

PRODUCT DISCLOSURE STATEMENT

(P. D. S.)

For the Sale of Shares in a Racehorse

Lead Regulator Approved

HORSE: UNNAMED THOROUGHBRED Bay Filly 11/10/2010

By : COMMANDS

FROM : MAKING FEY (NZ) (by ZABEEL)

**DYNAMIC SYNDICATIONS
Promoter and Syndicate Manager**

AFSL 336808

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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 **19 July 2012**. This PDS has been prepared by the Promoter in relation to the sale of Shares in the thoroughbred horse to which this PDS relates (“the Syndicate”). This PDS has been lodged with and approved by *Racing NSW*, as *Lead Regulator*. A *Form FS88 (PDS in-use notice)* in relation to this PDS has been lodged on-line with the *Australian Securities and Investments Commission* (“ASIC”). No responsibility as to the contents of this PDS is taken by either the *Lead Regulator*, *ASIC*, their respective officers, employees or agents. This PDS is available in both printed form and electronically 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 compiled by the Promoter for presentation to prospective investors in compliance with the disclosure requirements for the public offering of shares set out in *Class Order 02/139* issued by *ASIC* on 15th February, 2002 (“*CO 02/319*”).

Prospective investors should be aware that the Syndicate is relieved, by the provisions of *CO 02/319*, from the requirements of *Chapter 5C* of the *Corporations Act*, which would otherwise require that it be established and operated as an ASIC-registered *Managed Investment Scheme*.

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 is a retail investor 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 monies 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.

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

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

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*), its related bodies corporate, nor any officer, employee or representative of the Promoter, nor any bodies corporate:

- (i) gives any guarantee with respect to the future success of the Syndicate, the repayment of capital, a return on investment, or the general performance of the Syndicate; or
- (ii) 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 Syndicate.

7. Key features of Syndicate

The following table is only a summary of the features of an investment in the Syndicate. You must read the whole of the *PDS* to obtain more information:

Share holdings	
Application Price per Share	\$9,900.00 (including GST) For further details see Section 10
Total number of Shares	Twenty (20 x 5% Shares)
Minimum Investment	One (1) 5% Share
Additional Investment	Not applicable
Distributions	
Frequency of net income distribution	Directly via the Lead Regulator's Stakes payment system when Prizemoney and Breeders Bonus or Incentive Scheme payments are won. Otherwise within 14 days of the end of each Accounting Period during the life of the Syndicate and on the winding up of the Syndicate; or more frequently if the amount available for distribution warrants it
Payment	By EFT directly to the Owner's nominated bank account, or cheque
Amount	Each Owner's proportionate share of the net income of the Syndicate, if any
Capital distributions	On the winding up of the Syndicate or on the earlier sale of the Horse
Fees	
Entry fee	Nil
Exit fee (on termination of Syndicate)	Nil
Fee payable to Syndicate Manager by each by Owner of a 10%, 5% or 2.5% Share.	\$792 including GST per Share per annum payable by each Owner of a share by monthly instalments in advance of \$66 including GST. For further details see Section 13
Fee payable to the Syndicate Manager by the Trainer	For further details see Section 13
Additional remuneration to which the Syndicate Manager is entitled from the Owners	<ul style="list-style-type: none"> • A fee equivalent to the value of 2% of Prizemoney for wins (and placings 1st to 5th in Group and listed or feature races) where prizemoney won is not less than \$12,000. This percentage will increase to 5% when the total gross value of Prizemoney, Breeder's Bonus or Incentive Scheme payments (cash component

	only) and Trophies won by the Horse exceeds an amount equal to the total value of the Shares in the Horse subject to this PDS. <ul style="list-style-type: none"> • 5% of sale price of Horse • 2 Lifetime Service Rights [only in the event of the Horse being an entire and being retired to stud]. For further details see Section 13
Other fees – Horse expenses	\$1,750 including GST per Share per annum, which equates to \$145.83 per Share per month is estimated. These costs and expenses for training, horse husbandry and care will be invoiced monthly in arrears directly to each Owner by the relevant service providers. For further details see Sections 20(c)
Cost recoveries	Pro-rata. For further details see Sections 20(c)
Insurance – initial premiums included in Application Price	For further details see Section 18
Investments	
Horse investment	The Syndicate relates to the Horse only and to no other horse
Other investments	The capital and any income will be deposited in a trust account or other designated account with a bank or other Australian authorised deposit taking institution, pending expenditure or distribution, as the case may be
Each Shareholder's entitlement to Syndicate Income	Pro rata. For further details see Section 20(b)

8. Promoter

The Promoter of the Offer the subject of this PDS is *DYNAMIC SYNDICATIONS (DEAN WATT THOROUGHBREDS PTY LTD T/AS)*, of Suite 1, 15-17 Forest Road HURSTVILLE NSW 2220. The Promoter is the holder of *Australian Financial Services Licence: AFSL 336808*.

