



Product Disclosure Statement (“PDS”)

For the sale of shares in the Unnamed thoroughbred **Chestnut Colt, foaled 11th August 2014,**
by **SEBRING** from **ROCK SUCCESS**.

Dynamic Syndications – (Dean Watt Thoroughbreds Pty Ltd t/as)
Promoter and Syndicate Manager – AFSL 336808

Office address: Suite 1, 15-17 Forrest Road, HURSTVILLE, NSW, 2220.

Postal address: PO Box 2324, TAREN POINT, NSW, 2229

Telephone: 02 9587 1511; Facsimile: 02 9587 1522.

Email: info@dynamicssyndications.com.au; website: www.dynamicssyndications.com.au

Important notice to prospective investors

The information set out in this PDS is not and must not be regarded as advice, or a recommendation or opinion in relation to the Syndicate, or that an investment in the Syndicate is suitable. This PDS does not take into account your investment objectives, financial situation and particular needs. You should, before investing, consider the appropriateness of doing so, having regard to your own objectives, financial situation or needs.

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PRODUCT DISCLOSURE STATEMENT

1. Preparation and purpose

This Product Disclosure Statement ("PDS") is dated **8th JANUARY 2016**. This PDS has been prepared by the Promoter for the offer of Shares in the thoroughbred horse to which it relates ("the Horse").

Name of Horse: Unnamed		
Colour: CHESTNUT	Sex: COLT	Year foaled: 2014
Sire: SEBRING	Dam: ROCK SUCCESS	

A copy of the pedigree of the Horse is included in this PDS as an attachment.

This PDS has been approved by Racing NSW ("Lead Regulator") and a Form FS88 (PDS in-use notice) has been lodged with the Australian Securities & Investments Commission ("ASIC"). No responsibility as to the contents of this PDS is taken by the Lead Regulator, ASIC, their officers, employees or agents.

This PDS will expire 6 months from the date specified above, or such earlier date as may be determined by the Promoter ("Offer closing date").

This PDS is available in both printed form and online in PDF format.

2. Jurisdiction

The Offer constituted by 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.

3. Disclosure

This PDS has been prepared by the Promoter for presentation to prospective investors in compliance with the disclosure requirements for the public offering of Shares in thoroughbred horses being syndicated for racing purposes set out in Class Order 02/139 issued by ASIC on 15th February, 2002 ("the Class Order").

The effect of the Class Order is to relieve the Promoter from the disclosure requirements for the public offering of shares in a managed investment scheme set out in Chapter 7 (Part 7.9) of the Corporations Act ("the Act"). This investment is available to investors who are retail clients.

4. 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 fifth (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 fourteenth (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.

5. Statement to prospective investors as to the commercial merits of the offer and recommendation regarding the seeking of advice

The commercial merits of investing in Shares offered in this PDS should be regarded as being of a speculative nature. The investment is not recommended for investors who are unable to risk the initial outlays and ongoing commitments.

Prospective investors should consider the primary benefits to be derived from acquiring a Share in the ownership of the Horse as being the acquisition of an entitlement to participate in racing the Horse and to a proportion of Prize money, if any.

The only information authorised by the Promoter to be provided to prospective investors is that contained in this PDS. No person is authorised to give any information or make any representations in connection with the Offer, other than the information and representations contained in this PDS.

Prior to entering into this investment, prospective investors should read this PDS in its entirety and are advised to consult their independent licensed investment adviser, legal, taxation and other professional consultants (including bloodstock consultants) in assessing the potential merits of the investment.

6. Disclaimer

This PDS has been prepared to the best of the knowledge of the Promoter. In preparing this PDS, the Promoter has used information and opinions sourced from third parties. Those third parties do not accept any responsibility for any investment decisions or actions of investors as a result of the information and opinions provided.

In addition, neither the Promoter, nor any other party named in this PDS, nor any officer, employee, or representative of any of them:

- (a) gives any guarantee as to the future performance of the Horse, the repayment of capital, a return on investment, or the general performance of the Syndicate; or
- (b) is liable to compensate or reimburse any investor for any liabilities, costs or expenses incurred in connection with evaluating or making an investment decision regarding the Horse and the Syndicate.

7. Privacy

We collect personal information about our investors primarily to process your application, to administer your investment and to provide you with reports.

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 may disclose your personal information:

- o if you consent to the disclosure; or
- o if we are required to do so by law, or by any Principal Racing Authority.

A copy of our Privacy Policy is available upon request.

8. Promoter

The Promoter is **DYNAMIC SYNDICATIONS** (DEAN WATT THOROUGHBREDS PTY LTD T/AS) ABN 64 134 481 539 of Suite 1, 15 - 17 Forest Road, HURSTVILLE, NSW, 2220.

The Sole Director of the Promoter is **DEAN WARREN WATT**. Dean has been actively involved in the syndication and management of thoroughbred racehorses since 1984.

The Promoter is the holder of Australian Financial Services Licence – **AFSL 336808**.

9. Application Price

The Promoter is offering Shares to prospective investors at the Application Price per Share of **Ten Thousand, One Hundred and Twenty Five Dollars \$10,125.00**.

The Application Price must be paid to the Application Moneys Trust Account of the Promoter specified on the Share Application Form, and not to any other bank account, person or entity.

Full details of how the Application Price has been calculated, including the fees and charges that are included in it, are set out in the Share Application Price Calculation Sheet, which is included in this PDS as an attachment.

10. Title, issuing and allotting of the Shares

The Promoter purchased the Horse at public auction. The details of that transaction are as follows:

Name of Auction Sales Company: Magic Millions Sales Pty Ltd – Gold Coast Yearling Sale		
Date of Sale: 6-10 January, 2016	Sale location: Bundall - Gold Coast	Lot number: 546
Name of Seller: Yarraman Park Stud (As Agent)		Sale Price: \$110,000 + GST

Upon the Syndicate being fully subscribed, the Promoter 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 and the purchase of the Share.

Upon the Promoter applying the Application Moneys, the legal and beneficial title to the Horse will pass to the Owners, in twenty (20) equal undivided Shares, free of any Encumbrance, subject to the provisions of the Owners Deed of Agreement ("the Deed"). A copy of the Deed is included in this PDS as an attachment. Any reference in this PDS to a clause is to a clause of that document.

Each Share will represent a one-twentieth (1/20th), or five per cent (5%), ownership interest in the legal and beneficial title to the Horse.

The ownership of the Horse is being syndicated by the Offeror into Twenty (20) Co-Ownership Shares.

Within seven (7) days of the payment of the Sale Price, the Promoter will:

- (a) issue Shares numbered one (1) to twenty (20) inclusive;
- (b) allot the Shares to the Owners; and
- (c) record the names of the Owners on the register of Owners.

Within forty-five (45) days of the Syndicate being fully subscribed, the Promoter will ensure that the Horse is registered with the Registrar of Racehorse s in the names of the Owners, in accordance with the provisions of clauses 2.5, 2.7 and 4.5(h).

Each Owner of a Share will be a member of the Syndicate. The term “Syndicate” is defined in the Deed [clause 1.1]:

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

The Syndicate will operate for the period from the Commencement Date until the Termination Date (“the Term”) of the Deed.

Prospective investors should be aware that the Promoter may retain Shares in the Horse and may retain any number of Shares. If the Promoter does retain any Shares, this will be disclosed to investors.

11. Syndicate Manager

DYNAMIC SYNDICATIONS (DEAN WATT THOROUGHBREDS PTY LTD T/AS) ABN 64 134 481 will act as the Syndicate Manager [clause 4].

