



CO-OWNERSHIP OF A RACEHORSE – OWNERS DEED OF AGREEMENT

SCHEDULE 1 – REFERENCE SCHEDULE

Important notice – The Co-ownership arrangement (“Syndicate”) governed by this deed is a commercial arrangement subject to regulation by the Corporations Act. The initial Offer of Shares in this Syndicate is the subject of a Product Disclosure Statement (“PDS”) approved by a Lead regulator under the terms of ASIC Class Order 02/319. Participation as an Owner is available to investors who are “retail clients” who receive a PDS from the Promoter and complete the Application Form attached to the PDS. The Promoter must hold an Australian Financial Services Licence (“AFSL”).

Item 1 Effective Date [clauses 1.1 and 2.2]: the **20th** day of **January, 2015**.

Item 2 Horse [clauses 1.1 and 2.9]

Name of Horse: UNNAMED - CHESTNUT FILLY	Year foaled: 2013
Sire: FOXWEDGE	Dam: POLITE

Item 3 Syndicate name, if any (optional [clause 1.1]):

Item 4 Number of Shares [clauses 1.1 & 2.2(a)]: **20**

Item 5 Application Price [clauses 1.1]: **\$11,100.00**

Item 6 Trainer [clauses 1.1 and 6.1(b)]: **GAI WATERHOUSE**

Item 7 Racing Colours [clauses 1.1 & 2.6]:

Set 1: White, Dynamic Syndications logo, Red cap; Set 2: White, Dynamic Syndications logo, White cap; and Set 3: White, Dynamic Syndications logo, Yellow cap.
Sets 2 and 3 will only apply where the Syndicate Manager has multiple horses entered for the same race, at the Racing Manager’s discretion

Item 8

Syndicate Manager [clauses 1.1 and 4]: DYNAMIC SYNDICATIONS (DEAN WATT THOROUGHBREDS PTY LTD T/AS)	ACN 134 481 539
GST registered [clause 17]: If Yes, insert ABN 64 134 481 539	
Street Address: Suite 1, 15 – 17 Forest Road, HURSTVILLE, NSW, 2220	
Postal Address: PO Box 2324, TAREN POINT, NSW, 2229	
Email: info@dynamicssyndications.com.au	Facsimile: 02 9587 1522
Contact person: Dean Watt / Adam Watt	Tel: 02 9587 1511
AFSL: 3368808	

This Deed is comprised of 27 pages, including this page

Item 9	Racing Manager [clauses 1.1 and 5]: DEAN WARREN WATT	
	GST registered [clause 17]: If Yes, insert ABN	
	Street Address: c/o Dynamic Syndications, Suite 1, 15 – 17 Forest Road, HURSTVILLE, NSW, 2220	
	Postal Address: c/o Dynamic Syndications, PO Box 2324, TAREN POINT, NSW, 2229	
	Email: info@dynamicssyndications.com.au	Facsimile: 02 9587 1522
	Contact person: Dean Watt / Adam Watt	Tel: 02 9587 1511

Item 10	<p>Remuneration of Syndicate Manager</p> <p>Management Fee [clause 4.8(1)]:</p> <p>(a) <u>Fee payable by each Owner of a 10%, 5% or 2.5% Share (directly to the Syndicate Manager):</u> \$828 (plus GST) per annum, via monthly instalments in advance of \$69 (plus GST). Owners of multiple Shares of 10% or more will have this fee capped at the equivalent of the 10% fee.</p> <p>(b) <u>Fee payable by Trainer (directly to the Syndicate Manager – as a rebate from training fees paid to the Trainer by each Owner for services provided to the Trainer in relation to the Horse):</u> 7.5% of the base advertised daily training fee charged by the Trainer to each Owner (pro rata) for training the horse. This fee is currently estimated at approximately \$7.50 (plus GST) per day, based on a daily training rate \$100.</p> <p>Additional remuneration</p> <p>Percentage of Prize money and bonuses [clause 4.8(2)(a)]: Two per cent (2%) of all Prize money and bonuses, increasing to Five per cent (5%) when the total value of gross Prize money and bonuses won by the Horse exceeds the total value of the Shares in the Horse under the initial PDS</p> <p>Percentage of sale proceeds [clause 4.8(2)(b)]: Five per cent (5%) of gross proceeds (excluding GST), at the discretion of the Syndicate Manager</p> <p>Lifetime Service Right(s) [clause 4.8(2)(c)]: 2 Lifetime Service Rights [only in the event that the Horse is an entire (male horse that has not been gelded)]</p>
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Item 11	External Dispute Body [clauses 1.1 and 18.3]: Financial Ombudsman Service Limited ABN 67 131 124 448. Membership number: 11316
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Item 12	Governing law (state/territory) [clause 28]: New South Wales
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Macquarie Legal Practice, PO Box 299, NORTH SYDNEY, NSW, 2059
Telephone 02 9235 2500; Facsimile (02) 9235 1511; Email: law@maclegal.com.au

EXECUTED BY THE PARTIES AS A DEED

[Syndicate Manager – if a company with more than 1 director]

Executed by)
DEAN WATT THOROUGHBREDS PTY LTD)
T/AS DYNAMIC SYNDICATIONS)
ABN 64 134 481 539)

in accordance with section 127 of the
Corporations Act 2001:



DEAN WARREN WATT

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

.....
Signature of Sole Director/Company
Secretary

[Racing Manager – if an individual]

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



.....
Signature of witness



.....
Signature of Dean Warren Watt

PETER WAGSTAFF

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

CO-OWNERSHIP OF A RACEHORSE – OWNERS DEED OF AGREEMENT

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

BETWEEN: The Owners

AND: The Syndicate Manager

AND: The Racing Manager

RECITALS

- A. The Owners are the legal and beneficial Owners of the Horse.
- B. The Owners have agreed to the future ownership of the Horse being governed by the provisions of this Deed to enable the Owners to obtain the benefit of the Horse from racing.
- C. The Syndicate Manager has agreed to act as custodian of the Syndicate Property and to manage the Horse and the Syndicate in accordance with the provisions of this Deed.
- D. The Racing Manager has agreed to manage the Horse and its racing career in accordance with the provisions of this Deed.

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

1. DEFINITIONS AND INTERPRETATION

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

Accounting Period means any one of the following periods:

- (a) the period from the Commencement Date to 30 June next;
- (b) each following period of 12 months ending on 30 June in each year until 30 June immediately preceding the Termination Date to the Termination Date; or
- (c) the period from 1 July immediately preceding the Termination Date to the Termination Date; but the Syndicate Manager may alter the Accounting Period to a period of 12 months ending on a date other than 30 June and in those circumstances the reference to 30 June and 1 July are altered accordingly.

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

AFSL means Australian Financial Services Licence of the Syndicate Manager.

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

Applicant means any original owner of a Share and each other person who, in accordance with this Deed, is entitled to acquire a Share.

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

Application Price means the amount specified in Schedule 1 at which Shares were offered under the initial PDS.

ASIC means the Australian Securities & Investments Commission.

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

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

Class Order means Class Order 02/319 issued by ASIC on 15th February, 2002.

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

Corporations Act means the Corporations Act for the Australian jurisdiction.

Deed means this document, including any modification or replacement deed adopted by the Syndicate Manager with the consent of the Owners.