The sole director of the Promoter is *DEAN WARREN WATT*. Mr Watt has more than 30 years experience in the syndication and management of thoroughbred horses.

9. Issue

DYNAMIC SYNDICATIONS (DEAN WATT THOROUGHBREDS PTY LTD T/AS) (ABN64 134 481 539) is the owner of the currently **UNNAMED THOROUGHBRED BAY FILLY FOALED 11/10/2010 BY COMMANDS FROM MAKING FEY (NZ) By ZABEEL** and the seller of the Shares the subject of this PDS ("the Offeror").

The ownership of the Horse is being syndicated by the Offeror into Ten (10) Shares

The Syndicate will be known as the "*DYNAMIC SYNDICATIONS [INSERT REGISTERED NAME OF HORSE WHEN AVAILABLE] RACING SYNDICATE*". It is contemplated that the Owners of Shares will obtain the benefit of Horse from racing, under the terms and conditions of the *Syndicate Deed* and the *Australian Rules of Racing*, a copy of which can be obtained by request from either the *Lead Regulator* or the *Australian Racing Board*.

The Syndicate will commence on the *Commencement Date* specified in Schedule 1 of the *Syndicate Deed* and will operate until the *Termination Date* (to be determined in accordance with the provisions of *clause 19* of the *Syndicate Deed*).

Prospective investors should read the *Syndicate Deed*, as each Owner of a Share will be bound by its terms.

10. Application Price

The Offeror proposes to offer Shares to prospective investors at the Application Price per 5% Share of **\$9,900.00** (inclusive of GST), calculated as follows:

Base Sale Price of Horse, excluding GST	\$110,000	
Total Syndicate Establishment Costs	\$69,540	
GST (rounded)	\$17,950	
Registration fees payable to Racing NSW	\$510	
Application Price per 5% Share payable upon application		\$9,900.00

A full breakdown of Syndicate establishment costs, including the margin being charged by the Offeror, is set out in the *Application Price Calculation Sheet* annexed to this *PDS*.

11. How to invest

All Applications for Shares must be made on the enclosed Application Form. Shares will not be issued on the basis of this Application after the Offer closing date. This Application Form includes details of how to invest.

The Promoter will hold all application monies in a separate trust account, or other designated account, with a bank or other Australian authorised deposit taking institution, until the Offer closing date. All application monies received with Applications for Shares which are not accepted by the Promoter will be returned to investors. Any interest earned will be paid on the refunds.

This *PDS* will expire 6 months from the date hereof, or such earlier date as may be determined by the Promoter ("Offer closing date"). The Promoter reserves the right to close the Offer at any time without notice.

In the event this Offer is not fully subscribed by the Offer closing date, the Offer will lapse and all monies received by the Promoter for the purchase of Shares will be refunded, together with any interest earned.

12. Title

The Offeror purchased the Horse, being **Lot 286**, from vendor **YARRAMAN PARK STUD (AS AGENT)**, at the **2012 INGLIS AUSTRALIAN EASTER SALE conducted by WILLIAM INGLIS & SONS (ABN 75 000 011 307) at NEWMARKET COMPLEX RANDWICK, NSW, from 10 to 12 April 2012**, for the purchase price of **\$110,000 + GST** ("purchase price"). The Offeror will receive unencumbered title to the Horse upon payment of the purchase price to **William Inglis & Sons**.

Within seven (7) days of the Offeror paying the purchase price to **William Inglis & Sons**, the Promoter will compile a register of Owners of the Shares numbered consecutively -1- to -10 - inclusive.

Within 45 days of the Syndicate being fully subscribed the Promoter will ensure that the Horse is registered in the names of the Owners, in accordance with the provisions of clause 2.5 of the Syndicate Deed.

13. Syndicate Manager

The Promoter will act as Syndicate Manager, as first appointee of the Owners in accordance with the provisions of clause 4 of the Syndicate Deed.

The Syndicate Manager will manage the Syndicate in accordance with the provisions of the *Syndicate Deed* and any rules, regulations or guidelines made from time to time by the *Lead Regulator*.

The Syndicate Manager will be entitled to charge fees to each Owner [approximately \$2.00 per day [see Section 20(c) of this *PDS*] and to the Trainer [approximately \$7.12 per day that the Horse is in full training

with the Trainer], in accordance with the provisions of *clause 4.10* of the *Syndicate Deed*, for acting as Syndicate Manager. The initial fees will be the fees disclosed in *Schedule 1* of the *Syndicate Deed*.