The Syndicate Manager will manage the Syndicate in accordance with the provisions of the Deed, 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.

12. Racing Manager

DEAN WARREN WATT will act as the Racing Manager [clause 5].

13. Trainer

GAI WATERHOUSE, licensed trainer, **Randwick Racecourse**, will train the Horse [clause 6.1(b)].

14. Veterinary Report

Dr JOHN B WALKER, BVSc., of JOHN WALKER & ASSOCIATES, Performance Equine Veterinarians (“Dr Walker”) has provided a Veterinary Report as to the suitability of the Horse for purchase as a prospective racehorse and for insurance. Dr Walker is a veterinarian who specializes in the treatment of thoroughbred horses.

A copy of the Veterinary Report is included in this PDS as an attachment.

Dr WALKER has given, and have not, before the date of this PDS, withdrawn their consent to the issue of this PDS with the veterinary report being included in the form and context in which it is included.

15. Value

The Promoter relies on the Sale Price paid for the Horse and disclosed in Section 10 of this PDS as being its market value.

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

16. Insurance

The Promoter has arranged Insurance Cover through **LOGAN LIVESTOCK INSURANCE AGENCY PTY LTD** (ABN 81 001 826 204) ("Logan Livestock"). The benefit of this insurance cover will pass to the Owners of the Shares, upon the issuing and allotting of the Shares.

A copy of the Particulars of Insurance is included in this PDS as an attachment.

Logan Livestock has consented to the issue of this PDS with the Particulars of Insurance being included in the form and context in which it appears.

Prospective investors should be aware that this insurance will expire on **31st October 2016**, from which date each Owner will be responsible for procuring one's own insurance cover, unless otherwise agreed in writing with the Syndicate Manager [clause 14.1].

17. Taxation

Prospective investors should obtain their own advice as to the treatment for taxation purposes of an investment in a Share.

18. Interests of the Promoter, the Syndicate Manager, the Racing Manager, their directors and experts

- 18.1 The Promoter, the Syndicate Manager and the Racing Manager neither have, nor have had in the period of two years before the date of this PDS, any interest in relation to the Horse, or the promotion of the Syndicate, other than the interests detailed in this PDS.
- 18.2 No director or proposed director of the Promoter, the Syndicate Manager or the Racing Manager has, or has had in the period of two years before the date of this PDS, any interest in relation to the Horse, or the promotion of the Syndicate, other than emoluments he or she may be entitled to receive from the Promoter, the Syndicate Manager or the Racing Manager and which are detailed in this PDS.
- 18.3 **Dr Walker** has, nor has had in the period of two years before the date of this PDS, any interest in relation to the Horse, or the promotion of the Syndicate, except that Dr Walker will receive a fee for undertaking an examination of the Horse and providing the Veterinary Report. Dr Walker provides veterinary services to various industry participants, which may include the person from whom the Promoter has purchased the Horse.
- 18.4 Logan Livestock neither has, nor has had in the period of two years before the date of this PDS, any interest in relation to the Horse, or the promotion of the Syndicate, except that Logan Livestock will receive a premium for procuring the Insurance Cover.

- 18.5 The fee payable, or agreed to be paid, to the Promoter, for services rendered by the Promoter in relation to the promotion of the Syndicate, in the period of two years before the date of this PDS, is the fee specified in the Share Application Price Calculation Sheet.
- 18.6 There is nothing in the Owners Deed of Agreement to prevent the Promoter, the Syndicate Manager, the Racing Manager, or any entity related to any of them, or their officers or employees, from purchasing, holding, dealing in, or disposing of, a Share, provided that such person must act, in connection with any such transaction, in a fiduciary relationship of utmost good faith to the Owners.

19. Summary of rights and liabilities attaching to Shares and other relevant information

The full rights and liabilities attaching to the Shares are set out in the Deed. Prospective investors should read that document in its entirety and ensure that they fully understand all of its provisions. Some essential points are as follows:

(1) Ownership of Horse and beneficial interest in Syndicate Property

The Owners:

- (a) will own 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 [save for any Security Interest granted or permitted by the provisions of the Deed] [clause 2.2(a)(i)];
- (b) will contribute the right to use their respective ownership interests in the Horse to the Syndicate to facilitate the Horse as a whole being utilised in the Common Enterprise [clause 2.2(a)(ii); and
- (c) will participate in the Common Enterprise [clause 2.2(a)(iii)].

The Syndicate 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 [save for any Security Interest granted or permitted by the provisions of the Deed] [clause 2.2(b)].

(2) Owners entitlements to benefits

Each Owner of a Share will be entitled to participate in the Common Enterprise and to receive distributions of Syndicate Property (including net Prize money, Owners Bonus or Incentive Scheme payments, and the value of any Trophy of significant monetary value), in the same proportion as the number of Shares held bears to the total number of Shares. Net Prize money means gross Prize money less the mandatory deductions by the Principal Racing Authority of 10% payable to the Trainer and 5% payable to the jockey. Distributions of net Prize money will be made either directly by the Principal Racing Authority, or by the Syndicate Manager [clauses 2.3, 2.4 and 3.2].

(3) Owners liability to contribute to expenses

Each Owner of a Share will be liable to contribute to the expenses of the Syndicate, and the Common Enterprise, in the same proportion as the number of Shares held bears to the total number of Shares [clauses 3, 4.8 and 14].

	Total annually for Syndicate	Total annually per Owner 20 Shares	Total monthly per Owner 20 Shares
Payable to Syndicate Manager			
Management Fee		\$832.00	\$69.00
Payable to Trainer and other Third Party Service Providers			
Expenses including (without limitation) for agistment, pre-training and training fees, race entry fees (nomination and acceptance), transportation costs, dentistry, farriery and veterinary fees, riding fees	\$42,000.00	\$2,100.00	\$175.00*
Total		\$2,932.00	\$244.00*

*This amount will vary significantly from month to month, depending upon whether the Horse is in training, or out of training on agistment.

The Promoter estimates that the total annual cost of operating the Syndicate, and the Common Enterprise, will be as set out in the above table. This estimate of expenses does not include any allowance for extraordinary veterinary expenses, major race entry and acceptance fees, or amounts that the Owners may be required to pay to the Trainer or the jockey under clause 3.2.

(4) **Remuneration of Syndicate Manager**

Compulsory Notice – required by Lead Regulator Information for prospective owners Promoters may include management fees in the Product Disclosure Statement
Management of a horse by a promoter may be considered important to some investors as certain Promoters may have extensive experience in the industry. Investors should consider the monthly management service and fee as detailed in the Product Disclosure Statement (or other contract or agreement) for the services provided and ask any questions of the promoter before deciding whether to proceed. Investors should note that under usual circumstances the agreements reached to provide a management service is only for the racing career of the horse and does not extend beyond this e.g. breeding career except by separate arrangement.

