

PRODUCT DISCLOSURE STATEMENT

(P. D. S.)

For the Sale of Shares in a Racehorse

Lead Regulator Approved

HORSE: UNNAMED THOROUGHBRED Bay Filly 17/8/2012

By : DENMAN

FROM : QUILT by (Danehill)

**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 **23 May 2014**. 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	\$12,950.00 (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 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 or listed or feature or metropolitan 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. • 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 17/8/2012 BY DENMAN FROM QUILT BY DANEHILL** 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 **Twenty (20) 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 the 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 **\$12,950.00** (inclusive of GST), calculated as follows:

Base Sale Price of Horse, excluding GST	\$160,000	
Total Syndicate Establishment Costs	\$75,991	
GST (rounded)	\$23,499	
Registration fees payable to Racing NSW	\$510	
Application Price per 5% Share payable upon application		\$12,950.00

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 243**, from vendor **YARRAMAN PARK STUD (As Agent)** at the **2014 WILLIAM INGLIS AUSTRALIAN EASTER YEARLING SALE conducted by WILLIAM INGLIS & SONS LIMITED (ABN 75 000 011 307) at NEWMARKET COMPLEX, RANDWICK NSW, on 8th to 10th April 2014**, for the purchase price of **\$160,000 + GST** ("purchase price"). The Offeror will receive unencumbered title to the Horse upon payment of the purchase price to **WILLIAM INGLIS & SONS LIMITED**.

Within seven (7) days of the Offeror paying the purchase price to **WILLIAM INGLIS & SONS LIMITED**, the Promoter will compile a register of Owners of the Shares numbered consecutively - **1 to 20** - 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 \$8.62 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 Prizemoney for wins and also placings (1st to 5th in Group or Listed or Feature or Metropolitan 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

PETER and PAUL SNOWDEN (in registered partnership) will train the Horse. Their stables are based at **RANDWICK NSW**. They are the first appointee of the Syndicate Manager as Trainer, in accordance with the provisions of *clause 6.2* of the *Syndicate Deed*.

PETER and PAUL SNOWDEN have agreed to train the Horse.

16. Veterinary Report

DR JOHN WALKER of John Walker and Associates BVSc, Veterinary Surgeon (“Dr Walker”) has provided an initial veterinary report as to the suitability of the Horse for purchase and syndication.

Dr WALKER 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, 2014**, 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 PETER and PAUL SNOWDEN** 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, save for the expectation that they will receive fees from training the Horse. Prospective investors should be aware that **Mr PETER and PAUL SNOWDEN** may train other Horses syndicated and/or managed by the Promoter, Syndicate Manager and/or Racing Manager.
4. **Dr WALKER** 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 WALKER** 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, including any additional gratuities for wins in Group races which the Syndicate Manager may at its discretion agree to pay to the trainer and or jockey (*any such agreement to be communicated in advance and as soon as practical to the partners*) in accordance with the provisions of clauses 3 and 13.

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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24. 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

23 May 2014

SCHEDULE

SHARE APPLICATION PRICE - CALCULATION SHEET

DENMAN / QUILT Bay Filly 2012 - Lot 170 Inglis Easter

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

(A) Actual Cost - FALL OF HAMMER Price	\$ 160,000
(B) Costs Incurred in Acquisition of Horse	\$ 44,280
(C) Actual & Budgeted Forward Horse Husbandry Costs	\$ 12,376
(D) Syndicate Establishment, Promotion, Accounting & Legal	<u>\$ 18,335</u>
	\$ 234,991 +
(E) GST	<u>\$ 23,499</u>
	\$ 258,490 +
(F) Racing Authority Registration Fees \$360 (GST Exempt)	<u>\$ 510</u>
<u>TOTAL SYNDICATION VALUE</u> (including GST to 31/10/14)	<u>\$ 259,000</u>

(A) PURCHASE PRICE = \$160,000 + GST

Purchase Price: **\$160,000 + GST**
Fall of Hammer Price in Sale Ring (+ GST)

(B) VARIOUS ACQUISITION COSTS = \$44,280 + GST

Dynamic Syndications Profit Margin On This Promotion **\$16,000 + GST**
10% on the Fall Of Hammer Sale Price = \$160,000 x 10%

