners if any co-owner breaches a material obligation, including any payment obligation, under this Agreement.

2. DELIVERY OF HORSE

The Owner or the manager must:

- (a) complete all procedures and documentation required by the Proprietor prior to delivering the Horse to the Property on the day and at the time specified by the Proprietor; and
- (b) comply with a direction given by the Proprietor at any time to remove the Horse from the Property.

3. SERVICES

The Proprietor's services include (without limitation):

- (a) training and racing the Horse to best advantage;
- (b) caring for and maintaining the Horse, including:
 - (i) providing stabling and ancillary facilities, equipment and gear, feed and supplements; and
 - (ii) providing or as the agent of the Owner procuring agistment and pre-training;
- (c) as the agent of the Owner, procuring the services of such Third Party Service Providers as the Proprietor may consider necessary to provide services in relation to the Horse, including chiropractic care, dentistry, farriery, veterinary care and transportation;
- (d) communicating verbally (either in person or by telephone or voice message), or in writing (either by post, email, text message or facsimile), on a regular basis with the Owner or the manager in relation to the care, training and racing of the Horse, including:
 - (i) its general well-being and progress;
 - (ii) its proposed racing program and race performances (pre and post-race reports), including when it is nominated and accepted for any trial or race;
 - (iii) when it changes location or is relocated from the Property for any reason, including (without limitation) either to race interstate or overseas, for agistment or pre-training, to a veterinary clinic or sales complex, or because this Agreement has ended; and
 - (iv) if it dies, or suffers a material illness or injury;
- (e) determining in consultation with the Owner or the manager the racing program of the Horse and also the jockey who will ride it in each of its races; and
- (f) as the representative of the Owner or the manager, entering (including nominating and accepting) the Horse for or scratching it from any race or trial, at the Proprietor's discretion, unless otherwise specifically agreed with the Owner or the manager.

3.2 The Proprietor must obtain the Owner's or the manager's approval before authorizing that the Horse:

- (a) be relocated to race in another jurisdiction either within Australia or overseas;

- (b) be entered for any race for which the total of nomination and acceptance fees is likely to be more than \$2,000; or
- (c) undergo surgery or receive any extraordinary (other than routine) veterinary or other treatment, the cost of which is likely to be more than \$2,000.
- 3.3 If the Horse is an Entire, the Proprietor must obtain the Owner's or the manager's approval before authorizing that it be gelded.
- 3.4 Except in circumstances that do not afford the Proprietor the opportunity to obtain veterinary advice and the Owner's or the manager's approval, the Proprietor must not authorize that the Horse be euthanized as a consequence of accident, illness, injury or other cause, unless such action is recommended on humane grounds and certified by a qualified equine veterinarian retained at the discretion of the Proprietor or Principal Racing Authority.
- 3.5 The manager must obtain the approval of the parties comprising the ownership arrangement (in accordance with the terms of that arrangement) before authorizing the Proprietor to take the actions contemplated by clauses 3.2, 3.3 and 3.4.
- 3.6 If the Proprietor, at any time, arranges for the Horse:
- to be relocated to another property which is not operated by the Proprietor; or
 - to be offered for sale, sold or otherwise disposed of on behalf of the Owner;
- such arrangement will be made by the Proprietor as the Owner's agent and the Proprietor will no longer be responsible to the Owner either for the care and well-being of the Horse, or for fees and charges incurred.
- 4. FEES AND EXPENSES**
- 4.1 FEES NOTICE**
- The Proprietor's current basic fees and charges, together with the mandatory allocation of Prize money prescribed by the Rules of Racing, are set out in the Fees Notice.
 - The Proprietor must, within 7 days of being appointed as the trainer of the Horse, provide to the Owner or the manager, a copy of the Fees Notice. The Owner or the manager will then have 14 days to resolve with the Proprietor any query or objection in relation to the Proprietor's fees and charges. In any event, the Owner or the manager must resolve such query or objection prior to delivering the Horse to the Property.
 - The Proprietor may impose additional charges for additional services. Fees and charges of Third Party Service Providers are in addition to the Proprietor's fees and charges.
- 4.2 The Proprietor may vary one's fees and charges, including additional remuneration and gratuities, but must provide an amended Fees Notice to the Owner or the manager prior to implementing the increase.
- 4.3 LIABILITY FOR PAYMENT**
- The Owner must pay or reimburse the Proprietor and any Third Party Service Provider in accordance with such party's normal trading terms:
- all fees and expenses of caring for, training and racing the Horse, including (without limitation) agistment, pre-training and training fees, race entry fees (nomination, entry and acceptance), chiropractic, dentistry, farriery and veterinary fees, and transportation costs; and
 - the mandatory allocation of actual or advertised Prize money to the Proprietor, the jockey and other named parties, prescribed by the Rules of Racing or race entry conditions and distributed directly to each of them via the Principal Racing Authority's stakes payment system or other means.
- 4.4 The Owner must pay or reimburse the Proprietor upon demand the amount of any invoice rendered directly to the Proprietor by a Third Party Service Provider.
- 4.5 The Proprietor may require the Owner to advance to the Proprietor moneys on account of the estimated cost of specified race entry fees, surgery or extraordinary veterinary treatments, and will not be obliged to incur the expense until such moneys are received.
- 4.6 ADDITIONAL REMUNERATION AND GRATUITIES**
- The Owner must also pay to or bestow upon the Proprietor the additional remuneration and gratuities set out in the Fees Notice.
- 4.7 INVOICING**
- The Proprietor and any Third Party Service Provider will invoice fees and charges, including any additional remuneration and gratuities:
- to the Owner; or
 - if the ownership arrangement is comprised of multiple parties, as agreed with the manager, either:
 - to the Owners collectively via the manager; or
 - to each party directly one's proportion of such fees and charges.
- Regardless of the invoicing arrangements, liability for all such fees and charges remains as set out in clauses 1.5.
- 4.8 METHOD OF PAYMENT**
- The Proprietor's preferred method of payment is by EFT, or by Mastercard or Visa credit card. In the case of multiple Owners and proportionate direct invoicing, the Proprietor may charge an additional administration fee.
- 5. RULES OF RACING**
- 5.1 The Proprietor, the Owner and the manager must at all times:
- comply with the Rules of Racing, including the TOR Rules; and
 - be eligible to be an Owner under the Rules of Racing.
- 5.2 If there is any inconsistency between a provision of this Agreement and the Rules of Racing, including the TOR Rules, the latter will prevail to the extent of the inconsistency.
- 5.3 The Owner expressly and irrevocably authorizes the Proprietor to obtain from Racing Australia or the Principal Racing Authority full details of the Owner, as recorded with such body, including (without limitation) name, residential and email addresses, telephone and facsimile numbers.
- 5.4 If the Horse is leased, the authorization in clause 5.3 will extend to and include full details of the lessor.
- 6. TRAINING FEES DISPUTES RESOLUTION PROCEDURES**
- The parties acknowledge that the Training Fees Disputes Resolution Procedures apply to this Agreement. Those procedures are summarized as follows:
- Any invoice rendered by the Proprietor prior to the 15th of the month is payable by the end of that month, or if rendered after the 15th of the month is payable by the end of the following month. If the Owner fails to pay, but does not within that period dispute the amount of such invoice by giving a Dispute Notice to the Proprietor (and a copy to Racing Australia), the Presumption of a Training Debt arises and the Owner will be deemed a defaulter for non-payment of training fees. If a Dispute Notice is given, the Presumption of a Training Debt does not arise.
 - Paragraph (a) notwithstanding, the Owner or the manager may within 6 months after receiving an invoice rendered by the Proprietor dispute the amount of such invoice by giving a Dispute Notice.
 - Following the giving of a Dispute Notice, either party may within 14 days elect to have the dispute determined by the Training Disputes Tribunal by giving to Racing Australia (and a copy to the other of them) a Notice of Election of Hearing and the applicable filing fee. A Dispute Notice will lapse if a Notice of Election of Hearing is not given.
 - The Owner or the manager may attend and be heard at the hearing of the dispute before the Training Disputes Tribunal.
 - The parties must strictly comply with any determination by the Training Disputes Tribunal. If either party does not comply with such determination, the other of them:
 - may exercise one's other contractual and legal remedies against that party; and
 - the relevant Principal Racing Authority may take whatever disciplinary action it considers appropriate against that party.
- 7. VISITATION**
- The Owner or the manager may, by appointment with the Proprietor, attend at the Property for the purpose of inspecting the Horse. Visitation will be entirely at the Owner's or manager's own risk, assumed voluntarily, and the Proprietor will not be liable for the materialisation of an Inherent Risk associated with such visitation, including (without limitation) accident or injury, howsoever arising, involving or sustained by the Owner or the manager, or any other person who may accompany the Owner or the manager when visiting the Property.
- 8. PROPRIETOR'S RIGHT OF INDEMNITY**
- The Owner must indemnify the Proprietor against all expenses and liabilities incurred in the course of properly complying with this Agreement.