The first appointee only of the Owners as Syndicate Manager will also be entitled to the following additional remuneration:

- (i) A fee equivalent to the value of 2% of Prize money for wins (and placings 1st to 5th in Group and Listed races) where Prizemoney (including Breeders Bonus or Incentive Scheme cash payments) won is not less than \$12,000 in accordance with the provisions of *clause 4.11* of the *Syndicate Deed* [this % figure will increase to 5% when the total gross value of Prizemoney, Breeders Bonus or Incentive Scheme cash payments and Trophies won by the Horse exceeds an amount equal to the total value of the Shares in the Horse the subject of this *PDS*];
- (ii) 5% of the sale price of the Horse, in accordance with the provisions of *clause 4.12* of the *Syndicate Deed*; and
- (iii) 2 Lifetime Service Rights [only in the event of the horse being an entire and being retired to stud], in accordance with the provisions of *clause 4.13* of the *Syndicate Deed*.

The Horse will race in the racing colours nominated by the Syndicate Manager, in accordance with the provisions of *clause 2.6* of the *Syndicate Deed*, being the colours disclosed in *Schedule 1* thereof.

13(b). Information about Management Fees 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.

14. Racing Manager

DEAN WARREN WATT will act as Racing Manager, as first appointee of the Syndicate Manager as Racing Manager, in accordance with the provisions of *clause 5* of the *Syndicate Deed*.

15. Trainer

CHRIS WALLER will train the Horse from his **ROSEHILL** stables as the first appointee of the Syndicate Manager as Trainer, in accordance with the provisions of *clause 6.2* of the *Syndicate Deed*.

CHRIS WALLER has agreed to train the Horse.

16. Veterinary Report

DR TIM ROBERTS of Centennial Park Veterinary Practice (ABN 91 072 794 944) BVSc, Veterinary Surgeon ("Dr Roberts") has provided an initial veterinary report as to the suitability of the Horse for purchase and syndication.

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

17. Assessment of Value

The Promoter relies on the price paid for the Horse by the Offeror at public auction as being the current market value of the Horse.

18. Insurance

The Offeror has arranged mortality insurance cover with LOGAN LIVESTOCK INSURANCE AGENCY (ABN 81 001 826 204) which will expire on **1 November, 2012**, subsequent to which date each Owner will be responsible for assessing his or her own insurance risk and arranging whatever insurance cover he or she considers is appropriate.

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

1. The Promoter, the Offeror, 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 promotion of the Syndicate or in the Horse other than the interests detailed in this *PDS*.
2. No Director or proposed Director of the Promoter, the Offeror the Syndicate Manager or the Racing Manager, either has, or has had in the period of two years before the date of this *PDS*, any interest in relation to the promotion of the Syndicate or in the Horse other than emoluments he or she may be entitled to receive from the Offeror, the Promoter, the Syndicate Manager or the Racing Manager and interests detailed in this *PDS*.
3. **Mr WALLER** neither has, nor has had in the period of two years before the date of this *PDS*, any interest in relation to the promotion of the Syndicate or in the Horse, save for the expectation that he will receive fees from training the Horse. Prospective investors should be aware that **Mr WALLER** may train other Horses syndicated and/or managed by the Promoter, Syndicate Manager and/or Racing Manager.
4. **Dr Roberts** neither has, nor has had in the period of two years before the date of this *PDS*, any interest in relation to the promotion of the Syndicate or in the Horse except that he will receive a professional fee in connection with the provision of the Veterinary Report. Prospective investors should be aware that **Dr Roberts** may provide veterinary services to other Horses syndicated and/or managed by the Promoter, Syndicate Manager and/or Racing Manager.
5. There is nothing in the *Syndicate Deed* to prevent either themselves or any members, officers, directors of the Promoter, the Offeror the Syndicate Manager or the Racing Manager, or any corporation related to any of them or their officers, from purchasing, holding, dealing in or disposing of Shares in the Syndicate, 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.

20. Summary of rights and liabilities attaching to Shares in the Syndicate and other relevant information

The full rights and liabilities attaching to Shares in the Syndicate are set out in the *Syndicate Deed*, a copy of which is annexed to this *PDS*. Each prospective purchaser of a Share should read that document in its entirety, as each Owner of a Share will be bound by its terms. Some important points are as follows:

- (a) None of the Promoter, the Offeror, nor any person or corporation named in the *Syndicate Deed*, nor anyone on behalf of any of them, makes any representation or warranty with regard to either:
 - (i) the suitability of the Horse either for racing or subsequently for stud purposes; or
 - (ii) the reliability or adequacy of any insurance cover arranged for the benefit of the Owners and referred to in this *PDS* or the *Syndicate Deed*;

and each Purchaser of a Share must acknowledge entering into the Syndicate at his or her own risk and being aware that investment in thoroughbred horses is highly speculative.