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

ASIC - PDS in-use Form 88 **\$35 + GST**

Insurance – 4 x Premiums:

\$18,523 + GST

- (1) - Mortality Cover from Fall of Hammer to 1/11/2014 on \$259,000 syndicated value
- (2) - Colic Cover
- (3) - Disability / Impairment Guarantee - Fall Of Hammer Price to Registration Date
- (4) - P. I. Cover
- (5) - Stamp Duty

4 x Race Series Eligibility Payments:

\$3,982 + GST

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

Acquisition Costs: (Inglis Australian Easter 2014)

\$5,545 + GST

- * Veterinary work conducted at saleyard by Dr. John Walker in Selection Process includes: 26 Physical Inspections, 26 sets of X-Rays and 2 Endoscopic evaluations divided pro-rata across 2 yearlings purchased for syndication = \$1,950
- * Sales Expenses (7 Days x 3 Staff) incurred in attending sale i.e. 1 x Air Fare, Transport, 1 x Accommodation, Phone, Internet, Client Liaison, 1 x Living Expenses, etc., divided by the 2 yearlings purchased for syndication = \$1,990
- * Consultancy Fee to Gary Mudgway for individual inspections of 124 yearlings from the sale to determine final 26 lots to submit to the veterinarian for appraisal divided pro rata across yearlings purchased for syndications = \$645
- * Miscellaneous Costs = Professional Photographers, Pedigree Ratings Software Fee - Pro Rata across all yearlings purchased for syndication = \$960

(C) HORSE HUSBANDRY ACCOUNTS BUDGET TO 31/10/14 =

\$12,376 + GST

Planning and Progression for the horse from 10/4/14 to 31/10/14

Transport on 10/4/13 from Randwick Saleyards to Oakridge Spelling Farm NSW = \$170
Agistment from Date of Arrival at Oakridge 10 April – 30 April (21 Days) = \$735
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
18 days education in pre-trainers racing stables @ \$85 = \$1,530
Miscellaneous additional costs include Track Fees, Farrier Feet Trims and Shoes, Dentist, Parasite Drenches = \$474
24 June Transport return to Oakridge Spelling Farm = \$170
6 days June Agistment at Oakridge Spelling Farm 6 days = \$210
Agistment 1 July – 31 July 31 Days at Oakridge Spelling Farm + Feet Trim and Drench = \$1,310

Miscellaneous additional costs include, Farrier Feet Trim and Shoes (\$165), Dentist (\$90), Parasite Drench (\$78) = \$396
 Agistment 1 August – 31 August 31 Days at Oakridge Spelling Farm + Feet Trim and Drench = \$1,310
 Agistment 1 September – 30 September 30 Days at Oakridge Spelling Farm + Dentist = \$1,136
 Agistment 1 October – 31 October 31 Days at Oakridge Spelling Farm + Feet Trim and Shoes + Drench + Transport to Wild Oaks Pre-Training Facility \$170 = \$1,645

(D) BUDGETED SYNDICATE ESTABLISHMENT & PROMOTION = *\$18,335 + GST*

Statutory Auditing; Accounting & Legal Fees = \$6,700
 Auditors Annual Fee: (Pro Rata) \$3,500, Chartered Accountants Fee (Pro Rata): \$1,200, Legal Fees (Pro Rata): Macquarie Legal Practice \$2,000.

Establishment & Promotion = \$11,635
 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 = \$9,500
 Pro Rata expenses across all yearlings for Syndication in 2014: (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) *\$ 23,512*

SUB-TOTAL OF COSTS *\$258,640 +*

(F) RACING AUTHORITY STATUTORY FEES (GST Exempt) *\$ 510*
 Racehorse Registration Fee \$110, PDS PDS Application Fee \$150,
 Racing Syndicate Registration Fee \$250

TOTAL PRICE TO: 31/10/14 *\$259,000*

**10% Shares @ \$25,900 per share including GST
& All Costs to 31 October 2014**

**5% Shares @ \$12,950 per share including GST
& All Costs to 31 October 2014**



**SNOWDEN
RACING**

*Peter and Paul Snowden
ABN 56 167 131 740*

21 May 2014

Racing NSW
Level 7
51 Drutt 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.

2012 Bay Filly – DENMAN / QUILT
LOT 170 Inglis Easter Yearling Sale Newmarket

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. Our main stables are based at RANDWICK.