9. LIMITATIONS TO OWNER'S RIGHT OF INDEMNITY

- 9.1 Neither the Proprietor nor any Third Party Service Provider will be liable to the Owner for damages for harm suffered by the loss or diminution in value of the Horse:
- (a) if it dies, or value is diminished as a consequence of the materialization of an Inherent Risk, including (without limitation) accident, illness, infertility or sub-fertility, injury, or natural cause; or
 - (b) if it fails to compete in or win any races or Prize money.
- 9.2 Except for any right of indemnity specifically preserved by this Agreement, the Owner expressly surrenders, so far as the law permits, any right which the Owner may have against the Proprietor or any Third Party Service Provider to claim damages for harm suffered by the loss or diminution in value of the Horse, howsoever arising, including (without limitation) liability in negligence and any right of the Owner to claim damages for economic loss or loss of opportunity to earn future income.
- 9.3 Any right of indemnity either specifically preserved or not capable of surrender will be limited in damages to the initial amount paid by the Owner to acquire the Horse.
- 9.4 Certain legislation, including the *Competition and Consumer Act 2010 (Cth)*, may impose consumer guarantees or imply warranties or conditions or impose obligations upon the Proprietor which cannot be excluded restricted or modified, or cannot be excluded restricted or modified except to a limited extent. This Agreement must be read subject to these statutory provisions. If these statutory provisions apply, to the extent to which the Proprietor may limit one's liability, such liability is limited to:
- (a) in the case of goods, at the Proprietor's option:
 - (i) the replacement of the goods or the supply of equivalent goods;
 - (ii) the repair of the goods;
 - (iii) the payment of the cost of replacing the goods or of acquiring equivalent goods; or
 - (iv) the payment of the cost of having the goods repaired; and
 - (b) in the case of services, at the Proprietor's option:
 - (i) the supplying of the services again; or
 - (ii) the payment of the cost of having the services supplied again.

10. LIEN AND CHARGE

- 10.1 The Owner grants to the Proprietor a Lien over the Horse and a Charge over the Horse, Prize money and proceeds, as security for the proper performance of the Owner's obligations under this Agreement, including (without limitation):
- (a) to pay all fees and charges payable under this Agreement, including any additional remuneration and gratuities; and
 - (b) not to either transfer, sell or otherwise dispose of, or create any Encumbrance attaching to, the Horse, other than in accordance with this Agreement.
- 10.2 This Lien or Charge:
- (a) entitles the Proprietor:
 - (i) to possession of the Horse (including the Horse ID card or any replacement card) until such time as all amounts due and payable by the Owner under this Agreement are paid; and
 - (ii) to retake possession of the Horse (including the Horse ID card or any replacement card) where the Proprietor does not have such possession at the time when the Owner's breach of this Agreement occurs; and
 - (b) includes the right of the Proprietor:
 - (i) to give a direction for the payment of Prize money and proceeds; and
 - (ii) to sell the Horse or appoint a receiver to do so; when the Owner's breach of this Agreement occurs.
- 10.3 The rights conferred by this clause 10 are in addition to and not in substitution of any rights of the Proprietor at common law or under any statute.

11. INSURANCE

Unless otherwise agreed in writing by the Proprietor, the Owner is responsible for arranging one's own insurance cover (including the renewal of any existing cover) for mortality and other insurable risks in relation to the Horse for the Term.