- (b) (i) The Owner of each Share will be entitled to a pro-rata share of net Prizemoney (gross Prizemoney less the obligatory deductions of 10% for the trainer and 5% for the jockey) and Breeders Bonus or Incentive Scheme payments earned by the Horse from racing, in accordance with the provisions of *Clause 2.3* of the *Syndicate Deed*; and
- (ii) The entitlements of the Owners are subject to the default provisions set out in *clause 18* of the *Syndicate Deed*, which afford the Syndicate Manager both the right to suspend an Owner's entitlements whilst in default, and a power of sale in the event such default is not rectified within 14 days of receipt of notice.
- (c) The Owner of each share will be liable for a pro-rata share of costs associated with operating the Syndicate and with maintaining, training and racing the Horse, in accordance with the provisions of *Clauses 3 and 13* of the *Syndicate Deed*.

The following are indicative of Syndicate and Horse expenses (inclusive of GST) for a full financial year, payable by each Owner monthly:

	Total for the Syndicate per annum	Per Shareholder per annum	Total per Share per month
Fee payable to Syndicate Manager by owners with 10%, 5%, 2.5% Shareholding		\$792	\$66
Estimated Horse costs (agistment, veterinary, pre-training, training and racing costs etc, but excluding major race entry and acceptance fees). *Note – these costs will vary significantly from month to month depending upon whether or not the Horse is in full training on out of training on agistment.	\$35,000	\$1,750 (5%)	\$145.83* (5%) (indicative only and subject to significant variation from month to month)
Total	\$35,000	\$2,542	\$211.83

- (d) Each Owner, by the provisions of *clause 2.8* of the *Syndicate Deed*, authorises the Syndicate Manager to do all things required to be done by an Owner to comply with the provisions of the *Syndicate Deed* and the *Rules of Racing* including signing a transfer of ownership of that Owner's interest in the event of unremedied default.
- (e) A procedure for determining the entitlements of the Owners to Trophies and replica Trophies is set out in *clause 2.3* of the *Syndicate Deed*.
- (f) A procedure for handling internal complaints is provided by the provisions of *clause 16* of the *Syndicate Deed*, which includes the right of an Owner, in certain circumstances, to have the dispute referred to the *FINANCIAL OMBUDSMAN SERVICE LIMITED (ABN 67 131 124 448)* ("FOS") for determination by conciliation or arbitration.
- (g) Provisions relating to the termination of the Syndicate on either the sale or death of the Horse, Owners agreement by Extraordinary Resolution, the Syndicate Manager electing to wind-up the Syndicate, or by order of the Court, are set out in *clause 19* of the *Syndicate Deed*.
- (h) The Owners rights of indemnity are limited by the provisions of *clauses 20 and 21* of the *Syndicate Deed*.
- (i) Investors should be aware that the Promoter, the Offeror, the Syndicate Manager and/or the Racing Manager, may each retain/acquire Shares in the Syndicate and that they may retain/acquire any number of Shares.

21. Marketing of Shares

An Owner will not be able to offer for purchase, or issue invitations to buy Shares, unless the prospective purchaser is provided with a *PDS* prepared by the Syndicate Manager in accordance with the provisions of *clause 4.8* of the *Syndicate Deed*.

In addition, there are restrictions on the sale of Shares set out in *clause 11* of the *Syndicate Deed*.

There will be no ready market for the Shares. Neither the Syndicate Manager nor the Racing Manager will be obliged to sell a Share on behalf of an Owner. Each Owner should consider the acquisition of a Share as a long term investment for the life of the Syndicate.

22. Warning

Investment in bloodstock must be considered to be of a speculative nature.

Each Purchaser of a Share must also acknowledge that there are inherent risks associated with investment in thoroughbred horses, including, without limitation, the following:

- (a) not all horses offered for syndication progress to competing in races;
- (b) 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;
- (c) not all horses which do race either win, or are placed, or earn prize money;
- (d) 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;
- (e) an extremely high percentage of colts are invariably gelded to optimise racing potential; and
- (e) insurance is available against some, but not all, risks associated with the ownership of thoroughbred horses.

23. Risk

Fluctuations in the value and sale price of Shares should be anticipated. Factors which will influence both the value and sale price of the Shares include, without limitation, the following:

- (a) the skill and expertise of the individuals engaged to manage, maintain and market the Horse, as well as the manner in which these functions are carried out;
- (b) the race performances of the Horse;
- (c) the Horse may die or its value may be diminished as a consequence of accident, injury, contraction of disease or natural cause;
- (d) the level of demand for horses of equivalent calibre both at public auction and by private treaty;
- (e) the level of supply of horses of equivalent calibre both at public auction and by private treaty;
- (f) any change in the current conditions affecting investment in the thoroughbred horse industry, including level of prize money and taxation benefits available to breeders;

- (g) changing conditions within the Australian economy generally; and
 - (h) the price which buyers at public auction or by private treaty are willing to pay either for the Horse, or Shares in the Horse, if offered for sale, may not reflect either the purchase price paid by the Offeror for the Horse or the sale price of the Shares offered under this *PDS*.
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Declaration

I *DEAN WARREN WATT*, Sole Director of *DYNAMIC SYNDICATIONS (DEAN WATT THOROUGHBREDS PTY LTD T/AS)* declare that:

- (a) the statements contained in this PDS are true and correct; and not misleading in their form or content; and
- (b) this PDS contains all information which prospective investors and their advisers would require and reasonably expect to find in a PDS for the syndication of a Horse for the purpose of making an informed assessment about investment in the Syndicate.