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.

Yours faithfully,

Peter and Paul Snowden
Racehorse Trainers

POSTAL ADDRESS: PO Box 511, Kensington NSW 1465
STABLES: 28 High Street, Randwick NSW 2031
Peter: 0411 554 799
Paul: 0416 200 386

**On Account of YARRAMAN PARK STUD, Scone
(As Agent)**
Lot 170
BAY FILLY

 (Branded  nr sh. $\frac{8}{2}$ off sh. Foaled 17th August 2012)

(SIRE)	Lonhro	Octagonal (NZ)	by Zabeel (NZ).....
DENMAN	Shadea (NZ).....	by Straight Strike.....	
	Peach.....	Vain	by Wilkes (Fr)
		Market Maid	by Marscay
(DAM)	Danehill (USA)	Danzig.....	by Northern Dancer
QUILT	Razyana	by His Majesty	
1995	Quarantieme.....	Blethingly.....	by Biscay.....
		Dancelot.....	by Vain

DENMAN (AUS) (Brown 2006-Stud 2010). 9 wins-3 at 2-to 1400m, A\$1,201,975, STC Golden Rose S., Gr.1, AJC Stan Fox S., Gr.2, MRC D'Urban S., Gr.2, STC Run to the Rose H., Gr.3, MRC Zeditave S., L, Wellington Racing Club S., L, 4th VRC Australian Guineas, Gr.1. Half-brother to SW Preserve (VRC Sires' Produce S., Gr.1) and SW Rio Osa. Sire of SW Law (ATC Breeders' P., L), SP Piacenza and of Grapevine, Pinch River, etc. His oldest progeny are 2YOs.

1st Dam

QUILT, by *Danehill (USA)*. Placed at 3, 2d VRC Global Rewards H. Sister to **WEST POINT**, half-sister to **CHARMING CITY**, **King Kora**. This is her twelfth foal. Her eleventh foal is an unraced 3YO. Dam of 10 foals to race, **8 winners**-**PINWHEEL** (*g by Lonhro*) **12 wins** 1100 to 1400m, \$1,167,125, to 2012-13, ATC Warwick S., **Gr 2**-twice, Missile S., **Gr 3**, Qld Tatt's RC WJ Healy S., **Gr 3**, STC Canterbury Classic, **L**, Clarence River JC Ramornie H., **L**, 2d MVRCAustralia S., **Gr 2**, ATC Southern Cross S., **Gr 3**, Qld Tatt's RC WJ Healy S., **Gr 3**, AJC Show County H., **L**, ATC Hall Mark S., **L**, STC Canterbury Classic, **L**, 3d SAJC Goodwood H., **Gr 1**, ATC Missile S., **Gr 3**, MRC Betfair S., **Gr 3**, SAJC DC McKay S., **Gr 3**, 4th BRC Stradbroke H., **Gr 1**.
 Shilo (*g by Octagonal (NZ)*) **3 wins** at 1200, 1350m, Qld Tatt's RC Carlton Draught H., BTC Northern City Finance H., QTC Arctic Scent H., 2d BTC Bearepaires H., QTC Look Aloft 2YO H., 4th Queensland Guineas, **Gr 2**.
 Counterpane (*f by Lonhro*) **2 wins**-1 at 2-at 1200, 1400m, \$201,550, AJC Sadleir 2YO P., STC Theraces.com.au H., 2d STC Grand Pavilion H.
 Trapunto (*g by Domesday*) **2 wins** at 1550, 1600m, ATC TJ's Champagne Bar H.
 Amish (*f by Canny Lad*) **Winner** at 1200m, STC JFT Group of Companies P., 2d STC CGU Motor Trades H., AJC Inglis H. Dam of 4 winners-**MEIDUNG** (*f Bernardini (USA)*) **2 wins**-1 at 2-at 1100, 1400m, \$253,750, to 2012-13, MRC Twilight Glow S., **L**, ATC Harvey Norman 2YO H., 2d NSW Tatt's RC Furious S., **Gr 2**, ATC Silver Shadow S., **Gr 3**, 3d ATC Reisling S., **Gr 2**, Keith Mackay H., **L**, 4th ATC Darby Munro S., **L**.
 Maidel. **2 wins** at 1200, 1350m in 2012-13, ATC Tab.com.au H., 2d ATC Bowermans Furniture H., Canterbury Park H.
 Sampler. **Winner** at 2 at 1000m, 3d AJC Hula Chief 2YO H.
 I Am the Count. **2 wins** at 1100, 1600m.
 Star of Wai Bo (*g by Elusive Quality (USA)*) **Winner** at 1200m, \$120,528, in 2013-14, HKJC Island H., 2d HKJC Mei Tung H., Lung Kong H.
 Bear's Paw (*g by Quest for Fame (GB)*) **3 wins** 1250 to 1614m.
 Lighthouses (*g by Octagonal (NZ)*) **3 wins** 1400 to 1614m.
 Queen of Quilts (*f by Viscount*) Placed to 2012-13, 3d WATC Perth-racing.com.au H.
 Amjess (*f by Viscount*) Placed.