12. OWNER'S SALE OR ENCUMBRANCE OF HORSE

If the Owner elects either to transfer, sell or otherwise dispose of, or to create any Encumbrance attaching to the Horse, while any fees and charges are outstanding and payable to the Proprietor or any Third Party Service Provider under this Agreement, the Owner must prior to doing so either:

- (a) pay all such outstanding fees and charges to the Proprietor or Third Party Service Provider; or
- (b) obtain the Proprietor's approval either to the proposed sale or other disposition, or to the creating of the Encumbrance. The Proprietor may give approval (with or without conditions), or withhold approval without providing a reason. If the Proprietor does approve, the Owner must comply with any conditions of such approval, and otherwise obligate the proposed purchaser, acquirer, or grantee of any Encumbrance to novate this Agreement. In any event, the Owner will remain liable to the Proprietor or Third Party Service Provider for any fees and charges not paid to the Proprietor or Third Party Service Provider by such purchaser, acquirer, or grantee.

13. ACKNOWLEDGEMENTS UNDERTAKINGS AND WARRANTIES

- 13.1 The Proprietor acknowledges that, other than as set out in this Agreement, the Owner has neither made any representation nor provided any warranty to the Proprietor in relation to the Horse.
- 13.2 The Owner acknowledges entering into this Agreement at one's own risk and that, other than as set out in this document, the Proprietor has neither made any representation, nor provided any warranty:
- (a) in relation to the services to be provided or procured by the Proprietor; or
 - (b) that the Horse:
 - (i) will win any races or Prize money;
 - (ii) will have any residual value as a stallion or broodmare; or
 - (iii) if an Entire, will not require gelding as a consequence of physical or behavioral considerations in an effort to enhance racing performance.
- 13.3 The Owner undertakes:
- (a) not to appoint or grant possession of the Horse to a new trainer while any fees and charges are outstanding and payable to the Proprietor or any Third Party Service Provider under this Agreement, unless the Owner has lodged a Dispute Notice and deposited the full amount of the outstanding fees and charges into the Training Disputes Trust Account; and
 - (b) not to assign one's rights or obligations under this Agreement to any third party without first obtaining the Proprietor's approval, which will not be unreasonably withheld or delayed. It will not be unreasonable for the Proprietor to withhold approval if the Owner is in breach of any payment obligation under this Agreement.
- 13.4 The Owner warrants that the Owner:
- (a) is either:
 - (i) the holder of the legal and beneficial title to the Horse, free of any Encumbrance, or if subject to an Encumbrance, duly authorized by the grantee to enter into this Agreement; or
 - (ii) the lessee of the Horse, duly authorized by the legal owner and lessor to enter into this Agreement; and
 - (b) is not aware of any behavioral, physical or health problem with the Horse which, if known to the Proprietor, would cause the Proprietor to refuse to take delivery of the Horse at the Property.

14. FURTHER ACKNOWLEDGMENTS AND DECLARATIONS

- 14.1 The Owner acknowledges:
- (a) that owning and racing thoroughbred racehorses:
 - (i) is speculative, as the Owner will incur significant fees and expense without the assurance of any financial return; and
 - (ii) involves risks, including (without limitation) the Inherent Risks specifically referred to in clauses 7 and 9.1;
 - (b) that prior to entering into this Agreement, the Proprietor provided to the Owner and the Owner has read and understood:
 - (i) the Fees Notice; and
 - (ii) the document marked "WARNING - IMPORTANT INFORMATION" that is attached to this Agreement; and