DEAN WARREN WATT

19 July 2012



Stable 3 Rows H 8-14, J 5-14 & K 7-14
On Account of YARRAMAN PARK STUD, Scone
(As Agent)

Lot 263

BAY FILLY

(Branded \int^{\wedge} nr sh. $\frac{92}{0}$ off sh. Foaled 11th October 2010)

(SIRE)	Danehill (USA)	Danzig	by Northern Dancer
COMMANDS .....	.....	Razyana	by His Majesty
	Cotehele House (GB)	My Swanee	by Petition
	.....	Eight Carat	by Pieces of Eight
(DAM)	Zabeel	Sir Tristram (Ire)	by Sir Ivor
MAKING FEY (NZ) .....	.....	Lady Giselle (Fr)	by Nureyev
	1994	.....	Scottish Rifle
	Barron Fey (Ire)	Royal News	by Sovereign Path

COMMANDS (AUS) (Bay 1996-Stud 2000). 4 wins-3 at 2, STC Missile S., Gr.3. Leading Aust. Sire of Winners in 2010-11. Sire of 779 mrs, 550 wns, 44 SW, inc. Purple (STC Storm Queen S., Gr.1), Undue, Paratroopers, Skilled, Russeting, Erewhon, El Cambio, Court Command, First Command, Soul, Altar, Marching, Kanzan, Lamasery, Rain Affair, Friday Creek, Queen's Command, Rarefied, She Rules, Commanding Hope, Posadas, Imprisoned, etc.

1st Dam

Making Fey (NZ), by Zabeel. 3 wins 1300 to 1900m, AJC Crossing H., Hon James White H., STC Vouris & Bell Chartered Accountants H., 2d Gosford Guineas, **L**, STC Prudential H. Half-sister to **(BIG) BARRON**, Baronia (dam of **GLOBAL NEWS, PONTE PICCOLO**). This is her seventh living foal. Her sixth foal is a 2YO. Dam of 5 foals to race, **all winners**-
APERCU (f by *Encosta de Lago*) **2 wins** at 2 at 1200, 1600m, \$414,225, QTC TJ Smith Classic, **Gr 1**, BTC Golden S., **L**, 2d City Tatt's RC Omega 2YO P., 3d AJC La Caissiere 2YO H., 4th VRC Ottawa S., **L**, Ipswich TC Gai Waterhouse Classic, **L**.
 Lapse (f by *Thunder Gulch (USA)*) **3 wins** 1875 to 3000m, MVRC California Dane H., 2d MVRC Flight Centre H.
 Tinjirarni (f by *Exceed and Excel*) **2 wins** at 1150, 1250m, STC Festival Finale H., AJC Hillsdale P., 2d AJC Rosebrook H., STC Caravan & Camping Show H., Potbelez at Party HQ H., 3d AJC Private Steer H.
 Daisy Fey (f by *Desert Prince (Ire)*) **2 wins** at 1400, 1500m.
 Mystic Tere Toa (g by *Fastnet Rock*) **Winner** at 2108m in 2010-11.

2nd Dam

BARRON FEY (IRE), by Scottish Rifle. Unraced. Sister to **Less Ice**, half-sister to Engagement (dam of **IVORY'S IRISH, FRESNO CANYON**), Life at Last (dam of **FULL AT LAST**), Betty Box (dam of **ALYNDA**), Field Day (dam of **DARWEESH**). Dam of 10 foals, 9 to race, **7 winners**, inc:-
(BIG) BARRON (c *Half Iced*) **12 wins** 1300 to 3200m, \$432,095, VRC Dalgety H., **Gr 2**, VATC Heatherlie H., **L**, Cranbourne Cup, **L**, 2d SAJC Adelaide Cup, **Gr 1**, 3d SAJC Rain Lover P., **Gr 3**.
 Baronia. **5 wins**-1 at 2-1065 to 1600m, VATC Virginia H. Dam of 3 winners-
GLOBAL NEWS (g *Jetball*) **5 wins**-2 at 2-1000 to 1600m, \$199,368, Turffontein South African Nursery P., **Gr 1**, Kenilworth Merchants S., **Gr 2**, Green Point S., **Gr 2**, 2d Clairwood Sharp Electronics Cup, **Gr 1**.
PONTE PICCOLO (f *Volksraad*) **3 wins** 1400 to 2050m, \$244,750, Illawarra TC Keith F Nolan Classic, **L**, 2d AJC Adrian Knox S., **Gr 3**.