2nd Dam

QUARANTIEME, by *Blethingly*. Unraced. Sister to **TAKE YOUR PARTNER**, three-quarter-sister to **RIGOLETTO**, **Sparkling Bletch**, Lyric half-sister to **KENVAIN**, **IMPERIAL BARON**. Dam of 6 foals, all raced, **5 winners**, inc:-**WEST POINT** (*c Danehill (USA)*) **2 wins** at 1200, 1400m, AJC Stan Fox S., **Gr 2**, 2d AJC Carbine Club S., **L**, 4th STC Canterbury Guineas, **Gr 1**. Sire. **CHARMING CITY** (*g Chief's Crown (USA)*) **Champion sprinter in Hong Kong. 10 wins**-1 at 2-to 1600m, HKJC Bauhinia Sprint Trophy, **HK-1**.

INGEAS14

Generated on 05/08/14

		ZABEEL (Q)	SIR TRISTRAM
	OCTAGONAL		LADY GISELLE
		EIGHT CARAT	PIECES OF EIGHT II
LONHRO			KLAIRESSA
	SHADEA	STRAIGHT STRIKE	MR. PROSPECTOR
		CONCIA	BEND NOT
DENMAN			FIRST CONSUL
(2006)		WILKES (Q)	MY TRICIA
	VAIN (Q)		COURT MARTIAL
		ELATED	SANS TARES
PEACH			ORGOGLIO
		MARSCAY (Q)	RARCAMBA
	MARKET MAID		BISCAY
	MARJORAM		HEART OF MARKET
Hip 170			MAJOR GENERAL
Filly			DARK QUEEN
	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
QUILT			NATALMA
(95)		BISCAY (Q)	STAR KINGDOM
		BLETCHINGLY (Q)	MAGIC SYMBOL
		COOGEE	RELIC
QUARANTIEME			LAST JUDGEMENT
		VAIN (Q)	WILKES
	DANCELOT		ELATED
		HOT RHYTHM	SOSTENUTO
			STAR OF PEACE

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

Roman Dosage Profile: (1-2-5-0-0)

D.I.: 2.20 C.D.: 0.50

Werk Quality Rating: Q 7

Dosage Points: 8 + Quality Points: 26 = Total Points: 34

Best of Sale:



5-Generation Inbreeding:
 VAIN - 3f x 4f
 BISCAY - 5m x 4m
 NATALMA - x 5m, 5f

DENMAN

Stands at DARLEY, KY for a fee of \$15000

Stakes Winners from the LONHRO--DANEHILL cross

Stakes Winner	Yob	Sex	Best	Dirt	AWS	Turf	Pedigree
BOUNDING	2010	F	G1			Y	LONHRO--BELIEVE'N'SUCCEED (EXCEED AND EXCEL)
MESENE	2008	G	G2			Y	LONHRO--BELLE GISELLE (REDOUTE'S CHOICE)
EIGHT TILL LATE	2008	F	G3			Y	LONHRO--FUTURE CHOICE (REDOUTE'S CHOICE)
BENFICA	2008	C	G1			Y	LONHRO--HUT (DANEHILL)
OBSEQUIOUS	2007	F	G2			Y	LONHRO--SYCOPHANT (COMMANDS)
DEER VALLEY	2006	F	G3			Y	LONHRO--DANISLEW (DANEHILL)
PINWHEEL	2005	G	G2			Y	LONHRO--QUILT (DANEHILL)
MINNESOTA SHARK	2005	C				Y	LONHRO--PONTON FLYER (FLYING SPUR)
BLACK MINX	2005	F				Y	LONHRO--FAITH HILL (DANEHILL)