- (c) that any assessment or expression of opinion by the Proprietor as to how the Horse may perform in any specific race, or generally, will not constitute a representation or warranty as to performance.
- 14.2 The Owner declares that prior to the Effective Date the Owner has had the opportunity:
- (a) to obtain:
- (i) independent legal advice in relation to one's rights and obligations under this Agreement; and
- (ii) a copy of the Rules of Racing, including the TOR Rules; and
- (b) to inspect the Property and the facilities in order to satisfy oneself as to their fitness for purpose;
- and has either done so, or freely declined the opportunity to do so.
15. **GST**
- 15.1 The parties acknowledge that this Agreement will constitute a Taxable Supply under the GST Act.
- 15.2 Any fee or charge specified in the Fees Notice as payable by the Owner under this Agreement has GST included in it, unless it is specifically stated as being exclusive of GST.
- 15.3 Any invoice rendered by a party to this Agreement in connection with a Taxable Supply made pursuant to this Agreement which seeks to recover an amount of GST payable by that party must conform to the requirements for a Tax Invoice and must be delivered on or before the date payment is required.
16. **OWNER'S DEFAULT**
- 16.1 If the Owner breaches a payment obligation and the Presumption of a Training Debt arises under this Agreement, the Proprietor:
- (a) may stop or suspend training the Horse (including entering it for any race or trial) until the breach is remedied;
- (b) may charge interest on the outstanding amount at the prevailing rate prescribed for pre-judgment interest by the Supreme Court for the period commencing on the day after the due date and ending on the date payment is received; and
- (c) may give a Default Notice to the Owner, the manager or lessor (as the case requires), requiring that such breach be remedied within 14 days. If the Owner fails to remedy the breach within the period specified in the Default Notice, the Proprietor may pursue all or any of one's contractual and legal remedies against the Owner.
- 16.2 **DIRECTION FOR THE PAYMENT OF PRIZE MONEY AND PROCEEDS**
- (1) The Proprietor may exercise one's right to give a direction for the payment of Prize money and proceeds:
- (a) if the Horse is racing, by notice to the Principal Racing Authority requiring payment directly to the Proprietor as a first call on the total of any net Prize money; and
- (b) if the Horse is sold, by notice to the selling agent or buyer (as the case requires) requiring payment directly to the Proprietor as a first call on the total of net sale proceeds;
- of such amount as is required to fully extinguish and discharge any outstanding payment obligation of the Owner under this Agreement.
- (2) The Owner expressly and irrevocably directs the third party recipient of a notice served pursuant to paragraph (1) to make payment in accordance with that notice without reference to the Owner or the manager and without requiring a court order for payment and attachment of debt.
- 16.3 **POWER OF SALE OF HORSE**
- (1) For the purpose only of the Proprietor exercising one's right to sell the Horse when the Owner's breach of this Agreement occurs, the Owner:
- (a) in consideration of these presents and for good and valuable consideration, irrevocably appoints and directs the Proprietor, as the Owner's duly authorised agent, attorney under power of attorney, or representative, as the law permits, to execute any instrument and do any act or thing required to effect the sale and convey and assure the buyer the Horse sold, including (without limitation) registration of the transfer of ownership of the Horse with the Registrar of Racehorses or Principal Racing Authority; and
- (b) expressly and irrevocably directs the Registrar of Racehorses or Principal Racing Authority to register the transfer referred to in paragraph (a) without reference to the Owner or the manager and without requiring a court order for registration.
- (2) If the Proprietor elects to exercise one's power of sale in relation to a defaulting co-owner's interest in the Horse and is required by the Corporations Act to provide a prospective purchaser with a Product Disclosure Statement, the Proprietor may request a Product Disclosure Statement from the manager, which the manager must provide within 7 days of receiving such request.
- (3) If a sale by public auction, the Proprietor may offer the Horse without reserve and sell it to the highest bidder.
- (4) If the Proprietor elects to sell the Horse other than by public auction, such sale must be at arms' length and at a price not less than the fair market value of the Horse determined by either MM or WI, or if neither of them is able or willing to act, then another member of the FBAA who is able and willing, at the Proprietor's discretion.
- (5) The Proprietor must give the Owner, the manager or lessor (as the case requires), 14 days' notice of any proposal to sell the Horse by public auction, and 7 days' notice of any proposal to sell the Horse other than by public auction.
- (6) Upon the sale of the Horse the Proprietor must apply the sale proceeds:
- (a) firstly, in payment of all fees and charges payable in connection with the sale, including (without limitation) the sale entry fee and commission, transportation and sale attendance; and
- (b) secondly, in payment to the Proprietor, or Third Party Service Provider, of all fees and charges, including (without limitation) any interest and enforcement costs that are outstanding and payable by the Owner.
- The Proprietor must pay to the Owner or the manager any sale proceeds not required to be applied by the Proprietor either in remedying or as a consequence of the Owner's breach of this Agreement.
- 16.4 **INDEMNITY COSTS**
- If the Proprietor, Third Party Service Provider, or such party's nominee, undertakes any debt recovery action with any agency or legal proceedings against the Owner in relation to the Owner's breach of a material obligation, including (without limitation) any payment obligation, such party will be entitled to recover all fees and expenses, including agency commissions, legal fees and other costs incurred in relation to such action or proceedings on a full indemnity basis.
- 16.5 **OTHER RIGHTS**
- The rights conferred by clauses 16.1 to 16.4 inclusive will not prejudice any other rights which the Proprietor may have against the Owner relating to the Owner's breach of this Agreement.
17. **PPSA**
- 17.1 The provisions of this Agreement constitute a Security Agreement under the PPSA. These provisions are in addition to and not in substitution of any rights of the Proprietor at common law or under any statute.
- 17.2 The Owner:
- (a) grants to the Proprietor a Security Interest over the Horse as livestock (as that term is defined in the PPSA) and proceeds to secure the proper performance of the Owner's obligations under this Agreement;
- (b) consents to the Proprietor, as the Secured Party, registering the Security Interest on the PPSR;
- (c) acknowledges that the Security Interest is granted for value and to enable the Horse to be fed or developed and, as a result, is a priority interest in livestock pursuant to Section 86 of the PPSA;
- (d) undertakes:
- (i) to execute any document required to enable the Proprietor to register a Financing Statement or Financing Change Statement from time-to-time on the PPSR to perfect the Security Interest;
- (ii) to pay or reimburse all fees and expenses incurred by or on behalf of the Proprietor in relation to the enforcement or discharge of the Security Interest; and
- (iii) not to grant any Encumbrance attaching to the Horse to any other person without first obtaining the Proprietor's written consent;

- (e) declares that, to the extent permitted under the PPSA, sections 142 and 143 of the PPSA will not apply to this contract or the Security Interest; and
- (f) waives any right as permissible under the PPSA to receive a notice.
- 17.3 The Proprietor must discharge the Security Interest when all of the secured obligations of the Owner under this Agreement are satisfied.
- 17.4 If there is an existing Encumbrance attaching to the Horse at the time of the parties entering into this Agreement, the Owner assures the Proprietor that the grantee of such Encumbrance approves of the Owner entering into this Agreement and consents to the Security Interest granted to the Proprietor having priority over such Encumbrance, regardless of whether or not such Encumbrance is a perfected or unperfected Security Interest.
- 18. NOTICES**
- 18.1 Any notice, demand, or other instrument given under this Agreement will be deemed to have been properly given if it is in writing and delivered to or sent by prepaid mail to an address within Australia, or by prepaid airmail post to an address outside Australia, or by facsimile or email transmission, in the case of:
- the Proprietor, to the address or number provided by the Proprietor; and
 - the Owner or the manager, to the address or number provided by the Owner or the manager, or such other address or number that may be recorded with the Register of Racehorses or that the Proprietor reasonably considers to be the current address or number of the Owner or the manager.
- 18.2 Notice given in accordance with clause 18.1 will be deemed to have been duly served, in the case of:
- prepaid mail to an address within Australia, upon the expiration of 3 days after the day of posting;
 - prepaid airmail post to an address outside Australia, at the expiration of 10 days after the day of posting; and
 - facsimile or email transmission, on the day after the date of transmission.
- 19. FURTHER ASSURANCES**
- Each party must at one's own cost, execute any instrument and do any act or thing required to give effect to this Agreement.
- 20. GOVERNING LAW**
- The law governing this Agreement is the law of the Commonwealth of Australia and of the state or territory where the Property is located and the forum for all disputes will be either the Federal Court of Australia or the Courts of that place, to the authority of and which, including any appellate jurisdictions of such courts, the parties unconditionally submit and confine themselves for all proceedings arising from this Agreement.
- 21. SEVERANCE**
- If any part of this Agreement is invalid or unenforceable, this Agreement does not include it. The remainder of this Agreement continues in full force.
- 22. MISCELLANEOUS**
- The Proprietor may use the Horse's name, image and racing colours in any promotion, publicity or media, free of consideration.
- 23. DEFINITIONS AND INTERPRETATIONS**
- 23.1 The following words have these meanings in this Agreement unless the contrary intention appears:
- Associated Entity** has the meaning ascribed to it in the *Corporations Act 2001 (Cth)*.
- Charge** means the right to seize and sell, including a power of sale and the right to receive and apply Prize money and proceeds.
- Default Notice** means a notice detailing the breach by the defaulting party of an obligation under this Agreement.
- Disputes Notice** is a prescribed form under the TOR Rules.
- Effective Date** means the date upon which this Agreement is adopted or accepted by the parties, evidenced by:
- the Owner or the Owner's agent delivering the Horse to the Proprietor; and
 - the Proprietor accepting delivery of the Horse from the Owner or the Owner's agent;
- at the Property.