3rd Dam

ROYAL NEWS (IRE), by Sovereign Path. Winner at 1¼m, Newmarket Fillies Final S. Sister to **Sovereign Edition**, half-sister to **New Conqueror**. Dam of 13 foals, 9 to race, **8 winners**, inc:-
Less Ice (c *Scottish Rifle*) **7 wins**-2 at 2-1400 to 3400m, 2d Longchamp Prix de Barbeville, **Gr 3**, 3d Down Royal Ulster Harp Derby, **L**.
 Engagement. **3 wins** at 2000m, AJC Delta H. Dam of 7 winners-
IVORY'S IRISH (c *Best Western*) **5 wins** 1300 to 2400m, \$899,100, Australian Derby, **Gr 1**, STC Theo Marks H., **Gr 2**, Tulloch S., **Gr 2**.
 Betty Box. **Winner** at 2 at 6f, Doncaster Lonsdale S. Dam of 8 winners-
ALYNDA (f *Nassau*) **9 wins**-4 at 2-880 to 1600m, AuRC Railway H., **Gr 1**.



Generated on 07/09/12

	1	NORTHERN DANCER (B/C)	NEARCTIC
		DANZIG (I/C)	NATALMA
		PAS DE NOM	ADMIRAL'S VOYAGE
DANEHILL (Q)			PETITIONER
		HIS MAJESTY (C)	RIBOT
		RAZYANA	FLOWER BOWL
	1	SPRING ADIEU	BUCKPASSER
COMMANDS			NATALMA
(96)		PETITION (I)	FAIR TRIAL
		MY SWANEE	ART PAPER
		GREY RHYTHM	GREY SOVEREIGN
COTEHELE HOUSE			METRONOME
		PIECES OF EIGHT II	RELIC
		EIGHT CARAT	BABY DOLL II
		KLAIRESSA	KLAIRON
Prospective foal			COURTESSA
		SIR IVOR (I/C)	SIR GAYLORD
		SIR TRISTRAM (Q)	ATTICA
		ISOLT	ROUND TABLE
ZABEEL (Q)			ALL MY EYE
		NUREYEV (C)	1 NORTHERN DANCER
		LADY GISELLE	SPECIAL
		VALDERNA	VAL DE LOIR
MAKING FEY			DERNA
(94)		SUNNY WAY	HONEYWAY
		SCOTTISH RIFLE	RED SUNSET
		RADIOPYE	BRIGHT NEWS
BARRON FEY			SILVERSOL
		SOVEREIGN PATH (Q)	GREY SOVEREIGN
		ROYAL NEWS	MOUNTAIN PATH
		LATEST EDITION	SOLFERINO
			CELESTIAL LIGHT

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

Roman Dosage Profile: (1-5-8-0-0)

D.I.: 2.50 C.D.: 0.50

Werk Quality Rating: Q 7

Dosage Points: 14 + Quality Points: 22 = Total Points: 36

5-Generation Inbreeding: NORTHERN DANCER - 4m x 5m
 NATALMA - 5m, 5f x
 GREY SOVEREIGN - 5f x 5m

Stakes winners bred from the COMMANDS--ZABEEL cross

Stakes Winner	Yob	Sex	Best	Dirt	AWS	Turf	Pedigree
ALTAR	2008	F	G2			Y	COMMANDS ex HOSANNAH (OCTAGONAL)
PURPLE	2005	F	G1			Y	COMMANDS ex LADY VIOLA (ZABEEL)
RAIN AFFAIR	2007	G	G2			Y	COMMANDS ex I BELIEVE (OCTAGONAL)
ROYAL COMMANDS	2006	F				Y	COMMANDS ex PRINCESS RENEE (ZABEEL)

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

CENTENNIAL PARK VETERINARY PRACTICE



A.B.N. 91 072 794 944

VETERINARY EXAMINATION FOR DYNAMIC SYNDICATIONS

At the request of Dynamic Syndications, a pre-sale veterinary examination of **Lot 263, COMMANDS ex MAKING FEY Bay Yearling Filly**, brands as described in the 2012 Inglis Australian Easter Yearling Sale Catalogue, was carried out at the Newmarket Sales Complex Randwick NSW, on the 10th April 2012, prior to the commencement of the William Inglis Australian Easter Yearling Sale.