Effective Date means the date upon which this Deed was executed and from which the provisions of this Deed will govern the ownership of the Horse.

Encumbrance means:

- (a) any Security Interest;
- (b) any right, interest or arrangement which has the effect of giving another person a preference, priority or advantage over creditors, including any right of set-off;

(c) any third party right or interest in property, or any right arising as a consequence of the enforcement of a judgement;

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

External Dispute Body means the Financial Ombudsman Service Limited ABN 67 131 124 448. The Syndicate Manager's membership number is specified in Schedule 1.

Extraordinary Resolution means a resolution:

- (a) of which notice in accordance with the provisions of clause 8.1 has been given; and
- (b) that has been passed by at least 50% of the total votes that may be cast by Owners entitled to vote on the resolution (including Owners who are not present in person or by proxy).

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

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

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

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

Horse means the thoroughbred horse the object of this Deed described in Schedule 1.

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

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

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

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

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

Month means calendar month.

Owner means each person or entity from time to time bound by this Deed as the Owner of a Share by completing and executing an Application Deed.

Owners Bonus or Incentive Scheme means any owners bonus or incentive scheme for which the Horse is eligible.

PDS means either the initial Product Disclosure Statement issued by the Promoter for the sale of Shares, or any Product Disclosure Statement issued by the Syndicate Manager pursuant to clause 4.7.

Partition by Sale means the sale and division of proceeds.

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

PPSR means the Personal Property Securities Register under the PPSA.

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

Prize money means money earned from racing the Horse.

Racing Colours means the racing colours referred to in clause 2.6 and specified in Schedule 1.

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

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

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

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

Rules of Racing means the rules of racing applying in the place in which the Horse is racing or may race.

Secretary means the Secretary referred to in clause 4.5(f) of this Deed.

Secured Party means the party or parties granted a security interest under this Deed and Secured Parties has a corresponding meaning.

Security Interest

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

Share means one (1) of the number of equal undivided ownership interests in the Horse and this Syndicate described in Schedule 1.

Share Transfer means a Share Transfer in the form set forth in Schedule 3.

Special Resolution means a resolution:

- (a) of which notice in accordance with the provisions of clause 8.1 has been given; and
- (b) that has been passed by at least 75% of the votes cast by Owners entitled to vote on the resolution (including Owners who are not present in person or by proxy).
- (c) **Syndicate** means the ownership arrangement governed by the provisions of this Deed (and known by the Syndicate Name specified in Schedule 1, if any).

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

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

Syndicate Property means any income, payments or proceeds received by the Syndicate Manager on behalf of the Owners, including:

- (a) Owners levy payments or moneys retained on account of expenses either incurred or anticipated;
- (b) Prize money;
- (c) Owners Bonus or Incentive Scheme payments and other bonuses; and
- (d) Trophies determined to have a significant monetary value.

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

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

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

Termination Date means the date upon which the Syndicate is terminated in accordance with the provisions of clause 20.

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

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

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

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

1.2 In this Deed unless the contrary intention appears:

- (a) the singular includes the plural and the plural includes the singular;
- (b) a reference to any one gender includes a reference to each other gender;
- (c) a reference to a person includes a reference to a firm, corporation or other corporate body;
- (d) a reference to writing includes a reference to printing, typing, electronic, and other methods of producing words in a visible form;
- (e) a reference to any legislation includes subordinate legislation under it and includes that legislation and subordinate legislation as modified or replaced;
- (f) a reference to any regulatory policy, relief, class order, or similar, includes that policy, relief, class order, or similar, as modified or replaced;

- (g) where a word or expression is given a particular meaning, other parts of speech and grammatical forms of that word or expression have corresponding meanings;
- (h) headings are for ease of reference and do not affect the construction of this Deed;
- (i) if a party consists of more than one person this Deed binds them jointly and each of them severally;
- (j) this Deed binds in addition to the parties, their respective legal personal representatives and successors; and
- (k) any schedule or annexure will form part of this Deed.

2. OWNERSHIP

- 2.1 (1) The Owners agree to the legal and beneficial ownership of the Horse, together with the Syndicate Property, being governed by the provisions of this Deed.
- (2) This document and its provisions (including all covenants, terms and conditions) will be legally enforceable by each Owner, the Syndicate Manager and the Racing Manager against each other Owner, the Syndicate Manager and the Racing Manager respectively, and against all persons claiming through an Owner and the Syndicate Manager, as if they were parties to this document.
- 2.2 As and from the Effective Date until the Termination Date:
- (a) the Owners will own the whole of the legal and beneficial title to the Horse, divided into the number of equal undivided Shares specified in Schedule 1, as tenants-in-common, free of any Encumbrance [save for any Security Interest granted or permitted by the provisions of this Deed];
 - (b) the Syndicate Manager will hold the Syndicate Property upon trust for the Owners, in the number of equal undivided Shares specified in Schedule 1, free of any Encumbrance [save for any Security Interest granted or permitted by the provisions of this Deed]; and
 - (c) in consideration of the provisions of clauses 12 and 20, each of the Owners waives their right to apply for Partition by Sale of the Horse.
- 2.3 Each Share will entitle the Owner to a proportion of net Prize money, Owners Bonus or Incentive Scheme payments and other bonuses earned by the Horse, in the same proportion that each Share bears to the total number of Shares.
- 2.4 If the Horse wins a Trophy (the "Original Owner"):
- (a) the Racing Manager will take possession of the Original Trophy on behalf of the Syndicate Manager, who will be entitled to retain possession on such Trophy;
 - (b) the Syndicate Manager will ascertain from the presenting race club the monetary value of such Trophy, plus the details of the supplier;
 - (c) the Syndicate Manager will contact the supplier and ascertain the price of a replica Trophy;
 - (d) the Syndicate Manager will inform the Owners of the value of a replica Trophy and request each of the Owners to indicate if they wish to acquire same;
 - (e) if any Owner wishes to acquire a replica Trophy, the Syndicate Manager will endeavour to procure same at the best possible price, which will be invoiced to and paid by such Owner prior to order; and
 - (f) if the Original Trophy is determined to have a monetary value, the Syndicate Manager will compensate the Owners for such value by paying to them an equivalent sum, in the same proportion that each Share bears to the total number of Shares. For the purpose of this clause, a rug, sash, trinket, or stallion service right, is deemed to have no monetary value.
- 2.5 Each Owner of a Share or Shares representing no less than a 5% ownership interest in the Horse will be entitled to have one's name appear in the race book as a co-owner of the Horse. If a Share is held by 2 or more persons jointly, or represents less than a 5% ownership interest, the Syndicate Manager will be entitled to require those persons to register a syndicate at their own cost and to hold the Share in the name of that syndicate. The registered manager of any such syndicate will represent the other members of that syndicate in all dealings relating to the ownership of the Horse and will be responsible for ensuring that they comply with their collective obligations as the Owner of a Share under this Deed.