Encumbrance means:

- any Security Interest;
 - any right, interest or arrangement which has the effect of giving another person a preference, priority or advantage over creditors, including any right of set-off;
 - any third party right or interest in property, or any right arising as a consequence of the enforcement of a judgement;
- or any agreement to create any of them or allow them to exist.

End Date means the date upon which this Agreement is ended by the first to occur of the following:

- the Horse either ceases racing, or is transferred, sold or otherwise disposed of;
 - the Proprietor elects to end this Agreement and directs the Owner to remove the Horse from the Property; or
 - the Owner or the manager elects to end this Agreement and to remove the Horse from the Property;
- and it is removed.

Entire means a male horse that has not been gelded.

FBAA means *Federation of Bloodstock Agents Australia Ltd (ABN 27 003 596 718)*.

Fees Notice means any document, as amended from time to time, that provides a reasonable estimate of the fees and expenses the Owner will be likely to incur if the Owner gives the Horse to the Proprietor to train, and which complies with the requirements for a Fees Notice under TOR Rule 3.

Financing Statement has the meaning ascribed to it in the PPSA.

Financing Change Statement has the meaning ascribed to it in the PPSA.

GST means tax that is payable under the GST law (as prescribed by the GST Act).

GST Act means the "A New Tax System (Goods and Services Tax) Act 1999".

Horse means any thoroughbred horse delivered by the Owner and accepted by the Proprietor onto the Property.

Inherent Risk means a risk of something occurring that cannot be avoided by the exercise of reasonable care.

Lien means the right to retain.

MM means *Magic Millions Sales Pty Ltd (ABN 54 078 396 317)*.

Notice of Election of Hearing is a prescribed form under the TOR Rules.

Owner means either:

- the holder of the legal and beneficial title to the Horse; and if multiple parties, each person who holds an ownership interest in the Horse; or
- the lessee of the Horse.

PPSA means *Personal Property Securities Act 2009 (Cth)*.

PPSR means the *Personal Property Securities Register* under the PPSA.

Presumption of a Training Debt has the same meaning as in the TOR Rules.

Principal Racing Authority means the body responsible for the regulation of thoroughbred horse racing in the place in which the Horse is racing or may race.

Prize money means money earned from racing the Horse, including breeder's bonus and incentive scheme payments and other bonuses.

Product Disclosure Statement (PDS) means a disclosure document required by the *Corporations Act 2001 (Cth)* to be given to prospective investors when offering a financial product to retail clients.

Property means any property or place where the Proprietor provides the services.

Proprietor means *Kavanagh Group Pty Ltd T/as Mark Kavanagh Racing Stables (ABN 46 091 727 623)*; including its directors, officers, employees, servants and agents.

Racing Australia means *Racing Australia Limited (ABN 89 105 994 330)*.

Rules of Racing means the rules of racing, including the TOR Rules, applying in the place where the Horse is racing or may race. These rules are published by Racing Australia ("AR#") and supplemented by local rules ("LR#") determined by each Principal Racing Authority, as amended. A copy of the Rules of Racing, including the TOR Rules, is available at website [www.racingaustralia.horse].

Secured Party means a person who is granted a Security Interest under this Agreement.

Security Interest means:

- (a) in relation to any personal property (as defined in the PPSA), has the same meaning as under the PPSA; and
- (b) in relation to any other property, means any charge, mortgage, pledge, bill of sale, hypothecation, lien, arrangement concerning the deposit of documents evidencing title, trust, power or title retention arrangement, or any other covenant or arrangement of any nature made to secure the payment of money or the observance of an obligation.

Taxable Supply has the same meaning as in the GST law.

Tax Invoice has the same meaning as in the GST law.

Term means the period from the Effective Date until the End Date of this Agreement.

Third Party Service Provider means any external service provider contracted by the Proprietor (as the agent of the Owner) to provide services in relation to the Horse while in the care and under the control of the Proprietor.

TOR Rules means the rules set out in Schedule 1 of the Rules of Racing.

Training Disputes Tribunal has the same meaning as in the TOR Rules.

Training Disputes Trust Account has the same meaning as in the TOR Rules.

Training Fees Dispute Resolution Procedures means the procedures in the TOR Rules (TOR Rules 4 to 9 inclusive) for the resolution of a dispute between a trainer and an owner over the payment of training fees.

WI means *William Inglis & Son Ltd (ABN 75 000 011 307)*.

23.2 In this Agreement unless the contrary intention appears:

- (i) the singular includes the plural and the plural and vice versa;
- (ii) a reference to any one gender includes a reference to each other gender;
- (iii) a reference to a person includes a reference to a firm, corporation or other corporate body;
- (iv) a reference to writing includes a reference to printing, typing and other methods of producing words in a visible form;
- (v) where a word or expression is given a particular meaning, other parts of speech and grammatical forms of that word or expression have corresponding meanings;
- (vi) headings are for ease of reference and do not affect the construction of this Agreement;
- (vii) this Agreement binds in addition to the parties, their respective legal personal representatives and successors; and
- (viii) any Schedule or annexure will form part of this Agreement.