Clinical Examination:

This was is a high quality filly in excellent condition. She was well grown and well conformed. The filly was a strong, athletic type with good angulations to shoulder and pasterns. She has good bone and she possesses good strength to her hindquarter. She is very well balanced with good length of rein. She is a filly that stands over good ground with an easy flowing action at the walk. The filly is still immature and will develop further. All clinical parameters were found to be within normal limits. She was examined in hand, and was found to be free moving. Stethoscope examination of heartbeat was normal. There was no clinical evidence of wear or injury to her extremities. There was no response to flexion tests.

Radiographic Examination:

Pre-sale there was a full set of radiographs available for inspection in the repository at the Inglis Sales Complex. Upon examination, there were no radiographic findings of any significance noted.

Endoscopic Examination:

Post sale the upper respiratory tract was examined endoscopically and the larynx and pharynx were found to be normal in appearance and function.

Conclusion:

In my opinion, at the time of this examination, **Lot 263, COMMANDS ex MAKING FEY Bay Yearling Filly** is in so far as can be determined from the extensive examination conducted; suitable for racing and public syndication and as such, is therefore suitable for all risk mortality insurance cover. I confirm that I advised Dynamic Syndications that in my opinion this lot was suitable for their purchase.

Yours faithfully,



Dr. T.M.B. Roberts BVSc. MRCVS
16 April 2012

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 other third party. The issuer has a long standing relationship with Dynamic Syndications to provide a detailed veterinary assessment and specific advice on suitability of prospective yearling purchases at all yearling sales within Australasia.

Veterinary Surgeon: Dr TMB ROBERTS BVSC. (SYD.) MRCVS
Telephone: (02) 93606970 Facsimile: (02) 93806203 email: cpvp@bigpond.net.au
PO Box 535 Randwick NSW 2031 AUSTRALIA
www.equinevet.com.au



Logan Livestock Insurance Agency Pty Ltd

ABN 81 091 836 204

www.logans.com.au

AFS Licence No. 738959

21 PARRAWHEN 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

17/04/2012

Dynamic Syndications
PO Box 2324
Taren Point NSW 2229

MEMORANDUM OF INSURANCE

Policy No: L089483

Insured: Dean Watt Thoroughbreds Pty Ltd t/as Dynamic Syndications

Interest: Unnamed (Lot 263 AEYS)
2010 Bay T.Bred Filly
Commands/Making Fey

Use: Rearing/Flatracing

Limit of Liability: Aud\$195,000 being 100%

Period: 11 April 2012 to 1 November 2012 at 4.00pm

Coverage Summary: Mortality Insurance
Colic Surgery Cost Extension Clause not exceeding \$10,000
Australia & New Zealand Territorial Limits
12 Month Extension Clause
Limited Theft and Unlawful Removal Endorsement
Terrorism Exclusion Endorsement
Disability Impairment Guarantee to Syndicate Registration

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.



SCHEDULE

APPLICATION PRICE CALCULATION SHEET

**COMMANDS / MAKING FEY Bay Filly 2010 –
William Inglis Australian Easter Yearling Sale 2012 - Lot 263**

*** A statement setting out expenses incurred by the Promoter in the formation of the partnership.**

(A) Actual Cost - FALL OF HAMMER Price	\$110,000
(B) Costs Incurred in Acquisition of Horse	\$ 41,558
(C) Actual & Budgeted Forward Horse Husbandry Costs	\$ 10,112
(D) Syndicate Establishment, Promotion, Accounting & Legal	<u>\$ 17,835</u>
	\$179,505 +
(E) GST	<u>\$ 17,950</u>
	\$197,455+
(F) Racing NSW Registration Fees & PDS Fee \$545 (GST Exempt)	<u>\$ 545</u>
<u>TOTAL SYNDICATION VALUE</u> (including GST to 31/9/12)	<u>\$198,000</u>

(A) PURCHASE PRICE = \$110,000 + GST

Purchase Price: **\$110,000 + GST**
Fall of Hammer Price in Sale Ring

(B) VARIOUS ACQUISITION COSTS = \$41,558 + GST

Dynamic Syndications Profit Margin For This Promotion **\$13,750 + GST**
Determined by Yearling Sale Price - \$110,000 x 12.5%

Veterinary Report for PDS **\$195 + GST**

Insurance – 4 x Premiums: Insurance – 4 x Premiums: **\$17,273 + GST**

- (1) - Mortality cover from Fall of Hammer to 1/11/2012 on \$198,000 syndicated value
- (2) - Colic Cover
- (3) - Disability / Impairment Guarantee - Fall Of Hammer Price to Registration Date
- (4) - P. I. Cover:

5 x Race Series Eligibility Payments: **\$4,182 + GST**

- * Entry Fee Inglis Race Series – One off payment = \$2,000
- * Golden Slipper / Golden Rose eligibility payment \$318
- * Blue Diamond eligibility payment \$200
- * Entry Fee BOBS 2-3YO Series – One off payment = \$900
- * Entry Fee BOBS Extra Series - 4YO + horses – One off payment = \$764