- 2.6 The Horse will carry the Racing Colours specified in Schedule 1, or such other Racing Colours as the Syndicate Manager may determine, from time to time, with the Owners' consent (evidenced by a Resolution passed by the Owners of the majority of the Horse).
- 2.7 Each Owner authorises the Syndicate Manager to do all things required to be done by an Owner in order to comply with the provisions of this Deed and the Rules of Racing, including (without limitation), authority to sign on one's behalf, any and all documentation required to be signed and lodged with the Registrar of Racehorses or Principal Racing Authority to give effect to any application for registration of the Horse or transfer of ownership. If the Syndicate Manager is a corporation, then this authority will vest in the director duly authorised by the board of directors of such entity to so act.
- 2.8 All books, records and other documents relating to this Deed will be kept by the Syndicate Manager but will remain the property of the Owners. If there is a change of Syndicate Manager, the new Syndicate Manager will take possession of such books, records or other documents, with the former Syndicate Manager retaining a full and unfettered right of access to inspect and to copy same.
- 2.9 This Deed will relate only to the Horse (specified in the Schedule) and not to any other horse or investment.
- 2.10 None of the provisions of this Deed concerning either the Syndicate Manager, or the Racing Manager, in such capacity, will bestow any share or interest in the legal and beneficial title to the Horse.
- 2.11 The Syndicate Manager and Racing Manager may each beneficially hold any number of Shares, without liability to account, and will have the same rights and obligations as the Owner of such Shares as any other Owner of a Share, notwithstanding that they will also be acting in another capacity under this Deed.

3. TRAINING AND RACING FEES AND EXPENSES

- 3.1 All fees and expenses of caring for, training and racing the Horse, including (without limitation) agistment, pre-training and training fees, race entry fees (nomination and acceptance), transportation costs, dentistry, farriery and veterinary fees, will be borne and paid by the Owners.
- 3.2 If the Racing Manager, with the consent of the Syndicate Manager, at any time and from time to time, agrees with the Trainer or the jockey of the Horse, to pay to either, or both, of them an additional gratuity (up to an amount equal to 5% of Prize money in addition to the obligatory 10% for the Trainer and 5% for the jockey), such expense will constitute a racing expense payable by the Owners pursuant to clause 3.1.

4. SYNDICATE MANAGER

- 4.1 The Owners appoint the Syndicate Manager to act as custodian of the Syndicate Property and to manage the Horse and the Syndicate on behalf of the Owners for their benefit, in accordance with the provisions of this Deed, AND the Syndicate Manager accepts the appointment.
- 4.2 The Syndicate Manager must at all times during the life of the Syndicate:
 - (a) subject to clause 4.11, hold an AFSL with the necessary licence authorisations for the services to be provided by the Syndicate Manager under this Deed;
 - (b) comply with the terms of the Class Order, which is being relied upon to relieve this Syndicate from the requirement to be established and operated as a registered Managed Investment Scheme;
 - (c) diligently strive to carry on and conduct the Syndicate in a proper and efficient manner, perform the functions and exercise the powers of the Syndicate Manager in the best interests of all of the Owners collectively, treat each Owner fairly and impartially; and
 - (d) ensure that no Syndicate Property is applied other than for the purpose of the Syndicate.
- 4.3 The Syndicate Property must be clearly identified as property of the Syndicate and must be held separately from the assets of the Syndicate Manager and any other person.
- 4.4 If the Syndicate Manager receives money for or on behalf of the Owners, it will be held in a trust account, or other designated bank account, either as their agent, or as Syndicate Property (as the case may require), and the Syndicate Manager will, subject to clause 14.7, if requested by the Owners, account to each of them for their proportion of such money.
- 4.5 The Syndicate Manager will:

- (a) appoint the Racing Manager on the basis provided by clause 5.
- (b)
 - (i) provide to each of the Owners a copy of the Trainer's Agreement (terms and conditions), including scale of fees and charges and any additional remuneration or gratuities which the Owners may be required to pay to or bestow upon the Trainer for training the Horse or upon the sale of the Horse; and
 - (ii) communicate on a regular basis with the Trainer on behalf of the Owners and each of the Owners on behalf of the Trainer in relation to the care, training and racing, of the Horse, including (without limitation) the Horse's progress, proposed racing program and race performances (pre-race and post-race reports);
- (c) arrange for the Trainer and other Third Party Service Providers to invoice all fees and charges of caring for, training and racing the Horse, either:
 - (i) To each of the Owners directly their proportion of such fees and charges; or
 - (ii) to the Owners via the Syndicate Manager;
- (d) arrange for the Principal Racing Authority to pay Prize money due to the Owners either:
 - (i) to each of the Owners directly their proportion of such Prize money; or
 - (ii) to the Syndicate's designated bank account maintained by the Syndicate Manager;
- (e) establish and maintain a trust account, or other designated bank account, into which all moneys received on behalf of the Owners must be deposited and from which all fees and expenses payable by the Owners and distributions of Income payable to the Owners must be paid (except for when direct invoicing and payment arrangements contemplated by the provisions of paragraphs (c)(i) and (d)(i) of this clause are in place);
- (f) appoint a person (from within the Syndicate Manager's administration) to be Secretary to the Syndicate and to keep the Accounts and such other records of the Syndicate as the Syndicate Manager considers necessary;
- (g) provide, or arrange for the provision of, all necessary accounting and legal advice to the Syndicate;
- (h) keep a register of Owners which contains their names, addresses, contact details (including telephone and facsimile numbers and email addresses), and the number of Shares held by each Owner, the date upon which the Owner was entered in the register and the date upon which any person ceased to be an Owner and in respect of any Security Interest referred to in clause 13. The Syndicate Manager will make available to any Owner for inspection at its office, at all reasonable times and without charge, the register of Owners and a copy of this Deed. Subject to clause 13, the Syndicate Manager will not be obliged to enter onto the register notice of any trust, whether express or implied, and only the person so entered will be entitled to vote, or otherwise exercise, the rights of an Owner under this Deed;
- (i)
 - (i) allow ASIC or a Lead regulator access to inspect all the records of the Syndicate, including but not limited to the Accounts, secretarial records, share register and transfer journal;
 - (ii) provide to ASIC or a Lead regulator all information requested in relation to the Syndicate; and
 - (iii) if required to do so, lodge with ASIC or a Lead regulator a copy of all documentation forwarded to Owners relating to the financial position and performance of the Syndicate at the same time such documentation is forwarded to the Owners.

4.6 The Syndicate Manager will not be obliged to sell a Share on behalf of an Owner.

4.7 If an Owner proposes to sell a Share and is required by the Corporations Act, including the Class Order, to provide a prospective purchaser with a PDS, the Syndicate Manager will, upon being requested to do so, provide a PDS for the purpose of enabling such Owner to offer the Share for sale. The Syndicate Manager will be entitled to charge the Owner requesting a PDS a reasonable fee for compiling and providing it.

4.8 REMUNERATION OF SYNDICATE MANAGER

- (1) The fee to be charged by the Syndicate Manager as remuneration for providing the Services of Syndicate Manager (subject to the proper performance of the Syndicate Manager's obligations) under this Deed, will be the fee specified in Schedule 1 for the first year of the

Syndicate and, for subsequent years, as adjusted in accordance with increases in the consumer price index (all groups) for the capital city of the state or territory specified in Schedule 1.