HYPOTHETICAL: Denman (AUS) -- =Quilt (AUS)
 Based on the cross of Lonhro (AUS) and his sons/Danehill

Variant = 1.58

Hypothetical Foal	Denman (AUS), 06 dk b/	Lonhro (AUS), 98 dk b/	=Octagonal (NZ), 92 br	=Zabeel (NZ), 86 b	*Sir Tristram, 71 b	
				=Eight Carat (GB), 75 br	=Lady Giselle (FR), 82 b	
			=Shadea (NZ), 88 br	Straight Strike, 77 dk b/	*Pieces of Eight II, 63 dk b/	
				=Concia, 78 b	Klairessa (GB), 69 dk b/	
				=Vain (AUS), 66 ch	=Wilkes (FR), 52 ch	Mr. Prospector, 70 b
		=Elated (AUS), 57 b	Bend Not, 72 b			
		=Peach (AUS), 91 b	=Market Maid (AUS), 85 b	=Marscay (AUS), 79 ch	First Consul, 70 dk b/	
				=Marjoram (AUS), 68 br/bl	=My Tricia (NZ), 74 br	
			Danehill, 86 b	Danzig, 77 b	Northern Dancer, 61 b	*Court Martial, 42 ch
					Pas de Nom, 68 dk b/	*Sans Tares, 39 ch
	Razyana, 81 b			His Majesty, 68 b	=Orgoglio (GB), 49 b	
		Spring Adieu, 74 b	=Rarcamba (AUS), 46 br			
	=Quilt (AUS), 95 b	=Bletchingly (AUS), 70 br	=Biscay (AUS), 65 ch	=Biscay (AUS), 65 ch		
			=Coogee (GB), 59 b	Heart of Market, 67 b		
			=Dancelot (AUS), 72 ch	=Vain (AUS), 66 ch	=Major General (GB), 56 b	
				=Hot Rhythm (AUS), 67 ch	=Dark Queen (AUS), 64 br	
		=Quarantieme (AUS), 85 ch	=Bletchingly (AUS), 70 br	=Star Kingdom (IRE), 46 ch	Nearctic, 54 br	
				=Magic Symbol (AUS), 56 ch	Natalma, 57 b	
			=Dancelot (AUS), 72 ch	=Vain (AUS), 66 ch	Admiral's Voyage, 59 dk b/	
				=Hot Rhythm (AUS), 67 ch	*Petitioner, 52 b	

Pedigree Statistics	
Coefficient of Relatedness: 4.30%	Pedigree Completeness: 100.00%
Inbreeding Coefficient: 3.14%	Unique Ancestors: 365/510

Dosage Information	
Dosage Profile: 1 2 5 0 0	
Dosage Index: 2.20	Center of Distribution: +0.50

Notes on terminology in this report: **Coefficient of Relatedness** measures the degree of relatedness between sire and dam to six generations; **Inbreeding Coefficient** measures the mating's degree of inbreeding to eight generations; **Pedigree Completeness** is the portion of the pedigree that is on file to eight generations; **Unique Ancestors** is the number of unique names found to eight generations; **Dosage Information**: visit www.chef-de-race.com/dosage.htm **Direct Cross** refers to the exact sire over exact broodmare sire; **Rated Cross** is the cross used to base the TrueNicks rating and may differ from the direct cross to maintain statistical significance; **AEI**: Average Earnings Index; **AWD**: Average Winning Distance (in furlongs). All currency figures are converted to U.S. dollars at the time of race or sale.