This document was compiled by Macquarie Legal Practice ("MLP") and is subject to Copyright©.
Telephone: 02 9235 2500; Email: law@maclegal.com.au; Website: www.maclegal.com.au

WARNING – IMPORTANT INFORMATION

The ownership, training and racing of thoroughbred horses involves risks, including Inherent Risks. Be aware that:

- The value of the Horse may be diminished or lost through:
 - o market forces;
 - o the failure of the Horse to compete in or win any races or Prize money;
 - o the death of the Horse; or
 - o the materialisation of an Inherent Risk, including (without limitation) accident, illness, injury, natural causes, infertility, subfertility, or the risk that the Horse will not have any residual value as a stallion or broodmare.
- The Proprietor's Property, racecourses and other places where the Horse may be located from time to time can be dangerous places, including because horses do not always behave as expected. Entering into those places involves the risk of injury, accident and loss or damage to person or property for all persons who enter.

PAYMENT OBLIGATIONS

The Owner, including the members of any co-ownership arrangement, should be aware:

- (a) that either the Horse, or a co-owner's interest in the Horse, may be sold lawfully by the Proprietor if the Owner, or the co-owner, does not pay one's proportion of fees and expenses when due; and
- (b) that the failure of the Owner, or any co-owner, to comply with one's payment obligations to the Proprietor or Third Party Service Provider may result in the Proprietor stopping or suspending training of the Horse (including entering it for any race or trial), even though the other co-owners are complying with their payment obligations.



This Agreement is endorsed by the Australian Trainers Association

FEES NOTICE

Fees and charges are invoiced monthly in arrears. It is not possible for the Trainer to indicate to the Owner in advance the exact total monthly/yearly cost for training a horse. This is because while some fees are charged at a fixed daily rate (e.g. training fee), others are per treatment (e.g. chiropractor, dentist, farrier etc.) and transportation per trip.

As at 1st August 2017

Daily rates	EX GST	GST	INC GST
Training Fee (Flemington)	\$115.00	\$11.50	\$126.50
Stabled (Flemington)	\$65.00	\$6.50	\$71.50
Track fees (Flemington)	\$3.32	\$0.33	\$3.65
Gastrozol paste (Ulcer Prevention/Treatment)	\$7.73	\$0.77	\$8.50
Agistment/Spelling (Marbellesa Park)	\$27.00	\$2.70	\$29.70
Pre-Training (Marbellesa Park)	\$69.27	\$6.93	\$76.20
Race day staff fee (strapper fee)			
Monday to Saturday day meeting	\$115.00	\$11.50	\$126.50
Sunday, Public Holiday & Night meetings	\$160.00	\$16.00	\$176.00

Third party and periodic charges

The following are service providers commonly engaged by the Trainer. This pricing chart is offered as a guide for basic services frequently/historically sourced by the Trainer and is on a per treatment/trip/service basis and may vary depending upon the service provider and the nature of the treatment/length of trip.

Provider	Type	Range of Cost inc GST
Farrier (main provider AT Cummings P/L)	Work Shoes	\$148.50 to \$181.50
	Race & Wear Plates; Supersound Race & Wear plates	\$203.50 to \$225.50
	Shoes off/Dress feet/Trim/Race day inspection	\$77.00 to \$93.50
Dentist (main provider Mark Burnell)	General examination (full)	\$75.50
Chiropractor (main provider Elliott Veterinary)	General examination & manipulation	\$115.50
Transportation (main provider Mark Kavanagh Racing Stables)	Race days (Vic metro, country) & paddock	\$115.50 to \$528.00
Treatments (main provider Mark Kavanagh Racing Stables)	Stable administered first aid & supplements	variable
Veterinary (main provider Centennial Park Vet Practice)	See notes	variable
Other Charges		
Education/Breaking-in fees (main provider Ray Matthews)	Set fee for breaking-in	\$3,080.00

Notes:

Horses vary in the rates at which they mature and progress, including while on agistment (spelling) and through each preparation, which can influence the total fees for a particular horse. 2 year olds, or horses in their first year of training for instance, may have lower costs than 3+ year olds given: (i) the level of development required to race (more time may be spent in the spelling paddock); and (ii) the overall life cycle of the horse

Travel expenses are not included in this notice. Should a horse race interstate or overseas additional expenses associated with travelling interstate/overseas will apply.

Veterinary - the attending veterinarian Centennial Park Veterinary Practice invoice owners directly for any treatments administered to the horse the value of which is dependent on the treatment and is on a case by case basis.

For other than emergency treatment, prior approval will be sought from the Owner where an individual treatment will likely exceed \$2,000 (inc. GST) in cost.

Charges incurred for stable administered treatments i.e., any therapeutics, applications, tests, sampling, ointments and/or medicines applied to the horse for specific treatments will be identified on the Training Invoice issued to the Owner for reimbursement.

The stable supplies and administers Gastrozol paste - an ulcer prevention/treatment – on a daily basis. This product was previously billed to owners direct by the veterinary clinic on a per horse per box basis but is now billed by the stable to reduce wastage.

FEES NOTICE

Race entry fees are not included in this Fees Notice. All race nominations, acceptance and scratching fees are set by the Principal Racing Authority or Race Club and are passed on to the Owner at cost. Nominations for ordinary races in Victoria are free, black type or stakes races have a nomination and acceptance fee the value of which depends on the race. They are published in Racing Victoria's monthly publication 'Inside Racing'. Scratching fees in ordinary races in Victoria range from \$110-\$240 depending on the time and the method the scratching is notified.

Mandatory prize money allocation under the Rules of Racing (including AR90 and Local rules of PRAs) - current as at 11/07/2017

Relevant Party	NSW/ACT % Split*	VIC % Split*	QLD % Split	SA % Split	WA % Split	TAS % Split	NT % Split
Trainer	9.9%	9.8% (flat and jumps races)	10%	10% (flat and jumps races)	10%	10%	10%
Jockey	4.95%	4.9% (flat races) 9.8% (jumps races)	5%	5% (flat races) 10% (jumps races)	5%	5%	5%
Owner	81.65%	83.3% (flat races) 78.4% (jumps races)	85%	85% (flat races) 80% (jumps races)	85%	85%	85%

*Prizemoney also paid to: Stablehand Scheme (1.5%), Jockey Insurance and Welfare Scheme (1%) & Equine Welfare Fund (1%).