- (2) The Syndicate Manager will be entitled to receive or have bestowed the following additional remuneration or other entitlements (subject to the proper performance of the Syndicate Manager's obligations):
- (a) If the Horse earns Prize money, Owners Bonus or Incentive Scheme payments, or other bonuses, a proportion of the gross amount of such Prize money or bonuses equal to the percentage specified in Schedule 1;
 - (b) If the Horse, or a Share in the Horse (including any allotment and sale of additional shares), is sold, a commission on the gross sale price (excluding GST), equal to the percentage specified in Schedule 1; and
 - (c) If the Horse is an entire and is retired from racing to perform stud duties at a stud, the number of service rights specified in Schedule 1 each stud season, free of any service fee (commonly referred to as a Lifetime Service Right).

The provisions of this clause will apply for the benefit of the first appointee only of the Owners as Syndicate Manager (as named in Schedule 1), and will survive either the termination by the Owners of that person as the Syndicate Manager, or the termination by the Owners of the Syndicate and this Deed. Furthermore, the Owners must ensure that any buyer of the Horse, or a Share, is made aware of and agrees in writing to be bound by and give effect to these provisions.

- (3) The Syndicate Manager will be entitled to charge for, or be reimbursed the cost of, accounting, administration, bookkeeping, legal and secretarial services properly provided or procured, and for reasonable travel and accommodation expenses incurred, in relation to the Syndicate.
- (4) The Syndicate Manager will remunerate the Racing Manager for providing the services of Racing Manager in accordance with the provisions of this Deed.

4.9 RETIREMENT OF SYNDICATE MANAGER

The Syndicate Manager may at any time give the Owners not less than 30 days' notice in writing of his, her or its intention to retire as Syndicate Manager, in which case the Owners must agree the appointment of a new Syndicate Manager (evidenced by an Extraordinary Resolution). If the Syndicate Manager retires voluntarily then the provisions of clause 4.8(2) will no longer apply.

4.10 REMOVAL OF SYNDICATE MANAGER

The Owners may agree to remove the Syndicate Manager and appoint a new Syndicate Manager (evidenced by a Special Resolution).

4.11 Any agreement to appoint a new Syndicate Manager who is not an AFS Licensee must have the consent of all of the Owners (evidenced by a Resolution passed unanimously by all of the Owners entitled to vote on the Resolution).

4.12 The outgoing Syndicate Manager will:

- (a) subject to the provisions of clause 2.8, upon ceasing to be the Syndicate Manager, deliver up to the new Syndicate Manager all books, records and other documents relating to this Deed; and
- (b) to the extent permitted by law and with effect from the date of retirement or removal, be released from any further obligations under this document. The retirement or removal of the Syndicate Manager will not affect any right of indemnity that the Syndicate Manager may have in relation to the exercise of the powers and performance of the obligations of the Syndicate Manager prior to retirement or removal.

4.13 The Syndicate Manager will not accept any payment, gratuity or benefit for ceasing to act as Syndicate Manager, unless such payment, gratuity or benefit is approved by an Extraordinary Resolution of the Owners.

5. RACING MANAGER

5.1 (1) The Syndicate Manager on behalf of the Owners and with their authority and consent appoints the Racing Manager (including a duly authorised representative from time to time)

to manage all aspects of the racing career of the Horse, for the benefit of the Owners, in accordance with the provisions of this Deed, AND the Racing Manager accepts the appointment.

- (2) Subject to sub-clause (3), the Syndicate Manager, with the authority and consent of the Owners, delegates to the Racing Manager the responsibilities and obligations of the Syndicate Manager to operate the Syndicate for the benefit of the Owners, in accordance with the provisions of this Deed.
 - (3) Despite the appointment of the Racing Manager, the Syndicate Manager may overrule any of the Racing Manager's decisions or actions. If there is any inconsistency between the actions of the Syndicate Manager and the actions and instructions of the Racing Manager, those of the Syndicate Manager will prevail to the extent of the inconsistency.
- 5.2 If the Racing Manager receives money for or on behalf of the Owners, such money must immediately be paid to the Syndicate Manager.
- 5.3 **REMUNERATION OF RACING MANAGER**
The Syndicate Manager will be solely responsible for any remuneration payable to the Racing Manager for providing the services of Racing Manager under this Deed. The Racing Manager will not charge the Owners directly any fee for providing the services of Racing Manager.
- 5.4 **RETIREMENT OF RACING MANAGER**
The Racing Manager may at any time give the Syndicate Manager and the Owners not less than 30 days' notice in writing of an intention to retire as Racing Manager, in which case the Syndicate Manager must appoint another person to act in that capacity.
- 5.5 **REMOVAL OF RACING MANAGER**
The Syndicate Manager may at any time, with the authority and consent of the Owners, evidenced by an Extraordinary Resolution, remove the Racing Manager and appoint another person to act in that capacity.
- 5.6 The outgoing Racing Manager will, to the extent permitted by law and with effect from the date of retirement or removal, be released from any further obligations under this document. The retirement or removal of the Racing Manager will not affect any right of indemnity that the Racing Manager may have in relation to the exercise of the powers and performance of the obligations of Racing Manager prior to retirement or removal.
- 5.7 The Racing Manager will not accept any payment, gratuity, or benefit, for ceasing to act as Racing Manager unless such payment, gratuity, or benefit, is approved by the Owners by Extraordinary Resolution.

6. CARE OF HORSE

- 6.1 For so long as the Horse will continue to race, the Racing Manager (as the Syndicate Manager's duly authorised representative) will:
- (a) ensure proper and skilful management and control of the Horse in accordance with the normal standards applied, provided and maintained in connection with the care, training and racing of thoroughbred horses;
 - (b) arrange for the Trainer to care for, train and race the Horse (including nominating, entering and accepting the Horse for races) for the benefit of the Owners, AND may only change the Trainer with the authority and consent of the Owners (evidenced by an Extraordinary Resolution);
 - (c) determine, in consultation with the Trainer, the racing program of the Horse and also the jockey who will ride the Horse in each of its races; and
 - (d) communicate on a regular basis with the Trainer on behalf of the Owners and the Owners on behalf of the Trainer in relation to the care, training and racing, of the Horse, including (without limitation) the Horse's progress, proposed racing program and race performances (pre-race and post-race reports);
- 6.2 The Owners acknowledge:
- (a) that it will be necessary for the Racing Manager (as the Syndicate Manager's duly authorised representative) to place the Horse in the care of the Trainer and other Third Party Service Providers, from time-to-time, in the normal course, to facilitate the Horse being properly

- cared for whilst on agistment, in pre-training, training and racing, including transportation; and that it will also be necessary for those Third Party Service Providers, from time-to-time, at their discretion, to prescribe and administer various treatments, including (without limitation) chiropractic, dentistry, farriery and veterinary;
- (b) that when the Horse is in the physical possession of the Trainer, the Trainer will have day-to-day control over the management of the Horse on behalf of the Syndicate Manager (and the Racing Manager) and the Owners; and
 - (c) that it will be the responsibility of the Trainer, as the agent of the Syndicate Manager (and the Racing Manager), to nominate, enter and accept the Horse for races and neither the Syndicate Manager, nor the Racing Manager, will be liable to the Owners for any act or omission on the part of the Trainer resulting in the Horse not being nominated, entered, or accepted, for any specific race, or series of races, that may be preferred by the Owners.
- 6.3 If the Horse is an entire, the Horse must not be gelded, save with the authority and consent of the Syndicate Manager and the Owners (evidenced by an Extraordinary Resolution).
- 6.4 Except in circumstances that do not afford the Syndicate Manager the opportunity to obtain veterinary advice, the Syndicate Manager will not permit the Horse to be euthanized as a consequence of accident, injury, illness, or other cause, unless such action is recommended on humane grounds and certified by a qualified equine veterinary surgeon retained at the Syndicate Manager's discretion.