Pedigree and racing information provided by:





HYPOTHETICAL: Denman (AUS) -- =Quilt (AUS)
Based on the cross of Lonhro (AUS) and his sons/Danehill

Variant = 1.58

Starters Considered in Rated Cross		Auction Results - All Foals on Direct Sire/Broodmare Sire Cross				Surface Performance for Rated Cross			
		Type	#Sold	Avg	Med	Type	Dirt	Turf	AW
Direct Sire/ Broodmare Sire Cross	-	Weanlings	1	\$87,831	\$87,831	Starters	7	52	15
Additional Starters on Rated Cross	52	Yearlings	3	\$104,024	\$136,539	Winners	5	39	5
Total Starters	52	2YOs	-	-	-	SW	-	4	-

Sire		Broodmare Sire	
Sire Name	Denman (AUS)	Broodmare Sire Name	Danehill
Sire AEI	1.41	Broodmare Sire AEI	1.60
Progeny AWD	5.12 f	Progeny AWD as BM Sire	7.72 f
Chief Earner	Law (AUS) (\$129,341)	Chief Earner	Subscribe (NZ) (\$8,509,073)

	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	72	43	29	936	6,233
Starters (% Foals of Racing Age)	52 (72%)	31 (72%)	21 (72%)	578 (62%)	4,356 (70%)
Winners (% Starters)	43 (83%)	28 (90%)	15 (71%)	396 (69%)	2,848 (65%)
SW (% Starters)	4 (8%)	2 (6%)	2 (10%)	40 (7%)	240 (6%)
Earnings	\$5,166,646	\$3,663,086	\$1,503,560	\$42,606,580	\$287,945,589
Avg Distance Raced	6.48 f	6.57 f	6.29 f	6.54 f	7.74 f
Avg Winning Distance	6.45 f	6.61 f	6.07 f	6.41 f	7.75 f

Top 15 Foals Bred on Rated Cross				
Name	Sex	Foaled	Sire/Broodmare Sire	Best Race
BENFICA (AUS)	Horse	2008	Lonhro (AUS)/Danehill	G1SW
PINWHEEL (AUS)	Gelding	2005	Lonhro (AUS)/Danehill	G2SW
DEER VALLEY (AUS)	Mare	2006	Lonhro (AUS)/Danehill	G3SW
BLACK MINX (NZ)	Mare	2005	Lonhro (AUS)/Danehill	SW
Twirl (AUS)	Filly	2011	Lonhro (AUS)/Danehill	G2SP
The Ruffian (AUS)	Gelding	2007	Lonhro (AUS)/Danehill	G3SP
Babel (AUS)	Mare	2008	Lonhro (AUS)/Danehill	SP
Merimbula (AUS)	Gelding	2006	Lonhro (AUS)/Danehill	SP
Marseillaise (AUS)	Gelding	2007	Lonhro (AUS)/Danehill	Wnr
Counterpane (AUS)	Mare	2006	Lonhro (AUS)/Danehill	Wnr
Perplexity (AUS)	Gelding	2009	Lonhro (AUS)/Danehill	Wnr
Chamandi (AUS)	Gelding	2008	Lonhro (AUS)/Danehill	Wnr
Mr Mani (AUS)	Gelding	2008	Lonhro (AUS)/Danehill	Wnr
Spatha (AUS)	Gelding	2008	Lonhro (AUS)/Danehill	Wnr
Danon Perth (AUS)	Horse	2005	Lonhro (AUS)/Danehill	Wnr

Pedigree and racing information provided by:



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Stakes winners bred from the LONHRO--DANEHILL cross

Stakes Winner	Yob	Sex	Best	Dirt	AWS	Turf	Pedigree
BENFICA	2008	C	G1			Y	LONHRO ex HUT (DANEHILL)
BLACK MINX	2005	F				Y	LONHRO ex FAITH HILL (DANEHILL)
BOUNDING	2010	F	G1			Y	LONHRO ex BELIEVE'N'SUCCEED (EXCEED AND EXCEL)
DEER VALLEY	2006	F	G3			Y	LONHRO ex DANISLEW (DANEHILL)
EIGHT TILL LATE	2008	F	G3			Y	LONHRO ex FUTURE CHOICE (REDOUTE'S CHOICE)
MESSENE	2008	G	G2			Y	LONHRO ex BELLE GISELLE (REDOUTE'S CHOICE)
MINNESOTA SHARK	2005	C				Y	LONHRO ex PONTON FLYER (FLYING SPUR)
OBSEQUIOUS	2007	F	G2			Y	LONHRO ex SYCOPHANT (COMMANDS)
PINWHEEL	2005	G	G2			Y	LONHRO ex QUILT (DANEHILL)