The Syndicate Manager will be entitled to charge a fee for providing the services of Syndicate Manager, and will also be entitled to receive or have bestowed additional remuneration or other entitlements (subject to the proper performance of the Syndicate Manager's obligations), as follows:

Management Fee [clause 4.8(1)] – per Share unless otherwise specified:	
(a)	<u>Fee payable by each Owner directly to the Syndicate Manager</u> : \$832.00 (plus GST) per annum, via monthly instalments in advance of \$69.00 (plus GST). If an Owner holds 4 or more Shares, this fee will be capped at a multiple of 2 [\$138.00 plus GST per month]. If a Share is held by 2 or more distinct joint holders as tenants-in-common, each joint holder must pay this fee.
(b)	<u>Fee payable by the Trainer directly to the Syndicate Manager – for services provided to the Trainer by the Syndicate Manager in relation to the Horse</u> : 7.5% of the base advertised daily training fee charged by the Trainer to each Owner proportionately for training the Horse. This fee is currently estimated at approximately \$10.12 (plus GST) per day, based on a daily training rate \$135.00.
Additional remuneration	
Percentage of Prize money and bonuses [clause 4.8(2)(a)]: Two per cent (2%) of all Prize money and bonuses, increasing to Five per cent (5%) when the total value of gross Prize money and bonuses won by the Horse exceeds the total value of the Shares in the Horse under this initial PDS	
Percentage of Sale Price [clause 4.8(2)(b)]: Five per cent (5%) of the gross Sale Price (excluding GST), at the Syndicate Manager's discretion	
Lifetime Service Right(s) [clause 4.8(2)(c)]: 2 Lifetime Service Rights [only if Horse is an entire (male horse that has not been gelded)]	

(5) **Remuneration of Racing Manager**

The Syndicate Manager will be solely responsible for any remuneration payable to the Racing Manager. The Racing Manager will not charge the Owners directly any fee for providing the services of Racing Manager [clause 5.3].

(6) **Trainer's responsibilities**

By the provisions of clause 6.2, the Owners acknowledge:

- (a) that it will be necessary for the Syndicate Manager, and the Racing Manager, from time-to-time in the normal course, to place the Horse in the care of the Trainer and other Third Party Service Providers to facilitate the Horse being properly cared for whilst on agistment, in pre-training, training and racing, including transportation, and that it will also be necessary for those Third Party Service Providers to prescribe and administer various treatments, including (without limitation) chiropractic, dentistry, farriery and veterinary;
- (b) that when the Horse is in the care of the Trainer, the Trainer will have day-to-day responsibility for the proper care of the Horse on behalf of the Syndicate Manager; and
- (c) that it will be the responsibility of the Trainer, as the agent of the Syndicate Manager, to nominate and accept the Horse for races and neither the Syndicate Manager, nor the Racing Manager, will be liable to the Owners for any act or omission on the part of the Trainer resulting in the Horse not being nominated, entered, or accepted, for any specific race, or series of races, that may be preferred by the Owners.

(7) **Racing Colours**

The Horse will race in the Racing Colours specified in Schedule 1 [clause 2.6].

(8) Insurance

Each Owner will be responsible for arranging one's own insurance cover. If the Syndicate Manager does procure insurance for any of the Owners, it will be as their representative (duly authorised in writing [clause 14.1(a)]).

(9) Complaints handling

A procedure for handling internal complaints is set out in clause 18, including the entitlement of an Owner in particular circumstances to have one's complaint referred to an External Dispute Body of which the Syndicate Manager is a member.

The Syndicate Manager is a member of the FINANCIAL OMBUDSMAN SERVICE LIMITED ABN 67 131 124 448 ("FOS") - Membership number 11316.

(10) Default

The entitlements of the Owners are subject to the default provisions under Clause 18, which afford the Syndicate Manager the right to both suspend a Defaulting Party's entitlements whilst in default, and a power of sale in the event that the default is not remedied within a specified period.

(11) Restrictions on the sale or transfer of Shares

If an Owner wishes to sell, transfer, or otherwise dispose of a Share at any time during the Term, such Owner must comply with the procedure set out in clause 12.

(12) Termination Date

The Termination Date of the Syndicate will be determined pursuant to clause 20.

(13) Owners limited right of indemnity

The Owners rights of indemnity are limited by the provisions of clauses 21 and 22.

(14) No representation or warranty

By the provisions of clause 27, the Owners acknowledge that, save for the statements and certificates set out in this PDS, no representation is made or warranty given by the Syndicate Manager in respect of:

- (i) the physical soundness or suitability of the Horse for racing or any other purpose;
- (ii) the adequacy or reliability of any insurance cover that may be procured by the Syndicate Manager on their behalf; or
- (iii) the future value or saleability of the Shares, or the Horse, either at any time during the Term or upon termination of the Syndicate.

(15) PPSA

By the provisions of clause 25, each Owner grants the Security Interest to the other Owners and the Syndicate Manager, and consents to the registration of the Security Interest on the PPSR.

20. Risk

Prospective investors should be aware that there are inherent risks associated with the ownership and racing of thoroughbred horses, including (without limitation):

- (a) the speculative nature of the investment, which will require the Owners to incur obligations, liabilities and expense without the assurance of any financial return:
 - (i) not all horses offered for syndication progress to competing in races;
 - (ii) not all horses that do race, win or are placed, or are assured of winning any Prize money;
 - (iii) the rate at which young horses mature varies markedly, and it is not possible to predict with any degree of certainty at what age a horse will be mature enough to race;
 - (iv) injuries can be sustained which may delay or inhibit a horse's ability to race, or even prevent a horse from having a racing career at all; and
 - (v) a horse may die or its value be diminished as a consequence of accident, illness, infertility, injury, or natural cause;
- (b) if the Horse is an Entire:
 - (i) it may require gelding (the majority of colts are gelded) as a consequence of physical or behavioural considerations in an effort to enhance racing performance; or
 - (ii) if the Horse is permitted to remain an Entire, any residual value as a stallion is not assured;
- (c) the value of the Horse and the Shares will fluctuate during the Term; and
- (d) 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.

Insurance Cover is available for some, but not all risks associated with the ownership of thoroughbred horses [Clause 14.1 of the Deed].

21. Glossary of Terms

Terms in this PDS will have the same meaning as in Clause 1.1 of the Deed.

22. How to invest

All applications for Shares must be made on the applicable Share Application Form, a copy of which is included in this PDS as an attachment. Shares will not be issued on the basis of this application after the Offer closing date. The Share Application Form includes details of how to invest.

Application Moneys must be paid to the Promoter when returning the completed and signed Share Application Form, either by cheque, or by EFT subject to prior arrangement with the Promoter.

The Promoter reserves the right to close the Offer or extend the Offer closing date at any time after the Offer opening date without notice.

The Promoter will hold all Application Moneys in a designated trust bank account until the Offer closing date. If less than the required number of Shares is taken up by applicants by the Offer closing date, the Syndicate will not proceed and all Application Moneys received will be returned to those applicants within 10 business days of the closing date. Any interest earned will be paid on the refunds.

23. Declaration

I DEAN WARREN WATT, sole director of promoter DYNAMIC SYNDICATIONS (DEAN WATT THOROUGHBREDS PTY LTD T/AS) ABN 64 134 481 539, declare:

- (a) that the statements contained in this PDS are true and correct, and not misleading in their form and content; and
- (b) that this PDS contains all key information about the product which prospective investors and their advisers should require and reasonably expect to receive for the purpose of making an informed decision whether or not to invest in the product.



DEAN WARREN WATT

8 JANUARY 2016



13 January 2016

Mr Dean Watt
Dynamic Syndications
PO Box 2324
TAREN POINT NSW 2229

Dear Mr Watt,

RE: Product Disclosure Statement for 2014 Chestnut Colt by SEBRING from ROCK SUCCESS

The disclosure material lodged in respect of the above racehorse has been examined and appears to comply with the provisions required by the Australian Securities & Investments Commission.

Approval is hereby granted for the promotion to proceed.

This approval is conditional on the following:

- i) that all advertisements in respect of the scheme are submitted to Racing NSW for approval;
- ii) that advertisements are NOT published until Racing NSW approval has been granted;

Notes:

- **the PDS is valid for 6 months from the date of this correspondence;**
- **all persons who make an enquiry to purchase a share are to be issued with the Approved PDS;**
- advertisements include Print Media, SKY Channel/TVN, radio, website and all other advertisements.