7. COMPLIANCE WITH THE RULES OF RACING

The Owners, the Syndicate Manager and the Racing Manager must at all times comply with the Rules of Racing as administered by the Principal Racing Authority in the place where the Horse is racing or may race. Furthermore, each of the Owners, the Syndicate Manager and the Racing Manager must at all times be eligible to be an Owner under the Rules of Racing.

8. OWNERS MEETINGS

- 8.1 (1) Subject to the specific provisions of this document relating to Owners' meetings, the Syndicate Manager may at any time, upon the giving of at least 7 days' notice, convene an Owners' meeting. The Syndicate Manager may determine the time and place for a meeting and the manner in which it will be convened.
- (2) An Owner (including any number of Owners) who holds not less than 30% of the Shares may either call an Owners' meeting, or request the Syndicate Manager to do so, upon the giving of at least 7 days' notice to the other Owners and the Syndicate Manager. If the Syndicate Manager receives a request to call an Owner's meeting, the Syndicate Manager must within 14 days, call such meeting, which must be held within 21 days' of it being called.
- (3) The notice must state the date, place and time for the meeting (and, if the meeting is to be held in 2 or more places, the technology that will be used to facilitate this) and the general nature of the business to be dealt with. Such notice may be dispensed with if the Owners of the majority of the Shares and the Syndicate Manager agree. If there is any dispute, the date, place and time for the meeting will be determined by the Syndicate Manager.
- (4) A notice of meeting at which either an Extraordinary Resolution or Special Resolution is to be proposed must:
- (a) set out an intention to propose the Extraordinary Resolution or Special Resolution and state the resolution; and
 - (b) contain a statement setting out the following information:
 - (i) that the Owner has the right to appoint a proxy;
 - (ii) that the proxy does not need to be an Owner; and
 - (iii) that if the Owner appoints 2 proxies the Owner must specify the proportion or number of votes each proxy is appointed to exercise.
- (5) Each Owner (subject to clause 19.1), the Syndicate Manager and the Racing Manager will be entitled to attend and be heard at any Owners' meeting.
- 8.2 The quorum for an Owners' meeting will be 3 Owners who between them hold not less than 50% of the Shares, present, either in person, or by attorney, proxy or representative. Each Owner and the Syndicate Manager will be entitled to attend and be heard at any Owners' meeting.

- 8.3 (1) The Syndicate Manager will be entitled to either act as Chairman, or nominate a person to so act, of any Owners' meeting convened by the Syndicate Manager.
- (2) If an Owners' meeting is called by an Owner or by the Syndicate Manager in response to a request by an Owner to call an Owners' meeting, then the Syndicate Manager will act as Chairman of the meeting, unless the Owners nominate or elect an alternate Chairman.
- (3) If no such Chairman is nominated or elected, or if at any meeting, the Chairman is not present at the time appointed for the commencement of the meeting, then the Owners present may choose 1 of their number to be Chairman.
- 8.4 (1) Owners may vote personally, or by attorney, proxy, or representative.
- (2) No business will be transacted at an Owners' meeting unless a quorum is present and if a quorum is not present within 30 minutes of the time for commencement of the meeting, the meeting will be adjourned to the same day of the next week, at the same time and place, or such other date, time and place as the Syndicate Manager determines, and at that meeting any 1 or more of the Owners present in person or by proxy, attorney or representative will constitute a quorum.
- (3) When a meeting is adjourned, notice of the adjourned meeting must be given to the Owners and, if the meeting has been convened by an Owner or Owners, notice must also be given to the Syndicate Manager.
- 8.5 Each Owner will be entitled to 1 vote and the passing of a Resolution will, unless otherwise stated in this Deed, be by simple majority (passed by more than 50% of the Owners who cast a vote on the Resolution). The Chairman will not have a second or casting vote. A Resolution binds all Owners, whether or not they are present at the meeting. No objection may be made to any vote cast unless the objection is made at the meeting. The decision of the chair on any matter is final.
- 8.6 An Extraordinary Resolution or Special Resolution, in writing and signed by at least the number of Owners required to pass such a resolution, will be as effective as an Extraordinary Resolution or Special Resolution passed at an Owners' meeting, duly convened and held, and may consist of several documents in like form, each signed by one or more of the Owners (including their proxy, attorney or representative).
- 8.7 The Syndicate Manager will ensure that minutes are kept of all Owners' meetings which must be signed by the Chairman as a true record of the proceedings when those resolutions are reduced to writing.

9. PROXY, ATTORNEY OR REPRESENTATIVE

- 9.1 An Owner may appoint another person as their proxy, attorney or representative for any question to be considered at an Owners' meeting and must give notice to the Syndicate Manager of that appointment in the manner and no later than such period as is advised in the notice of an Owners' meeting.
- 9.2 A proxy is valid:
- (a) for such period as is advised in the notice of an Owners' meeting; and
- (b) after the Owner who gave it dies, or becomes subject to a legal disability, or becomes bankrupt, or insolvent, resulting in such Owner's assets having passed to a trustee in bankruptcy, or similar administrator, unless the Syndicate Manager has received written notice of, or actual knowledge of, that fact before the relevant Owners' meeting.
- 9.3 A proxy will be in such form as the Syndicate Manager determines.
- 9.4 The Syndicate Manager is not obliged to enquire whether the appointment of a proxy, attorney or representative has been validly made.

10. JOINT HOLDERS

Where a Share is held by 2 or more persons (whether in equal shares or not):

- (a) seniority will be determined by the order in which the names appear in the register of Owners;
- (b) at an Owners' meeting the vote of the most senior who tenders a vote (whether in person or by proxy or attorney) will be accepted to the exclusion of the vote of the other joint holders;

- (c) any notice, demand, consent or other document may be given to all joint holders by giving it to the senior joint holder;
 - (d) any 1 of the joint holders may give an effectual receipt for any money payable to joint holders pursuant to this Deed; and
 - (e) this Deed will bind the joint holders of a Share jointly and each of them severally.
- For the avoidance of doubt, if there is any dispute between the joint holders of a Share, the Syndicate Manager will be entitled to direct all dealings in relation to the Share to the senior joint holder under paragraph (a).

11. BALLOTS

Any ballot held under this Deed will be conducted by the Syndicate Manager as follows:

- (a) each person entitled to participate in a ballot will be given 7 days' notice in writing of the time and place of such ballot and will be entitled to attend and observe such ballot, either in person or by proxy, attorney or representative; and
- (b) at such ballot an Owner will be entitled to one slip (marked with such Owner's name) for each Share owned.