Acquisition Costs: **\$6,158 + GST**

- * Veterinary work conducted at saleyard by Dr Tim Roberts in Selection Process includes: 64 Physical Inspections (\$1,600) and 51 sets of X-Rays (\$6,375) and 3 Endoscopic evaluations (\$450) divided pro-rata across the 3 yearlings purchased for syndication = **\$2,808**
- * Gary Mudgway Bloodstock Consultancy & Worldbreed Thoroughbreds \$25 x 132 inspections = \$3,300 divided pro-rata across the 3 yearlings for syndication = **\$1,100**
- * Sales Expenses incurred in attending sale i.e. Transport, Accommodation, Phone, Client Liaison, Living Expenses, etc, divided by 3 yearlings purchased for syndication = **\$1,290**
- * Miscellaneous Costs = Professional Photographers, DVD of Auction Sale, Pedigree Ratings Software Fee - Pro Rata across yearlings purchased for syndication = **\$960**

(C) HORSE HUSBANDRY ACCOUNTS BUDGET TO 31/9/12 = **\$10,112 + GST**

Planning and Progression for the horse from 1/3/12 to 31/9/12

- Transport 12/4/12 from Inglis Sales to Oakridge Spelling Farm NSW = \$175
- Agistment from Date of Arrival at Oakridge to 30 April – 18 days = \$612
- 1 May - Transport to educators to commence breaking-in process = \$180
- Education process over 35 days (5 weeks) including stabling & agistment = \$2,900
- Transport 5 June to Pre-Trainers Stables = \$210
- 17 days education in racing stables @ \$75 = \$1,275
- Miscellaneous additional costs include Track Fees (\$39), Farrier Feet Trim and Shoes (\$165), Dentist (\$90), Parasite Drench (\$78) = \$372
- 22 June Transport return to Oakridge Spelling Farm = \$80
- June Agistment at Oakridge Spelling Farm 8 days = \$272
- Agistment 1 July – 31 July 31 Days at Oakridge Spelling Farm
- + Feet Trim and Drench = \$1,309
- August 1 – 30 Days at Oakridge Spelling Farm
- + Feet Trim and Drench = \$1,275
- September 1 – 31 Days at Oakridge Spelling Farm
- + Dentist, Feet Trim, New Work Shoes and Drench = \$1,452

(D) BUDGETED SYNDICATE ESTABLISHMENT & PROMOTION =
\$17,835 + GST

Auditing, Accounting & Legal Fees = \$6,700 + GST

Auditors Fee: (Pro Rata) \$3,500, Chartered Accountants Fee (Pro Rata): \$1,200, Legal Fees (Pro Rata): Macquarie Legal Practice \$2,000.

Establishment & Promotion = \$11,135 + GST

Postage, Printing, Handling, Stationary \$128, Communications via Telephone, Fax, Email, SMS (Pro Rata) \$325, Marketing & Promotional, Banking, Merchant Service / Eftpos Fees (Pro Rata) \$825, IT Service Provider (Pro Rata) \$857, Advertising = \$9,000 (Pro Rata expenses across all yearlings for Syndication in 2012 : TV – Radio – Websites: TVN – Sky Channel - Sky Sports Radio – Bloodstock.com & other websites).

All prices above have been recorded as GST exclusive

(E) GST: (10 % Goods & Services Tax) **\$ 17,950**

SUB-TOTAL OF COSTS **\$197,455 +**

(F) STATUTORY FEES TO RACING NSW: (*GST Exempt*) **\$ 510**

Racing NSW Fees of \$510 (inc: Racehorse Registration Fee \$110, PDS Application Fee \$150, Racing Syndicate Registration Fee \$250)

ASIC - PDS IN-USE FORM 88 (*GST Exempt*) **\$ 35**

TOTAL PRICE TO: 31/9/12 **\$198,000**

10% Shares @ \$19,800 (including GST) per share

5% Shares @ \$9,900 (including GST) per share



19 July 2012

Racing NSW
Level 7
51 Druitt Street
SYDNEY NSW 2000

Dear Sir,

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.

2010 Bay Filly – Commands / Making Fey (NZ)

I have agreed to train the above horse from my stables at Rosehill in accordance with my standard terms of trade. These terms are available from my office upon request.

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

I acknowledge that Dynamic Syndications employ Dr Tim Roberts as their contracted veterinarian. I am aware Dr Roberts has seen this horse both at the sales prior to purchase where it passed a physical examination and its x-ray inspection were clear. I am aware the horse passed full inspection for syndication.

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.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'Chris Waller', written over a white background.

Chris Waller
Racehorse Trainer

P O Box 3069
North Parramatta
NSW 1750

t. 61 02 9637 9652
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