Yours faithfully

**Judy Jessup
For Racing NSW**



Account of YARRAMAN PARK STUD (As Agent), Scone, NSW.



Lot 546 (100% GST) CHESTNUT COLT

Stable E 25

Foaled 11th August 2014

Branded : nr sh; 14 over 4 off sh

Sire	More Than Ready	Southern Halo..... Halo
SEBRING		Woodman's Girl..... Woodman
2005	Purespeed	Flying Spur..... Danehill
		Lady Moulin..... Luskin Star
Dam	Rock of Gibraltar	Danehill Danzig
ROCK SUCCESS		Offshore Boom..... Be My Guest
2007	Express a Smile	Success Express..... Hold Your Peace
		Hold That Smile..... Haulpak

SEBRING (AUS) (Chestnut 2005-Stud 2009). 5 wins at 2, STC Golden Slipper S., Gr.1. Sire of 281 rnrs, 153 wnrs, 14 SW, inc. Dissident (ATC Randwick Guineas, Gr.1), Criterion, Bring Me the Maid, Believe Yourself, Thurlow, Clifton Red, Kiss a Rose, Scratchy Bottom, Bring Something, Sebring Sun, Typing, Pressing, Bring a Ring, Interspersed, SP Lizard Island, Tulsa, Sebrina, Tahni Dancer, Ulmann, Patricia Dawn, etc.

1st dam

ROCK SUCCESS, by Rock of Gibraltar. Placed at 3. Half-sister to **SEA SIREN**, **LADY DEHERE** (dam of **ORACY, THE LADY**), **ORATORIO**, **DISCORSI**. This is her third foal. Her second foal is a 2YO. Her first foal is an unraced 3YO.

2nd dam

EXPRESS A SMILE, by Success Express. Unraced. Sister to **SNAPSHOTS**, blood-sister to **Durham Express**. Dam of 10 foals, all raced, **7 winners**, inc:-

SEA SIREN (Fastnet Rock). Champion Older Female Sprinter in Ireland in 2013. **7 wins** to 1350m, \$1,736,715, BRC Doomben Ten Thousand S., **Gr.1**, MVRC Manikato S., **Gr.1**, BTC Cup, **Gr.1**, ATC Light Fingers S., **Gr.2**, Fairyhouse Belgrave S., **L**, 2d VRC Patinack Classic, **Gr.1**, BRC Doomben Ten Thousand S., **Gr.1**, ATC Surround S., **Gr.2**, Tipperary Fairy Bridge S., **Gr.3**, 3d Curragh Phoenix Sprint S., **Gr.3**.

LADY DEHERE (Dehere). **4 wins** at 2 to 1200m, \$284,158, Matamata Breeders' S., **Gr.2**, Waikato RC Super Bonus Classique, **RL**, 2d WRC Wellesley S., **L**, 4th Manawatu Sires' Produce S., **Gr.1**. Dam of-

ORACY (Zabeel). **7 wins** from 1450m to 1800m, \$197,172, Turffontein Gauteng Guineas, **Gr.2**, Dingaans H., **Gr.2**, London News S., **Gr.3**.

THE LADY (Stravinsky). **3 wins**-2 at 2-at 1100m, 1600m, Waikato RC Star Way S., **L**, Counties Challenge S., **L**, 3d ARC Eclipse S., **Gr.3**.

Ruthless Lady (Keeper). **Winner** at 2 at 1200m, 2d ARC Soliloquy S., **L**.

ORATORIO (Stravinsky). **4 wins**-3 at 2-at 1000m, 1200m, \$511,550, MVRC CS Hayes S., **Gr.3**, BTC Tommy Smith Slipper S., **L**, MVRC St Albans S., **L**, 2d MRC Blue Diamond Prelude (c&g), **Gr.3**, 3d MRC HDF McNeil S., **Gr.3**, Debutant S., **L**, 4th GCTC Magic Millions 2YO Classic S., **RL**. Sire.

DISCORSI (Galileo). **2 wins**-1 at 2-at 1400m, 1600m, \$119,215, VRC Gibson Carmichael S., **L**. Sire.

Dubai Express. Placed at 3 in NZ. Dam of-

Rockadubai (Fastnet Rock). Placed, 3d Counties Challenge S., **L**.

3rd dam

HOLD THAT SMILE, by Haulpak. **4 wins** at 2 at 1000m, 1200m, WATC Karakatta P., **Gr.1**, Queen's P., **Gr.3**, Gimcrack S., **L**. Sister to **CARRY A SMILE**, half-sister to Silver Slipper (dam of **SCUFFS**), Vintage Silver (dam of **SILVER EMPIRE**). Dam of 9 foals, 7 to race, **4 winners**, inc:-

SNAPSHOTS (Success Express). **2 wins** at 2 at 1200m, \$117,580, AJC Keith Mackay H., **L**, 2d AJC Silver Shadow S., **Gr.2**, VATC Thoroughbred Club S., **Gr.3**, 3d STC Sweet Embrace S., **Gr.3**. Dam of-

Cinematic (Dane Shadow). Placed at 2 in 2014-15, 2d Counties RC Murdoch Newell S., **L**.

Reshoot. Unraced. Dam of-

Upshot (Stratum). **5 wins** to 1300m, \$223,785, ATC Share Care Respite Sprint H., 2d Canberra RC National Sprint H., **L**, 3d ATC June S., **L**.

SHARE PRICE CALCULATION SHEET

PDS for the sale of Shares in the unnamed thoroughbred **Chestnut Colt, foaled 2014**,
by **SEBRING** from **ROCK SUCCESS** inclusive to **30 JUNE 2016**

The costs of establishing the Syndicate are set out in the following table (these costs are one-off costs):

	Total for Syndicate	Per Share (20)
A. Initial Cost Price of Horse paid by Promoter – fall of the hammer	\$110,000	\$5,500
B. Promoter's profit margin on this promotion	\$13,750	\$688
C. Other acquisition costs	\$26,687	\$1,334
D. Syndicate establishment costs	\$18,565	\$928
E. Actual and budgeted Horse husbandry costs to 30 JUNE 2016	\$14,580	\$729
Sub-total	\$183,582	\$9,179
F. GST	\$18,358	\$918
G. Racing NSW Registration Fees (GST exempt)	\$560	\$28
Total	\$202,500	\$10,125
Share Application Price – 1/20th [or 5%] Share		\$10,125

Further breakdown of Items A, B, C and D:

		Total for Syndicate	Per Share (20)
A. Initial Cost Price of Horse paid by Promoter		\$110,000	\$5,500
B. Promoter's margin 12.5%		\$13,750	\$688
C. Other acquisition costs			
o Race series eligibility payments (7)			
▪ Entry to Magic Millions Race series (one-off)	\$4,500		
▪ BOBS 2-3yo Series (one-off)	\$900		
▪ BOBS Extra 4yo + Series (one-off)	\$764		
▪ Blue Diamond & Blue Sapphire 1 st nom (2 races)	\$300		
▪ Golden Slipper & Golden Rose 1 st nom (2 races)	\$341	\$6,805	\$340
o Insurance Premiums (4 Policies)			
▪ Mortality from fall of hammer 7th January 2016 to 31st October 2016 for total syndication value			
▪ Colic			
▪ Disability impairment guarantee to date of issuing and allotment of Shares			
▪ Professional Indemnity cover		\$15,131	\$756
o Acquisition costs			
▪ Veterinary work at sale complex by D. John Walker, including physical inspections, X-ray and endoscopic evaluation apportioned across all yearlings purchased for syndication	\$895		
▪ Endoscopic evaluation post sale payable to William Inglis	\$150		
▪ Blood testing post sale for Anabolic Androgenic Steroids	\$500		