Stakes winners bred from the LONHRO--NORTHERN DANCER cross

Stakes Winner	Yob	Sex	Best	Dirt	AWS	Turf	Pedigree
ACADEMUS	2009	G	G2			Y	LONHRO ex YOUTHFUL PRESENCE (DEHERE)
BEADED	2005	F	G1			Y	LONHRO ex SUBTLE (NIGHT SHIFT)
BENFICA	2008	C	G1			Y	LONHRO ex HUT (DANEHILL)
BLACK MINX	2005	F				Y	LONHRO ex FAITH HILL (DANEHILL)
BOUNDING	2010	F	G1			Y	LONHRO ex BELIEVE'N'SUCCEED (EXCEED AND EXCEL)
CUSTARD	2006	F				Y	LONHRO ex SERENE LOOK (SEATTLE DANCER)
DEER VALLEY	2006	F	G3			Y	LONHRO ex DANISLEW (DANEHILL)
DEMERIT	2006	C	G3			Y	LONHRO ex SHAME (SCENIC)
DISSOLVED	2006	C				Y	LONHRO ex YARRALUMLA (GRAND LODGE)
DYSPHONIA	2006	F				Y	LONHRO ex SHUTTER (NIGHT SHIFT)
EIGHT TILL LATE	2008	F	G3			Y	LONHRO ex FUTURE CHOICE (REDOUTE'S CHOICE)
JEREZANA	2006	F				Y	LONHRO ex SADDLER'S SILK (BARATHEA)
LAUNAY	2006	G				Y	LONHRO ex EVE IN SEYCHELLES (PALACE MUSIC)
LAW	2011	C				Y	DENMAN ex LADY CAT (SIR CAT)
LONHSPRESSO	2009	F	G2			Y	LONHRO ex AS SIMPLE AS THAT (GRAND LODGE)
MENTAL	2008	G	G1		Y	Y	LONHRO ex INTRIGUES (NIGHT SHIFT)
MESSENE	2008	G	G2			Y	LONHRO ex BELLE GISELLE (REDOUTE'S CHOICE)
MINNESOTA SHARK	2005	C				Y	LONHRO ex PONTON FLYER (FLYING SPUR)
OBSEQUIOUS	2007	F	G2			Y	LONHRO ex SYCOPHANT (COMMANDS)
PARABLES	2007	F	G2			Y	LONHRO ex FAIRYTALES (NIGHT SHIFT)
PINWHEEL	2005	G	G2			Y	LONHRO ex QUILT (DANEHILL)
QUIDNUNC	2007	F				Y	LONHRO ex DORKY (GRAND LODGE)
RASPBERRIES	2007	F	G3			Y	LONHRO ex LA MELBA (GRAND LODGE)
SAINTHOOD	2005	G				Y	LONHRO ex BONNE FAMILLE (ANABAA)
SECESSION	2007	C				Y	LONHRO ex WALNUT (PROCOL HARUM)
TRIM	2006	F	G3			Y	LONHRO ex FIRM (NIGHT SHIFT)

What is a Best of Sale Rating ?

Selecting yearlings that excel on the racetrack takes expert analysis of pedigree and conformation as well as luck. Best of Sale recommendations offers a unique, proven method of identifying potential superstars based on a variety of pedigree factors.

The approach to evaluating auction entries draws upon data of successful breeding patterns of the winners identified by analysing the pedigrees of the winners of stakes races run since early 1990's. The target is to identify the compatibility of matings as reflected in part, by the initial pedigree rating + the quality of mating based upon the performance of sire + broodmare sire + female families. Then add in the aptitude balance of matings as supplied by the contributions of specific *chef de race* ancestors, and successful patterns of inbreeding.

While some of these may be obvious choices to most buyers, the majority of them are not so obvious and many potential buyers, whom do not understand the genetic aspects of pedigrees or dismiss the relevance of same, overlook these potential superstars.

Best of Sale Recommendations

Each lot number in a sale is rated for both its genetic compatibility and to the Best of Sale recommendation. They are given a simple Star Rating, from 5 Stars being the highest rating to 1 Star being the minimum qualifier. Best of Sale rating is an overall pedigree rating and takes into account all pedigree-related indicators as declared above.

However it only refers to the auction sale database against which it's being compared. Outside of these parameters, we return specifically to the pedigree rating alone. We are searching for competitive advantage against all other catalogued lots which is vitally important in closed race series races.