12. TRANSFER OF SHARES

- 12.1 Notwithstanding anything contained in this Deed any transfer, sale or other disposal of a Share (including any interest therein) will be conditional upon:
- (a) the transferee being capable of being registered as an owner under the Rules of Racing;
 - (b) the transferee entering into an Application Deed in favour of the Syndicate Manager and the Owners pursuant to which the transferee covenants to be bound by the provisions of this Deed as if the transferee were an original party hereto;
 - (c) the transferee and the transferor executing a Share Transfer; and
 - (d) the transferee and the transferor, or the Syndicate Manager on their behalf, executing a form of transfer of ownership as required by the Registrar of Racehorses.
- 12.2 Subject to clauses 12.1, 12.3 and 12.4, all Shares (including any interest in a Share) will be capable of sale, transfer or other disposal by the Owner thereof to any person with the approval of the Syndicate Manager and such approval will not be unreasonably withheld or delayed.
- 12.3 Notwithstanding anything contained in clause 12.2, but subject to clause 12.1, the approval of the Syndicate Manager will not be required for the sale, transfer or other disposal of a Share:
- (a) to another person who is already an Owner or otherwise party to this Deed;
 - (b) for the purpose of transmitting a Share to the legal personal representative of a deceased Owner;
 - (c) by the legal personal representative of a deceased Owner to the heir or beneficiary of the estate of a deceased Owner;
 - (d) to the spouse or child of an Owner, or family trust or company in either case that is and remains controlled by the Owner, spouse or children; or
 - (e) to the buyer of a Share pursuant to clause 12.4 (2), (3) or (4).
- 12.4 (1) If at any time an Owner wishes to transfer a Share ("proposing transferor") to any person other than a person referred to in paragraphs (a) to (e) both inclusive of clause 12.3, the Owner or the Owner's agent will give notice in writing to the Syndicate Manager ("transfer notice") that the Owner wishes to transfer the Share at the price and on the terms specified in the transfer notice (the "sale terms"). Such transfer notice will constitute the Syndicate Manager the Owner's agent for the sale of the Share on the sale terms. If a transfer notice relates to more than 1 Share it will operate as if it were a separate transfer notice in relation to each Share. A transfer notice will not be revocable except with the sanction of the Syndicate Manager.
- (2) (a) Upon receipt of a transfer notice the Syndicate Manager will forthwith offer the Share for sale to the other Owners on the sale terms, allowing each of them 7 days' within which to notify the Syndicate Manager, in writing, if they wish to accept the offer and acquire the Share.

- (b) If the Syndicate Manager within 21 days' after being served with a transfer notice finds a buyer for the Share on the sale terms and gives notice to the proposing transferor, such proposing transferor will be bound, upon payment of the price in accordance with the sale terms, to transfer (subject to clause 12.1) the Share to the buyer and will execute all such instruments and do all such acts and things as are necessary to convey and assure the buyer the Share sold.
 - (c) If more than 1 Owner accepts any offer of a Share made pursuant to paragraphs (a) and (b), then the Syndicate Manager will determine the buyer, at its discretion;
 - (3) (a) If no other Owner acquires the Share when offered in accordance with the procedure required by sub-clause (2), then the proposing transferor may at any time within the next 90 days offer the Share to any person on the sale terms.
 - (b) If the proposing transferor finds a buyer for the Share, then the proposing transferor will be at liberty to transfer (subject to clause 12.1) the Share to the buyer on the sale terms.
 - (4) (a) If no buyer of the Share is found by either the Syndicate Manager, or the proposing transferor, following the procedure required by sub-clauses (1), (2) and (3), AND the proposing transferor still wishes to sell the Share, then the Syndicate Manager will determine a price for the Share by reference to an assessment of its current market value to be obtained (at the expense of the proposing transferor) from either MM, or WI, and repeat the procedure set out in sub-clause (2) at that price. If no other Owner accepts the offer of the Share, or the Syndicate Manager is unable to procure an external party to acquire the Share, then the proposing transferor may at any time within the next 90 days offer the Shares to any person at that price.
 - (b) If the proposing transferor finds a buyer for the Share, then the proposing transferor will be at liberty to sell the Share to the buyer at that price (subject to clause 12.1).
- 12.5 The provisions of clause 12.4 will not apply to the sale, transfer or other disposal of a Share to any of the persons referred to in paragraphs (a) to (e) both inclusive of clause 12.3.
- 12.6 An Owner must not publicly promote or advertise a Share for sale, or offer a Share for sale without first obtaining the written consent of the Syndicate Manager, which will not be unreasonably withheld.
- 12.7 An Owner must not offer a Share for sale by public auction.
- 12.8 The costs and disbursements incurred by the Syndicate Manager in properly complying with the procedure referred to in this clause 12 will be borne and paid by the proposing transferor regardless of whether or not a Share is sold.
- 12.9 The transferor will remain liable for all obligations and liabilities attributable to the Share to the date of registration of the transferee as the Owner and the transferee will be liable for all obligations and liabilities attributable to the Share whether arising before or after the date of registration of the transferee as the Owner.

13. SECURITY INTEREST

- 13.1 An Owner will be entitled to create a Security Interest in relation to one's Share, subject to giving 7 days prior notice to the Syndicate Manager. Such notice must include the name, address and description of the grantee of the Security Interest ("Grantee"), the identity of the party entitled to receive Prize money during the term of the Security Interest and any other information which may reasonably be required by the Syndicate Manager to enable the Syndicate Manager to make the appropriate recording of the Security Interest in the register of Owners.
- 13.2 Upon entering the name of the Grantee into the register of Owners in relation to a Share the Syndicate Manager will issue the Grantee with a certificate (the "Caveat Certificate") and until such time as the Caveat Certificate is surrendered to the Syndicate Manager by the Grantee no further transactions in respect of the Share will be registered.
- 13.3 While a person is recorded in the register of Owners as the Grantee of a Security Interest, that person in lieu of the Owner will be entitled to the rights attaching to the Share. If there is more than

- 1 Grantee recorded in respect of a Share, the voting and attendance rights will belong to the Grantee first recorded in the register of Owners.
- 13.4 Unless the Syndicate Manager has any reason to believe that the information provided in relation to a Security Interest is not genuine, the Syndicate Manager will at all times be entitled to rely and act upon the matters recorded in the register of Owners in respect of a Security Interest and will not be obliged to take account of any claim or any other matter alleged by the Owner, or the Grantee, unless ordered to do so by a court of competent jurisdiction.
- 13.5 (1) Registration of a Security Interest notwithstanding, the Owner will at all times comply with the Owner's obligations under this Deed.
- (2) All invoices and levy notices will be rendered to and be payable by the Owner, notwithstanding the registration of a Security Interest.
- (3) At all times, the rights of a Grantee will be subject to the due performance and observance of the provisions of this Deed on the part of the Owner.
- 13.6 The Syndicate Manager will be entitled to a reasonable fee from the Owner and the Grantee in relation to all acts properly carried out under this clause 13 and the Syndicate Manager will not be obliged to record any entries in the register of Owners prior to receipt of such fee.