▪ Sales expenses incurred in attending sale apportioned across all yearlings purchased for syndication	\$1,778		
▪ Consultancy Fee to Independent Bloodstock Agent Gary Mudgway for assistance with individual inspections of 309 yearlings to determine final 75 lots to submit for veterinary inspection pro-rata across number of yearlings purchased for syndication	\$445		
▪ Miscellaneous costs, including professional photographers, pedigree ratings software fee, apportioned across all yearlings purchased for syndication	\$983	\$4,751	\$238
D. Syndicate establishment costs			
o Establishment and promotion			
▪ Proportion of postage, printing, handling & stationary \$128, communications by telephone, facsimile, email, SMS \$325, marketing & promotion, banking, merchant service/eftpos fees, \$825, IT service provider \$857, advertising across TV, radio & websites, including, Sky Sports Radio, Bloodstock.com, Racenet etc. \$9,500, Veterinary report for PDS, \$195, ASIC Form 88 PDS in-use notice \$35	\$11,865	\$11,865	\$593
o Accounting and legal			
▪ Proportion of auditors fee (\$3,500), chartered accountants fee (1,200), legal fees (\$2,000)	\$6,700	\$6,700	\$335
E. Actual and budgeted Horse husbandry costs to: 30 JUNE 2016			
o From 6 th January to 30 JUNE 2016			
▪ Transport 8/1/16 from sale complex to Oakridge Spelling Farm	\$680		
▪ Agistment from date of arrival at Oakridge to 28 February	\$1,836		
▪ Transport from Oakridge to educators to commence breaking-in process	\$180		
▪ Education process at educators stables	\$3,575		
▪ Transport to our Warwick Farm based Pre-Trainer to finish education in stables complex	\$210		
▪ 15 days orientation at Pre-Trainers Stables	\$1,155		
▪ Miscellaneous additional costs at Warwick Farm including Track Fees, farrier feet trim and shoes, dentist,	\$515		

parasite drench			
▪ Transport 14 April from educators back to Oakridge Spelling Farm	\$150		
▪ Agistment at Oakridge Spelling Farm (17 days)	\$612		
▪ Agistment from 1 May to 31 May + Feet Trim and Drench	\$1,442		
▪ Transport 1 June Educators – Second Session	\$180		
▪ Educators 14 day re-fresher course	\$1,160		
▪ Transport to Pre-Trainers	\$150		
▪ 16 Days in Pre-Trainers at Warwick Farm	\$1,862		
▪ Transport to Spelling Farm after Pre-training	\$180		
▪ Miscellaneous additional costs at Oakridge including, farrier feet trim, shoes, dentist, parasite drenches, etc.	\$693	\$14,580	\$729
Total		\$183,582	\$9,179



January 11th, 2016

Racing NSW
Level 7, 51 Druitt St
SYDNEY NSW 2000

Dear Sir/Madam

RE: Commitment to Train for DYNAMIC SYNDICATIONS

I wish to confirm that Dean Watt, on behalf of his company Dynamic Syndications, inquired if I was interested in training the following horse on their behalf:

2014 Chestnut Colt – SEBRING x ROCK SUCCESS
Lot 546 Magic Millions Gold Coast Yearling Sale

I have agreed to train the abovementioned horse in accordance with my standard terms of trade. These terms are available from my office upon request. My main stable is based at RANDWICK and I also have stables at FLEMINGTON. This horse during its racing career may transfer between stables should racing opportunities present themselves.

Further, my business practice is in accordance with the Product Disclosure Statement supplied with this horse.

I acknowledge that Dynamic Syndications employ Dr John Walker as their contracted veterinarian. I am aware Dr Walker has seen this horse at the sales prior to purchase where it passed a physical examination and its x-ray inspection did not reveal any areas of concern. I am aware the horse passed an endoscopic evaluation. I am aware this horse was passed as suitable for syndication for racing purposes.

I offer this letter for inclusion with Dynamic Syndications Product Disclosure Statement for the above described horse. I advise that I have had no previous association or any financial interest with this horse prior to being asked to train it for Dynamic Syndications.

I look forward to training this colt.

Yours faithfully,



Gai Waterhouse
Gai Waterhouse Racing

Terms & Conditions of Training

All training conducted by Gai Waterhouse (the Trainer) shall be subject to the following terms and conditions and each and every owner, lessee, syndicate, manager or other person passing to this trainer a horse to train shall be deemed to have done so subject to these terms and conditions. Part owner, lessee, syndicate, corporation or any manager of any of them and where there is more than one person who would by the definition herein contained be an "owner" then, to the extent to which the same is not prohibited by the rules of racing of the principle club in the State in which the Trainer operates or by law, these terms and conditions shall bind all such owners jointly and each of them severally.

1. The Trainer shall train, stable, feed, exercise and prescribe treatment for the horse in such manner as she, in her absolute discretion, deems proper or appropriate.
 2. The Trainer shall have the right to nominate, enter, accept or withdraw the horse for any race or trial she thinks fit unless she has received written instructions from the owner to the contrary and in the case of more than one owner such written instructions must come from the Manager as recognised by the Rules of Racing.
 3. The Trainer shall not be liable to the owner (in the case of more than one to any of them) for any loss, damage, cost or expense incurred and arising out of any injury, damage or death which may arise or be caused and notwithstanding the same is attributable to or is in part attributable to recklessness, negligence, forbearance or neglect by the Trainer, any servant or agent of the Trainer or any other person in whose care or control the Trainer may place the horse.
 4. The training fee for the purposes of these terms and conditions shall include (but shall not be limited to) any and all costs, expenses or charges levied by the Trainer in connection with the training, maintenance, exercising, feeding, stabling, running, freighting or agisting of the said horse and shall also include those costs and fees detailed in Clauses 5 through 7 hereunder.
 5. In addition to the training fee as referred to in the preceding clause the owner shall be liable for all fees and costs incurred by the Trainer including the cost of staff gear and additives.
 6. The owner shall be liable for all additional costs occasioned by the horse being trained or transported away from the Trainer's address of her licence to train. This includes transporting the horse interstate and costs associated with the Trainer and staff travelling interstate (including accommodation) when the horse races interstate.
 7. The Trainer shall have the right at times to engage a Veterinarian, Blacksmith, Horse Dentist, Physiotherapist or other person thought by the Trainer to be necessary or advisable to attend the horse and the full cost thereof shall be borne by the owner.
 8. In addition to the training fee and any other monies payable to the Trainer pursuant to any of the preceding clauses the Trainer shall be entitled to receive:
 - a) 10 per centum of the advertised stakes earned by the horse or 10 per centum of the actual stakes earned whichever shall be the greater which percentage of the stakes may be paid direct to the Trainer by the Club holding the race meeting.
- AND
- b)
 - i) 5% of any prize money earned by the horse for a win in a race.
 - ii) 5% of prize money \$50, 000 and over earned by the horse for a place in a race.
 - iii) 15 per centum of any "starters rebate" or similar in excess of \$10, 000 earned by a horse starting in a race.
 - c) If claimed by the Trainer in her discretion, 10 per centum of the net proceeds of the sale of the horse if it is sold whilst it is trained by the Trainer or within three months of being trained by the Trainer.
9. The owner shall be liable for all race day fees including the additional allowances as set out in any industrial Agreement or Award relating to attendants or strappers.
 10. The Trainer shall engage or employ and instruct the Race Jockey unless prior arrangements have been made by the owner with full knowledge of the Trainer not less than 48 hours before the race or 24 hours before

the time to declare the rider for the horse in a race as required by the relevant Rules of Racing whichever shall be the earlier.