+ Prizemoney also paid to: Jockey Welfare Fund (1%) & Equine Welfare Fund (1%).

Additional remuneration and gratuities

1. The Trainer reserves the right to charge a stable bonus/commission not exceeding 5% of the nett first place prize money of any Group races won by the horse.
2. If the horse is transferred to another Trainer the Trainer's right to a percentage of stakes (10%) continues for the period of two weeks after the horse is transferred.
3. If the horse is an entire and is sold or retired to stud, the Trainer may be entitled to an additional fee and or gratuities being
 - a. an amount equal to 5% (plus GST) of the sale price (excluding GST) of the horse.
 - b. one (1) transferable lifetime service right which will entitle the holder to nominate a mare to be provided with a stud service by the horse during each stud season that the horse is used to provide stud services commercially, free of any service fee.
4. If the horse is other than an entire to which clause 3 applies, and the horse is sold while being trained by the Trainer or within 3 months after ceasing to be trained by the Trainer, an additional fee being an amount equal to 5% (plus GST) of the sale price (excluding GST) if sold privately, or 1% (plus GST) of the sale price (excluding GST), if sold at public auction may be paid to the Trainer.

Notes:

The entitlements of the Trainer to the additional remuneration and gratuities set out in clause 3. will be conditional upon the horse winning a Group 1 or Group 2 race while being trained by the Trainer, or within 3 months after ceasing to be trained by the Trainer; but will not be conditional upon the Trainer being the trainer of the horse at the time of it being sold or retired to stud.

The entitlements of the Trainer to additional remuneration as set on in clause 3. and 4. Will also apply to the sale of an interest or share in the horse.

Interest

The Trainer reserves the right to charge interest on any overdue Training Fees and/or Training Disbursements as permitted under the TOR Rules. If charged, it will be charged at a monthly interest rate of 2% .

CENTENNIAL PARK VETERINARY PRACTICE

A.B.N. 91 072 794 944

VETERINARY EXAMINATION FOR SYNDICATION

At the request of Kavanagh Racing, a pre-sale veterinary examination of the bay yearling colt 2016 **Pierro ex She's Not (Lot 51)** was performed at the Inglis Riverside Sales Complex, Warwick Farm, NSW on the 10th February 2018. This colt was followed up on 20th April 2018 where he has made good progress.

Clinical Examination:

The colt was presented for sale in excellent condition; he is an athletic individual, with scope for development and was well conformed. The colt was examined in hand, and was found to be free moving. All clinical parameters were found to be within normal limits, including auscultation of the heart.

Radiographic Examination:

There was a full set of pre-sale radiographs available for inspection in the repository at the Inglis Riverside Sales Complex. Upon examination there were no radiographic findings of any clinical significance noted, and this horse would be considered a low risk on radiographic findings.

Endoscopic Examination:

The colt underwent a post-sale video-endoscopic examination of the upper respiratory tract. The larynx and pharynx were found to be normal in appearance and function, and fulfilled the criteria as per the conditions of sale.

Conclusion:

In my opinion, at the time of this examination, the bay thoroughbred yearling colt **2016 Pierro ex She's Not** in so far as can be determined within the scope of the examination conducted, is suitable for purchase and syndication. This horse is suitable for all risk mortality insurance cover.

Yours faithfully,

Dr TMB Roberts BVSc. MRCVS

21st April 2018

CENTENNIAL PARK VETERINARY PRACTICE



A.B.N. 91 072 794 944

NB: This examination is valid for seven (7) days and is only for the use of the person requesting the examination. The issuer of this certificate has no financial interest in the above horse and no contract with any third party.



Inglis

Inglis Insurance Brokers

ABN 75 000 011 307 ACN 000 011 307 AFS 239131
 NSW PO Box 388 | Moorebank 1875 | Tel +612 9399 7999
 VIC PO Box 1165 | Tullamarine 3043 | Tel +613 9333 1422
 WA PO Box 157 | Belmont 6984 | Tel +618 9277 7744

CERTIFICATE OF INSURANCE

From: Sinead Flannery 0416 243 696 sinead@inglis.com.au

We hereby confirm that we have arranged the insurance cover mentioned below:

Mark Kavanagh Racing Stables
 PO Box 958
 MOONEE PONDS VIC 3039

Date: 2/03/2018

Our Reference: SFKAV

NEW POLICY

Page 1 of 2

Class of Policy: FALL OF HAMMER

Insurer: Certain Underwriters At Lloyd's B0799UD173210k
 Corn Exchange 55 Mark Lane LONDON EC3R 7NE
 ABN:

The Insured: Mark Kavanagh Racing Stables

Policy No: SHE'S NOT

Invoice No: 18705

Period of Cover:

From 10/02/2018
 to 10/02/2019 at 4:00 pm

Details:

See attached schedule for a description of the risk insured

IMPORTANT INFORMATION

The Proposal/Declaration:

- ☐ is to be received and accepted by the Insurer
☒ has been received and accepted by the Insurer

The total premium as at the above date is:

- ☒ to be paid by the Insured
☐ part paid by the Insured
☐ paid in full by the Insured
☐ paid by monthly direct debit

Premium Funding

- ☐ This policy is premium funded

We hold binding authority from the insurer. This means that we as the insurer's agent can arrange insurance without reference to them. This certificate attaches to your policy wording and should be read carefully to ensure its accuracy.

Signature:

On behalf of: Inglis Insurance Brokers

Schedule of Insurance

Page 2 of 2

Class of Policy: FALL OF HAMMER
The Insured: Mark Kavanagh Racing Stables

Policy No: SHE'S NOT
Invoice No: 18705
Our Ref: SFKAV

BLOODSTOCK SCHEDULE:

LOCATION: AUSTRALIA AND/OR NEW ZEALAND INCLUDING TRANSIT WITHIN AND BETWEEN BOTH COUNTRIES

NAME	SIRE/DAM	COL	SEX	DOB	SUM INSURED
1. LOT 51 CLY	Pierro/She's Not	B	C	2016	\$121000

USE: Flatracing

COVER: Death as a result of an accident, illness and/or disease occurring during the period of insurance. Subject to policy conditions and exclusions.