14. OWNERS COSTS

14.1 INSURANCE

- (1) The Owners will be responsible for procuring insurance cover (for mortality and other insurable risks) in relation to their own individual Shares. If the Syndicate Manager does procure insurance cover for any of the Owners, it will be as their agent (duly authorised in writing) and neither the policy of insurance, nor any proceeds received in settlement of a claim, will comprise Syndicate Property. Furthermore, each of the Owners will be directly and solely responsible for:
- (a) payment of that proportion of the insurance premium as relates to their own Shares; and
- (b) all negotiations and arrangements with the relevant insurer regarding either renewal of the existing cover, or the procurement of alternative cover, as they may require in relation to their own Shares, unless otherwise agreed with and confirmed in writing by the Syndicate Manager prior to the expiry date of the existing cover.
- (2) If an Owner requires insurance cover, then such Owner may request the Syndicate Manager to arrange for a suitably qualified veterinarian to examine the Horse and provide a veterinary report suitable for insurance purposes. The Owner requesting the veterinary report will pay any fee or expense incurred by the Syndicate Manager procuring same.
- (3) The Syndicate Manager may procure such public liability cover for the Horse and the Syndicate that the Syndicate Manager considers is desirable, the cost of which will be borne and paid by the Owners.

14.2 OWNERS BONUS OR INCENTIVE SCHEME

- (1) The Syndicate Manager may from time to time pay a sum of money ("Eligibility Fee") to any person, company or entity conducting or organising an Owners Bonus or Incentive Scheme.
- (2) If the Syndicate Manager elects to pay an Eligibility Fee, it will be borne and paid by the Owners.
- (3) If the Syndicate Manager receives any Owners Bonus or Incentive Scheme payments, or other bonuses, on behalf of the Owners, those moneys will be payable to the Owners noted

in the register of Owners at the time they are earned and must be paid to them by the Syndicate Manager within 14 days of receipt.

14.3 COMPLIANCE EXPENSES

The Owners will be responsible for reimbursing the Syndicate Manager all fees and expenses properly incurred by the Syndicate Manager in complying with the provisions of this Deed, including (without limitation) the cost of:

- (a) reviewing and amending, as necessary, this Deed;
- (b) obtaining legal advice in relation to this Deed and the Syndicate; and
- (c) administering the complaints handling procedures under clause 18.

The bona fide determination as to whether any fees and expenses are compliance expenses, and the amount thereof, will be made by the Syndicate Manager, whose determination will be final and binding on the Owners, and may be invoiced proportionately to the Owners by the Syndicate Manager in accordance with the provisions of clause 14.6.

14.4 Unless otherwise expressly provided, all fees and expenses payable by the Owners will be borne and paid by each Owner proportionately, in the same proportion as the number of Shares held by such Owner bears to the total number of Shares.

14.5 The Syndicate Manager will be entitled from time to time, by notice in writing, to require the Owners to make contributions in proportion to the Shares held by them to cover fees and expenses which the Syndicate Manager estimates it will properly earn or incur under this Deed and those contributions will be payable by the Owners to the Syndicate Manager within 14 days after the notice is served.

14.6 The Owners will in proportion to the Shares held by them pay or reimburse (within 14 days after being given notice requiring payment) all fees and expenses which the Syndicate Manager will properly earn or incur under this Deed.

14.7 The Syndicate Manager will be entitled to retain out of moneys received for or on behalf of the Owners, such amounts as may be required to pay or reimburse:

- (a) the Syndicate Manager for all fees and expenses properly earned or incurred by the Syndicate Manager under this Deed, including the amount of any levies determined or anticipated by the Syndicate Manager pursuant to clause 14.5; or
- (b) the Trainer or any other Third Party Service Provider for the services provided in relation to the Horse.

15. COSTS

The Owners will bear and pay the costs of and incidental to the preparation of this Deed.

16. INTEREST

16.1 If an Owner fails to make any payment under this Deed by the due date then the Syndicate Manager will be entitled to serve a notice on such Owner requiring payment of the outstanding sum within 14 days. If such Owner then fails to pay the outstanding sum, the Syndicate Manager will be entitled to charge such Owner interest at the rate equal to the rate 2% above the National Australia Bank Limited benchmark rate (or such other rate as substituted by that Bank) on the outstanding sum from the original due date until the date of payment. A letter from such bank will be prima facie evidence of such rate.

16.2 The right conferred by clause 16.1 will not prejudice any other rights which the Syndicate Manager may have against such Owner.

17. GST

17.1 The parties acknowledge that the GST Act has application and accordingly any charge hereunder will increase by the amount of GST payable under the GST Act for providing a Taxable Supply.

17.2 Each party warrants that if required by the GST Act, they will be registered at the time of any supply made on which GST is imposed. If the other party requests written evidence of registration, the party claiming to be registered will promptly produce evidence satisfactory to the party seeking such evidence.

17.3 Any invoice rendered by a party to this Deed in connection with a supply under this Deed which seeks to recover an amount of GST payable by that party must conform to the requirements for a Tax Invoice.

18. COMPLAINTS

18.1 The Owners, the Syndicate Manager and the Racing Manager agree that all internal complaints will be dealt with in accordance with the complaints handling guidelines Australian Standard AS ISO 10002-2006.

18.2 If the Syndicate Manager receives a complaint from an Owner regarding the operation of the Syndicate, or the conduct of the Syndicate Manager or the Racing Manager, including the amount of any fees and expenses charged under this Deed, then the Syndicate Manager:

- (a) must acknowledge the complaint as soon as practicable;
- (b) must ensure the complaint is given proper consideration;
- (c) must act in good faith to correct any problem identified by the complaint as far as possible without adversely affecting the rights of third parties;
- (d) may provide all or any of the following remedies:
 - (i) an explanation of the circumstances giving rise to the complaint;
 - (ii) apology; or
 - (iii) such other remedy as the Syndicate Manager considers is appropriate in the circumstances; and
- (e) must communicate with the complainant within 30 days of receipt of the complaint:
 - (i) the determination in relation to the complaint;
 - (ii) the remedies (if any) available to the complainant; and
 - (iii) information regarding further avenues of complaint including, subject to agreement between the parties, independent arbitration of the dispute.

18.3 If a complaint regarding the operation of the Syndicate by the Syndicate Manager is received from an Owner, then the Syndicate Manager will inform the complainant that the complainant may be entitled to have the matter determined by conciliation or arbitration by an External Dispute Body of which the Syndicate Manager is a member.

19. DEFAULT

19.1 If an Owner ("Defaulting Party"):

- (a) defaults in the performance of any obligation under this Deed and such default is not remedied within 14 days after being given written notice of such default by the Syndicate Manager;
- (b) is declared by a Principal Racing Authority to be ineligible to be an Owner under the Rules of Racing; or
- (c) is either bankrupt or insolvent resulting in the Defaulting Party's assets having passed to a trustee in bankruptcy or similar administrator;

then the Defaulting Party will not until such time as the default is rectified be entitled to exercise any of the rights conferred upon the Owner by this Deed (including without limiting the generality of the foregoing the rights specified in clause 2.3 and the right to attend or vote at the Owners' meetings), AND the Syndicate Manager may require the Defaulting Party, in relation to one's Share, to sell it by such means, or to such person, as the Syndicate Manager may determine, at its discretion.

19.2 Any sale of the Defaulting Party's Share, other than at public auction, must be at a price not less than the fair market value of such Share(s) as determined in writing by MM, WI, or other member of the FBAA, at the Syndicate Manager's discretion. For the purpose of this document, such determination will be as an expert and will be final and binding upon the parties.