11. The training fee may be varied from time to time, as may be advised by the Trainer in writing to the owner, whether it be by submission of an account or otherwise. "Training fee" is the amount calculated and payable on a daily basis or any part of a day.
12.
 - a) Without limiting the rights of the Trainer pursuant to Clause 12 b) hereof the Trainer, or her agent duly authorised in writing, shall have the absolute right to retain possession of any horse and/or its registration papers until all training fees relevant thereto have been paid.
 - b) Notwithstanding anything elsewhere herein contained and without prejudice to any other right the Trainer may have pursuant to these terms and conditions or at law, in the event that the training fee remains outstanding for a period of 30 days after the same was due for payment as herein provided then the Trainer shall have the right to offer for sale the horse to which such fees relate by public auction and to apply the proceeds of sale thereof (after deduction of commission etc. directly associated therewith) firstly against all training fees outstanding in relation to the relevant horse at the date of sale together with interest thereon and any costs of the Trainer associated with the sale, secondly against any other training fees outstanding from the owner in relation to any other horse with the Trainer with the balance, if any, to be paid by the Trainer to the owner or as the owner may direct.
 - c) Without limiting any other rights the Trainer may have whilst any training fees remain outstanding she shall have the right to retain possession of all papers and documents including registration papers of the horse or pertaining to the horse notwithstanding that such retention shall have the effect of preventing the horse from racing and the Trainer further may retain any gear, trophies and other items the property of the owner but in the Trainer's possession.
13. Notwithstanding anything else herein contained and without prejudice to any other right the Trainer may have under these terms and conditions or at law the trainer shall have the right to direct any race club to pay any prize money won by the horse to her and (whether or not such direction is in all the circumstances necessary) shall have the right to apply any prize money coming into her possession which was won by the horse in the manner more particularly detailed in Clause 12 hereof as if such prize money was proceeds of sale of a horse as therein contemplated.
14. For the purposes of Clauses 12 and 13 of these Terms and Conditions the owner absolutely appoints the Trainer as her attorney with full power to deal with any horse or any monies as the case may be and without limiting the generality of the foregoing the owner absolutely appoints the Trainer his attorney to enter any horse for sale at public auction, to instruct the auctioneers in relation thereto and to apply the proceeds of sale therefrom in accordance with the terms of Clause 12 hereof.
15. All monies payable to the Trainer shall be paid within seven (7) days of the trainer submitting to the owner an account for the same.
16. Interest of 2% per month is payable on all accounts exceeding thirty (30) days.
17. If the horse is transferred from the Trainer to another trainer the Trainer shall be entitled to be paid in addition to any amounts payable otherwise pursuant to the terms of this agreement (a) 10 percent of the advertised stakes earned by the horse within 14 days of such transfer or 10 percent of the actual stakes earned within such period whichever shall be the greater.
18. If a horse is retired to stand as a stallion at stud then the owner grants the Trainer either a 1/40th share of the horse or 2.5% of the value of the horse as agreed or failing agreement, as valued by a recognised equine valuer appointed by the Trainer.
19. By a payment of accounts sent to the owner by the Trainer the owner acknowledges and accepts these terms and conditions apply to any training and further training for the horse.

GAI WATERHOUSE RACING

Estimate of training fees - for a period of 12 months

All Amounts are inclusive of GST

Estimate costs below represent 100% of the horse.

TWO YEAR OLDS (100%)

In work for 6 months, spelling and pre-training for 6 months

Gai Waterhouse Racing training fees	22,584.00
Breaking-in fees	3,575.00
Treatments - chiro, dentistry, spa, beach, farrier, lamps, ice boots	6,000.00
Track Fees	1,027.00
Spelling	8,000.00
Veterinary Fees	2,000.00
Transport	2,500.00
Nominations, Acceptances, race fees	3,000.00
Total	48,686.00

THREE YEAR OLDS & OVER (100%)

In work for 8 months, spelling and pre-training for 4 months

Gai Waterhouse Racing training fees	36,135.00
Treatments - chiro, dentistry, spa, beach, farrier, lamps, ice boots	8,000.00
Track Fees	1,370.00
Spelling	5,500.00
Veterinary Fees	3,000.00
Transport	3,500.00
Nominations, Acceptances, Race Attendance Fees	4,000.00
Total	61,505.00

NB:

Consideration should be made in regards to the following:

- If a horse is in work for a longer period of time
- Any major surgery required
- Nominations and acceptances in Group or Listed Races

Daily training rate is \$135 + GST (\$148.50 inc. of GST)

FIT FOR SYNDICATION

HORSE: UNNAMED

SIRE: SEBRING

DAM: ROCK SUCCESS

DESCRIPTION: CHESTNUT COLT

BRANDS: NSS: FANCY J
 OSS: 14 OVER 4

MICROCHIP NUMBER: 985100012048369

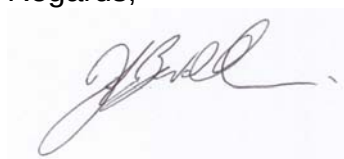
DATE: 8 / 1 / 2016

On 8TH January, 2016, the above-described horse was examined for the purposes of a PDS for syndication for Dynamic Syndications.

Based on the examination, which involved a clinical examination, endoscopic examination of the upper respiratory tract, and full series of radiographs, this horse is considered fit for syndication for racing purposes and mortality insurance.

Should you require further information regarding this horse, I can be contacted on 0412 501 999.

Regards,



Dr John B. Walker BVSc

This certificate has been prepared for the inclusion in the disclosure statement of the thoroughbred in question. This certificate may be relied upon by potential investors, however it does not constitute a "pre-purchase" examination. I certify that I have no current, nor contemplate, future interest in the above-described horse, other than in the supply of the Veterinary opinion of suitability for racing. Furthermore, I am aware that this report is provided to Dynamic Syndications for use by them in promoting the sale of the above-described colt.



John & Walker
A S S O C I A T E S

Enquiries
Email: johnnie@horsevet.com.au
Snail Mail: P.O. Box 372, Mt Martha VIC 3934
Mobile: 0412 501 999 Fax: 03 5973 6722
Web: www.horsevet.com.au

Accounts
Email: admin@horsevet.com.au
Snail Mail: P.O.Box 372, Mt Martha Vic 3934
Phone: 03 5973 6095 03 5973 6022
Fax: 03 5973 6722 ABN 87 107 988 616