CLAUSES ATTACHING

Theft
Part Ownership
Wobbler Syndrome
Surgical Operations
Full Premium If Loss
Terrorism Exclusion
Avian Flu Exclusion
Hendra Virus Exclusion
12 Months Extension (annual period only) - on renewal to existing Underwriter
Disclaimer
Complaint Procedure
Agreed Value Clause
Automatic Additions Clause
Life Saving Surgery Extension (up to \$7,500 less \$750 excess)

SPECIAL CONDITION:

- we draw your attention to condition 1. of the policy that at the commencement of this Insurance the horse is sound and in good health and free from any illness, disease, lameness, injury or physical disability whatsoever. The underwriters' acceptance of a Veterinary Certificate or Declaration of Health shall neither remove nor reduce this requirement. However once the Veterinary Certificate or Declaration Of Health has been accepted, the burden of proving that the horse was not in sound health or free from injury, illness or disease shall be upon the Underwriters.

IMPORTANT NOTE REGARDING UNISURED RISKS:

- this insurance does not provide cover for claims arising directly or indirectly as a result of an accident, illness or injury of which you were aware, occurring before the commencement date of this insurance, whether disclosed to us or not.

PROPER CARE, AND YOUR DUTY IN EVENT OF INJURY/ILLNESS OR DEATH:

You are required to, at all times, provide proper care and attention for each HORSE and;

- in the event of any illness, disease, lameness, injury, accident or physical disability whatsoever of or to the Horse, immediately at your own expense employ a VETERINARIAN and, if required by the Underwriters, allow removal of the HORSE for treatment.
- in the event of the death or humane destruction of the HORSE immediately at your own expense arrange for a POST MORTEM to be done by a VETERINARIAN and submit a copy of the report to underwriters as soon as possible after the death or HUMANE DESTRUCTION of the HORSE
- in the event of Illness/Injury/Death immediate notice is to be given to Inglis Insurance Brokers and we will instruct a VETERINARIAN on the Underwriters' behalf if deemed necessary - at no additional cost to you.

OUR PRIVACY POLICY

We are committed to protecting your privacy. We use the information you provide to advise about and assist with your insurance needs. We only provide your information to the insurers with whom we deal (and their representatives). We do not trade, rent or sell your information. If you don't provide us with full information, we cannot properly advise you and you could breach your duty of disclosure. You can check information we hold about you at any time. For more information about our Privacy Policy, ask us for a copy or visit our website.

HOW WE ARE PAID

The amount of the base premium specified herein is the amount due to the underwriters.
We are paid a commission by underwriters calculated as a percentage of the base premium and we receive it when you pay the premium or at a later time agreed with the insurer. If we act on your behalf and you cancel insurance and obtain a refund of premium, you agree that we can keep the commission. If we did not do this, we would not be properly paid for the services we provide you.

PDS - attachment "H"

APPLICATION PRICE CALCULATION SHEET

2016 Colt by PIERRO (AUS) from SHE'S NOT

The actual costs of establishing the Syndicate are set out in Items A, B, C and D of the following table:

	Total for Syndicate	Per Share (20)
A. Initial Cost Price of Horse paid by Offeror – fall of the hammer	110,000.00	5,500.00
B. Offeror's margin (if any)	00.00	00.00
C. Other acquisition costs	12,260.00	613.00
D. Syndicate establishment costs payable to Promoter	3,000.00	150.00
E. Other Syndication Costs	6,110.00	305.50
F. Actual and budgeted Horse husbandry costs to 31 st July, 2018	11,771.00	588.55
Sub-total	143,141.00	7,157.05
G. GST	14,314.10	715.70
H. Insurance (including GST)	6,394.08	319.70
I. RVL Registration Fees (GST exempt)	187.00	9.35
J. ASIC lodgement fee on PDS in-use notice	39.00	1.95
Total	164,075.18	8,203.75
Share Application Price – 1/20th [or 5%] Share	Rounded	\$8,204.00

A further breakdown of Items B, C, D and E is set out in the following table:

C. Other acquisition costs			
• Finance interest expense	7,260.00		
• Sales expenses, including cost of attending sale, physical inspections, x-rays and endoscopic evaluation apportioned across all yearlings purchased	5,000.00	12,260.00	613.00
D. Syndicate establishment costs payable to Promoter			
• Promoter's fee for compiling and providing PDS, including Owners Deed of Agreement; applying to and obtaining Lead Regulator approval of PDS; processing of Share Applications; applying Application Moneys to payment to Auction Sale Company of Sale Price of Horse; issuing and allotting Shares; attending to registration of Owners as the Owners of the Horse; providing Owners details and their shareholding to the Manager	2,000.00		
• Promoter's fee for establishing and administering Application Moneys Trust Account	500.00		
• Miscellaneous disbursements, including bank fees	500.00	3,000.00	150.00
E. Other Syndicate establishment costs			
• Horse registration fee payable to Registrar of Racehorses	110.00		
• Inglis Sales Race Series Entry Fee (one-off)	3,500.00		
• Advertising and promotion of shares for sale, including print, web, social media, etc, photography and video	2,500.00	6,110.00	305.50
F. Actual and budgeted Horse husbandry costs to 31st July, 2018			
From 10/02/2018 to 31/7/2018			
▪ Transport 10/02/2018 from sale complex (NSW) To Marbellesa Park (Vic)	665.00		
▪ Agistment at Marbellesa Park to 14/05/2018 (93 days)	2,511.00		
▪ Transport 14/05/2018 from Marbellesa Park to Educators for breaking-in	185.00		
▪ Breaking-in, stabling and agistment for 31 days	3,080.00		
▪ Transportation 15/06/2018 from Educators to Flemington Stables	200.00		
▪ Training at Flemington Stables to 15/07/2018	3,780.00		
▪ Transport 16/07/2018 from Flemington to Marbellesa Park	145.00		
▪ Agistment at Marbellesa Park to 31/07/2018 (15 days)	405.00		
▪ Miscellaneous additional costs, including farrier feet trim and shoes, dentist and parasite drench	800.00	11,771.00	588.55