We embrace the favorable information and disregard horses with unfavorable aspects to pedigree rating, inbreeding, strength of the female family, evaluation of a stallion's stats and/or potential, sex biases, etc.

Frequently, selections are 'A' or better genetic nicks but we do see entries that are 'B' and 'C' (average) nicks occasionally that correspond with some very favorable breeding pattern that swings the balance in their favor. Only the Best of Sale recommendations get a Star Rating, so a one-star selection raises a mating well above its peers and merits a physical inspection.

Using Best of Sale recommendations in conjunction with our rigorous physical inspection systems of each of the horses, can dramatically improve our chances of selecting a potential quality runner.

Past Best of Sale Success

The formula for evaluating all the pedigrees of specific auction sale has proven very successful for us.

Our resume speaks for itself.

The data used commenced collection in 1990. Now well over twenty years evolved, Best of Sale categories as at the end of 2012 have resulted world wide in over 32,600 individual winners, 2,975 stakes winners, and 220 individual G1 winners !

Obviously the recommendations are only a part of the selection process. We still rely heavily on the conformation and athleticism of the individual, the horse husbandry techniques, commercial success and track record of the vendor and most importantly, the commercial value of the progeny.

Again we are well advanced in this regard. Dynamic Syndications Managing Director Dean Watt has over 30 years experience as a Bloodstock Consultant and is a Member of the Bloodstock Agents Federation – Australia. Dean as a licenced Commercial Agent is experienced in the art of thoroughbred valuation based upon specific formula and historical data determining current market “true price”.

In addition, with the vast wealth of experience and available data, farms that produce quality winners at a constant rate are easily identified statistically equally as those who do not.

Knowledge, Due Diligence and Attention to Detail – That’s what sets Dynamic Syndications well above its peers in the competitive environment of syndication of racehorses.

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

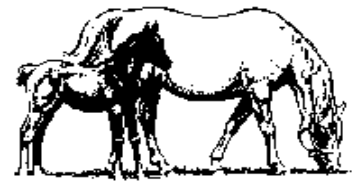
It is undeniable that racing class is in great part a function of the *quality* of ancestors contributing to new individual. It follows that certain quality stallions tend to contribute more favorably than other sires. When Quality points contributed by such deserving sires are combined with dosage points,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

WOLLONDILLY EQUINE



Veterinary Report

P.O Box 125
Oakdale 2570 Australia
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E-mail: wollondillyequine@bigpond.com

Date: 23rd May 2014

Horse Name: Quilt (AUS)/Denman (AUS) 12

Description: Bay 2yr old filly

Microchip No: 985100012027027

I examined the above horse to assess its suitability to syndicate as a race horse.

The examination performed was a general health check which included taking the horse's temperature, checking mucous membrane colour, pulse quality and respiratory system. Cardiac and thoracic auscultation were performed. The eyes were assessed for vision. Musculature symmetry and basic conformation were assessed. No abnormalities were found.

There was no lameness at the walk and trot and no response to hoof testers was found. On palpation and manipulation of the legs and major joints no abnormalities were found.

No radiographs, blood tests, drug sampling, ECG or upper respiratory endoscopy were performed.

Obviously the above mentioned special procedures would be necessary to diagnose certain joint problems such as OCD or problems with the upper respiratory tract.

I certify that I have no current or future interest in the above horse other than the supply of this veterinary opinion of the above examination.

Please do not hesitate to contact the undersigned if you have any queries regarding the above.

Kind Regards

A handwritten signature in black ink, appearing to be 'A Argyle'.

Dr Andrew Argyle B.V.Sc (PRET)
Wollondilly Equine



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28/04/2014

Dynamic Syndications Pty Ltd
PO Box 2324
TAREN POINT NSW 2229

MEMORANDUM OF INSURANCE

Policy No: L092621

Insured: Dynamic Syndications

Interest: Unnamed (Lot 170 Inglis Easter)
2012 Bay Filly
Denman/Quilt

Use: Flatracing

Limit of Liability: Aud\$259,000 being 100%

Period: 8th Mar 2014 to 4.00pm 1st November 2014

Coverage Summary: Mortality Insurance
Colic 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 Registration

Underwriters: Lloydø 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.