MMLJAN16

Generated on 01/05/16

SEBRING (2005)	HALO (B/C)		HAIL TO REASON
	SOUTHERN HALO (Q)		COSMAH
	NORTHERN SEA	1	NORTHERN DANCER
	MORE THAN READY		SEA SAGA
	WOODMAN (Q)		MR. PROSPECTOR
	WOODMAN'S GIRL		PLAYMATE
	BECKY BE GOOD		NASKRA
			GOOD LANDING
	DANEHILL (Q)		DANZIG
	FLYING SPUR		RAZYANA
PURESPEED	ROLLS		MR. PROSPECTOR
			GRAND LUXE
	LUSKIN STAR (Q)		KAORU STAR
	LADY MOULIN		PROMISING
	WILLOWY		BETTER BOY
			FAR VISTA
	DANZIG (I/C)	1	NORTHERN DANCER
	DANEHILL (Q)		PAS DE NOM
	RAZYANA	1	HIS MAJESTY
	ROCK OF GIBRALTAR	1	SPRING ADIEU
ROCK SUCCESS (2007)	BE MY GUEST (Q)	1	NORTHERN DANCER
	OFFSHORE BOOM		WHAT A TREAT
	PUSH A BUTTON		BOLD LAD (IRE)
			RIVER LADY
	HOLD YOUR PEACE (Q)		SPEAK JOHN
	SUCCESS EXPRESS		BLUE MOON
	AU PRINTEMPS		DANCING CHAMP
	EXPRESS A SMILE		LORGNETTE II
	HAULPAK		DIGNITAS
	HOLD THAT SMILE		WINGED BEAUTY
	SILVER SMILE		SILVER KNIGHT
			KINMORIN

Sibling Identifier: odd numbers = same dam only; even numbers = same sire and dam

Roman Dosage Profile: (1-1-2-0-0)

D.I.: 3.00 C.D.: 0.75

Werk Quality Rating: Q 5

Dosage Points: 4 + Quality Points: 18 = Total Points: 22

Best of Sale: Not selected for Best of Sale

5-Generation Inbreeding: DANEHILL - 4m x 3m
NORTHERN DANCER - 5f x 5m, 5m
MR. PROSPECTOR - 5m, 5f x

SEBRING

Stands at WIDDEN STUD, NSW for a fee of A\$66000

Stakes Winners from the SEBRING--DANEHILL cross

Stakes Winner	Yob	Sex	Best	Dirt	AWS	Turf	Pedigree
PRESSING	2011	C				Y	SEBRING--LAMIRAQUI (CHOISIR)
SCRATCHY BOTTOM	2010	F	G3			Y	SEBRING--SILK VEIL (DANEHILL)
KISS A ROSE	2010	F	G3			Y	SEBRING--HURL (REDOUTE'S CHOICE)

PEDIGREE RATING SCORES - “NICKS”

It's a simple formula – It's all about risk reduction.

Nicks have become an integral part of the decision-making process in the mating and purchasing of thoroughbreds. Most breeders recognise that an affinity or compatibility can exist between two thoroughbred sire lines, such that, when crossed, those lines yielded a greater proportion of superior runners than when either one of them are crossed with any other sire lines. Great breeders, from Federico Tesio to present-day breeders around the world have relied on observed nicks to help guide their breeding plans and buying decisions.

Over 70% of ALL Stakes Winners are “A” Rated Nicks

In order to identify nicks in a systematic way, the software database we use developed an evaluation method based on sire-line analysis. Ongoing studies by researchers show that approximately 25% of the Thoroughbred population is the product of highly successful nicks ("A" rated nicks) while over 70% of stakes winners come from these "A" rated nicks!

Statistics:

There are approximately 20,000 live foals born each year –
25% (5,000) are A Rated whilst 75% (15,000) are rated below.

There are 541 Stakes Races in Australia this racing season.

70% (379) will be won from the 5,000 A rated foals born (7.6%)

30% (162) will be won from the 15,000 foals in the lower rated group (1.08%).

For a practical businessperson seeking a return on money invested, it makes no sense to ignore statistically unfavorable odds. Buying a superior racehorse is already a difficult enough proposition. The Rating systems we use allow us to see into the future by looking into the past and thereby to avoid those mating patterns that have failed. The Nick Rating enables us to avoid crosses that have had little or no success in the past. At the same time, it enables us to identify and thus duplicate successful sire-line crosses, dramatically increasing the chances of success.

Over the years evaluating Nicks have proven to be an invaluable tool in the stallion selection process when identifying yearlings for purchase. Dean Watt, Managing Director of Dynamic Syndications has enjoyed great success as a result of utilising such information. For example:

SAVABEEL, POLAR SUCCESS, HE'S NO PIE EATER, ATOMIC FORCE, ECONSUL, DE BEERS, BRADBURY'S LUCK, TENANT'S TIARA and REWARD FOR EFFORT were all superior racehorses who had superior pedigree ratings.

ECONSUL	A+ +	13,862%
SAVABEEL	A+ +	9,325%
DEBEERS	A+ +	4,270%
POLAR SUCCESS	A+ +	2,240%
REWARD FOR EFFORT	A+	1,175%
ATOMIC FORCE	A+	988%
BRADBURY'S LUCK	A	485%
TENANT'S TIARA	A	238%
HE'S NO PIE EATER	A	161%

Further afield, in 2008 the Top 5 Racehorses in the world had the following ratings:

1 CURLIN	A+	1,375%
2 NEW APPROACH	A+	1,472%
3 RAVEN'S PASS	A+ +	5,961%
4 DUKE OF MARMALADE	A	409%
5 HENRYTHE NAVIGATOR	A+ +	1,531%

Then to further support the theories, in 2008 there was 67 Group 1 races run in Australia. These races were won by 48 individual horses. When these 48 individuals' pedigrees were analysed it showed:

35 / 48 Rated A or above = 73% of Individual Group 1 Winners Rates A or above

Affinity between sire lines was long ago observed by the world's best thoroughbred breeders. Today through modern technologies we are able to quantify what was once only a subjective judgment based on the observations of a relatively small equine population.

Ratings are essentially the objective measurement of success, or lack therefore, of sire-line crosses. Success is quantified by being the winners of stakes races with a prizemoney of at least \$50,000. Through software databases, containing the pedigrees of all such winners since 1977 (over 30,000 winners), we are able to more easily identify what sire-line crosses have succeeded in producing stakes winners and compare those numbers with the stakes winning population on the whole.

Often a sire line may appear to be successful with a particular broodmare sire line. However, if the level of success is no better than that sire line's success with the entire population, then there is not a true nick.

In order to understand the ratings for easy use, a letter-grade scale was developed. As in the scholastic setting, the scales ranges from F (Fail) through to A with A+ also A++ and now since 2011 the software system now identifies A+++ as possible to be achieved in some select instances. The Variants (percentages) shown in the table below are the deviation from the norm that has been observed by that sire line cross in question. On this

scale -15% to +15% (C) is considered average, meaning that the sire-line cross has yielded results that are statistically no better and no worse than what would be expected with the entire population.

An "A" rated nick indicates that a far greater percentage of stakes winners have resulted from that cross than expected. An "F" rated nick indicates that the number of stakes winners resulting from a cross is at least 50% below expectations. This does not mean that there cannot be success or will not be success from such a mating in the future. It does mean that in all the experience of the last 20 + years of winners of stakes races, that type of mating has had a significant lack of success as measured by stakes winner production.

It must be stressed that a below "Average" rating does not guarantee or even predict failure. It means only that, to date, the particular sire-line cross has fallen at least 16% short of what would be expected. Nicks can and do change over time.

Consequently, an above Average Rating must be kept in proper perspective as there are other factors that must be considered when selecting a horse for purchase. Specifically, conformation evaluation is critical. A thoroughbred may have a brilliant pedigree on paper that rates as either Excellent, Superior, Superb or Outstanding on our Ratings Score however if the skeletal structure and/or the overall constitution of the individual is lacking then the horse is rejected as a candidate for purchase.

The Rating Scale is shown below:

Nick	Horse	Variant %
A+++	Excellent	+20,000 and above
A++	Superior	+1,501 to + 19,999
A+	Superb	+500 to +1,500
A	Outstanding	+150 to +499
B+	Very Good	+100 to +149
B	Good	+50 to +99
C+	Acceptable	+16 to +49
C	Average	-15 to +15
D+	Weak	-16 to -34
D	Poor	-35 to -49
F	Unsuccessful	-50
0 SW	Zero Stakes Winners	0 SW

Dynamic Syndications uses these rating tools along with additional pedigree analysis systems from other software databases which skewer the data to local environmental factors and we have introduced a ranking on the class of Stakes Races which are won to establish what we consider is an inherent opportunity of greater racetrack success. Often a horse can have a very high Nick rating and yet score lowly on the variant and visa versa. We use this information to assist us in pedigree selections after the physical inspections have also been considered. Also we cannot blindly accept a rating score. For example Australia has only 2.9% of our races listed as Stakes Races whilst New Zealand has 9.7% and Ireland has 13.1%. Obviously the data will be weighted in certain directions if we did not counter this information with a ranking on the Stakes Races based upon country and class of race, racing region within the country and climatic conditions in the region. After adjustments the rating scale is presented below.

Quality Rating Summary

It is undeniable that racing class is in great part a function of the *quality* of ancestors contributing to new individual. It follows that certain quality stallions tend to contribute more favorably than other sires. When Quality points contributed by such deserving sires are combined with dosage points, the total points more accurately reflect the overall class of a pedigree.

The *Quality sires* in a pedigree contribute quality points (QP) to the new individual in exactly the same way as ancestral sires contribute dosage points (DP). The total number of *Quality points* is added to the *Dosage points* to get *Total Points* (TP).

The Quality Rating, which ranges from zero, as the low, to ten, as the high, is scaled to the number of total points in the pedigree:

Total Points	Quality Rating
0	Q0
1 to 4	Q1
5 to 9	Q2
10 to 14	Q3
15 to 19	Q4
20 to 24	Q5
25 to 29	Q6
30 to 39	Q7
40 to 44	Q8
45 to 54	Q9
55 +	Q10



HYPOTHETICAL: =Sebring (AUS) -- =Rock Success (AUS)

Based on the cross of Sebring (AUS)/Danehill and his sons and grandsons

Starters Considered in Rated Cross		Auction Results - All Foals on Direct Sire/Broodmare Sire Cross				Surface Performance for Rated Cross			
Direct Sire/ Broodmare Sire Cross	4	Type	#Sold	Avg	Med	Type	Dirt	Turf	AW
Additional Starters on Rated Cross	77	Weanlings	3	\$27,279	\$25,348	Starters	-	81	11
Total Starters	81	Yearlings	9	\$70,400	\$74,097	Winners	-	40	3
		2YOs	-	-	-	SW	-	3	-

Sire		Broodmare Sire	
Sire Name	=Sebring (AUS)	Broodmare Sire Name	Rock of Gibraltar (IRE)
Sire AEI	2.21	Broodmare Sire AEI	1.15
Progeny AWD	6.86 f	Progeny AWD as BM Sire	7.35 f
Chief Earner	Criterion (NZ) (\$6,001,534)	Chief Earner	Mikki Isle (JPN) (\$2,815,923)

All Foals Bred on Rated Cross				By Sire Line with Other Mares	Out of BM Sire Line with Other Sires
	All Foals	Colts	Fillies	All Foals	All Foals
Foals of Racing Age	145	71	74	406	22,722
Starters (% Foals of Racing Age)	81 (56%)	44 (62%)	37 (50%)	235 (58%)	12,900 (57%)
Winners (% Starters)	41 (51%)	22 (50%)	19 (51%)	140 (60%)	7,716 (60%)
SW (% Starters)	3 (4%)	1 (2%)	2 (5%)	12 (5%)	560 (4%)
Earnings	\$2,931,705	\$1,516,214	\$1,415,491	\$17,251,829	\$664,014,099
Avg Distance Raced	6.87 f	7.04 f	6.69 f	6.86 f	7.34 f
Avg Winning Distance	6.73 f	6.97 f	6.47 f	6.91 f	7.33 f

Top 15 Foals Bred on Rated Cross				
Name	Sex	Foaled	Sire/Broodmare Sire	Best Race
<u>SCRATCHY BOTTOM (AUS)</u>	Mare	2010	Sebring (AUS)/Danehill	G3SW
<u>KISS A ROSE (AUS)</u>	Mare	2010	Sebring (AUS)/Redoute's Choice (AUS)	G3SW
<u>PRESSING (AUS)</u>	Horse	2011	Sebring (AUS)/Choisir (AUS)	SW
<u>Lizard Island (AUS)</u>	Colt	2012	Sebring (AUS)/Choisir (AUS)	G1SP
<u>Tahni Dancer (AUS)</u>	Mare	2011	Sebring (AUS)/Redoute's Choice (AUS)	G2SP
<u>Ulmann (AUS)</u>	Gelding	2011	Sebring (AUS)/Danehill	G3SP
<u>Le Mans (AUS)</u>	Gelding	2010	Sebring (AUS)/Viking Ruler (AUS)	SP
<u>Bring A Secret (AUS)</u>	Gelding	2012	Sebring (AUS)/Viking Ruler (AUS)	SP
<u>Australia Day (AUS)</u>	Mare	2010	Sebring (AUS)/Dante's Fury (AUS)	SP
<u>Maayaat (AUS)</u>	Mare	2011	Sebring (AUS)/Danzero (AUS)	SP
<u>Candika (AUS)</u>	Filly	2013	Sebring (AUS)/Danzero (AUS)	Wnr
<u>Timely Arrived (AUS)</u>	Horse	2011	Sebring (AUS)/Exceed And Excel (AUS)	Wnr
<u>Bring Back (AUS)</u>	Gelding	2010	Sebring (AUS)/Catbird (AUS)	Wnr
<u>Notonyourlife (AUS)</u>	Mare	2011	Sebring (AUS)/Danehill	Wnr
<u>Ring Da Belle (AUS)</u>	Mare	2010	Sebring (AUS)/Redoute's Choice (AUS)	Wnr

Pedigree and racing information provided by:



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Logan Livestock Insurance Agency Pty Ltd

ABN 81 001 826 204

www.logans.com.au

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21 PARRAWEEN STREET, CREMORNE NSW 2090 TELEPHONE: (02) 9909 1499 FAX: (02) 9909 8057

Correspondence: P.O. BOX 360, CREMORNE NSW 2090 AUSTRALIA email: postmaster@logans.com.au

11/01/2016

Dynamic Syndications Pty Ltd
PO Box 2324
TAREN POINT NSW 2229

MEMORANDUM OF INSURANCE

Policy No: L101608

Insured: Dynamic Syndications

Interest: Unnamed (Lot 546 MMYS)
2014 Thoroughbred Colt
(Sebring/Rock Success)

Use: Flatracing

Limit of Liability: Aud\$202,500 being 100%

Period: 8th January 2016 to 4.00pm 1st November 2016

Coverage Summary: Mortality Insurance
Lifesaving Surgery Extension Clause not exceeding \$10,000
Australia & New Zealand Territorial Limits
90 Day Extension Clause
Limited Theft and Unlawful Removal Endorsement
Terrorism Exclusion Endorsement
Disability Impairment Guarantee to Syndicate Registrars

Underwriters: Lloyd's of London

Information on horse insurance is available at -:
www.logans.com.au



The Financial Services Guide and Insurance Policy are held by the Syndicator as syndicate manager and/or arranger of the insurance. They are available from them on request.

This Memorandum of Insurance is provided for inclusion in the Promoters Disclosure Statement for the sale of shares in the horse noted above and does not replace the terms and conditions of the policy.