19.3 The sale of the Defaulting Party's Share will be effected as soon as practicable after the sale price has been determined and the Syndicate Manager will execute, as agent of the Defaulting Party, all instruments and do all acts and things as will be necessary to effect the sale. For the purpose only of effecting a sale in consequence of default, the Defaulting Owner, in consideration of these presents and for good and valuable consideration, hereby nominates, constitutes and appoints the Syndicate Manager the attorney under power of attorney of the Defaulting Owner to execute all

such instruments and do all such acts and things as are necessary to convey and assure a buyer the Share sold.

- 19.4 The rights conferred by clause 19.1 will not prejudice any other rights which the Syndicate Manager or a party to this Deed may have against the Defaulting Party.
- 19.5 The Defaulting Party will be entitled to receive any proceeds from the sale of the Share not required to be applied by the Syndicate Manager in rectifying the default of the Defaulting Party under the provisions of this Deed.
- 19.6 If the Syndicate Manager, Third Party Service Provider, or their nominee, undertakes any legal proceedings against the Defaulting Party in relation to the default of any payment obligation under this Deed, such party will be entitled to recover from the Defaulting Party all legal fees and costs and other expenses incurred in relation to the proceedings on a full indemnity basis.
- 19.7 If the Syndicate Manager is unable:
- (a) to obtain payment of moneys owed by the Defaulting Party under this Deed; or
 - (b) to effect the sale of the Defaulting Party's Share;
- then the Syndicate Manager may declare the Syndicate to be potentially insolvent and proceed to sell the Horse on behalf of the Owners in accordance with the provisions of clause 20.2. In this circumstance, the Syndicate Manager will not be obliged to obtain the prior consent of the Owners to such sale, but must give the Owners 21 days' notice in writing of the proposed sale.

20. TERMINATION

- 20.1 This Deed (as amended from time to time) will have full force and effect until the first to occur of the following:
- (a) the Horse dies, is retired from racing, sold or otherwise disposed of in accordance with the provisions of clause 20.2;
 - (b) the Owners agree by Extraordinary Resolution to terminate the Syndicate and the rights, powers and authorities conferred by this Deed;
 - (c) the Syndicate Manager declares the Syndicate to be potentially insolvent pursuant to the provisions of clause 19.7; or
 - (d) the Syndicate Manager applies to and obtains a direction by order of the court for the termination of this Deed.
- 20.2 Unless otherwise expressly authorised by the provisions of this Deed, or order of the court, the Horse will only be sold or otherwise disposed of by the Syndicate Manager on behalf of the Owners pursuant to and in accordance with the terms of an Extraordinary Resolution of the Owners. In the absence of an Extraordinary Resolution of the Owners to the contrary, any sale, other than by public auction, must be at arms' length and at a price not less than the fair market value of the Horse as determined in writing by MM, WI, or other member of the FBAA, at the Syndicate Manager's discretion. The Syndicate Manager will be deemed to be the duly appointed attorney under power of attorney of the Owners to undertake the sale of the Horse and to execute all such instruments and to do all such acts and things as will be necessary to effect the sale. Upon the sale of the Horse, each Owner will thereafter be entitled, subject to the provisions of clause 14.7, to receive a proportion of the net sale proceeds, in the same proportion as the number of Shares held by such Owner bears to the total number of Shares.
- 20.3 If the Syndicate Manager is to sell the Horse pursuant to the provisions of clause 20.2, either by private treaty or at public auction, any Owner, save for a Defaulting Party under clause 19, will be entitled to either submit an offer to purchase, or bid at auction, without reference to the other Owners. A Defaulting Party will not be entitled to submit an offer to purchase, or bid at auction.
- 20.4 All rights and obligations that have accrued prior to the Termination Date will not be affected or prejudiced by termination.
- 20.5 Upon the termination of this Deed and the winding up of the Syndicate, the Syndicate Manager will:
- (a) distribute to each of the Owners their proportion of the Syndicate Property;
 - (b) prepare the Accounts for the Accounting Period; and
 - (c) forward a copy of the Accounts to each of the Owners.

21. INDEMNITIES

- 21.1 Each Owner covenants with every other Owner to indemnify and keep indemnified such other Owners against all expenses and liabilities to the extent that such expenses and liabilities are borne otherwise than in the proportions stated in this Deed, EXCEPT THAT nothing in this clause will require an Owner to indemnify any other Owner in respect of expenses and liabilities incurred as a result of a particular Owner's negligence, breach, or default under this Deed, or contravention of any statute.
- 21.2 No Owner will pledge the credit of the Syndicate, or hold themselves out as acting on behalf of the other Owners and if an Owner purports to do so, that Owner will be personally liable for any debt so created.
- 21.3 All fees and expenses incurred by the Syndicate Manager in the course of properly complying with the provisions of this Deed will be borne and paid by the Owners.
- 21.4 Unless specifically contemplated by this Deed, no Owner will bind any other Owner to a transaction with any third party except with a written authority of that Owner enabling the first mentioned Owner to do so.
- 21.5 The right of each of the Syndicate Manager and Racing Manager to be indemnified is only available where it is subject to the proper performance by each of them of their respective obligations.

22. LIMITATIONS TO OWNERS RIGHT OF INDEMNITY

- 22.1 Neither the Syndicate Manager nor the Racing Manager will be liable to the Owners for any loss or diminution in value of the Horse through market forces, or if the Horse dies, or its value is diminished as a consequence of accident, injury, illness, or natural cause; or by the failure of the Horse to compete in, or win, any races, or Prize money.
- 22.2 Save for any right of indemnity specifically preserved by this Deed, the Owners expressly surrender, so far as the law permits, any rights which any of them, either individually or collectively, may have against the Syndicate Manager for loss or damage relating to the Horse, howsoever arising, including the right of an Owner to claim for economic loss or loss of opportunity to earn future income. Any such right not capable of surrender will be limited in damages to the initial amount invested by each of the Owners in acquiring their Shares.
- 22.3 In the case of any warranty under the Australian Consumer Law (ACL) which cannot be contracted out of, the liability of each of the Syndicate Manager and the Racing Manager will be limited to either re-supplying the services which can be re-supplied, or the cost of having the services, or equivalent services re-supplied, at the Syndicate Manager's discretion.

23. OWNERS ACKNOWLEDGEMENTS AND DECLARATIONS

- 23.1 The Owners acknowledge:
- (a) that this investment is entirely speculative, as they will incur obligations, liabilities and expense without the assurance of any financial return; and
 - (b) that there are inherent risks associated with the ownership and racing of thoroughbred horses, including (without limitation):
 - (i) those specified in clause 22.1;
 - (ii) the value of the Shares, and the Horse, will fluctuate during the life of the Syndicate;
 - (iii) there may be no ready market for the Shares during the life of the Syndicate;
 - (iv) if the Horse is an entire it may require gelding as a consequence of physical or behavioural considerations in an effort to enhance racing performance; and
- 23.2 The Owners declare that they have had the opportunity to obtain:
- (a) independent legal advice in relation to their individual and collective rights and obligations as Owners under this Deed; and
 - (b) a schedule of the Trainer's normal fees and charges; and
- have either done so or freely declined the opportunity to do so.

24. FURTHER ASSURANCES

- 24.1 Each Owner will at their own cost, when called upon so to do by the Syndicate Manager, execute all such instruments and do all such acts and things as will be necessary to give effect to the provisions of this Deed.
- 24.2 If an Owner fails for a period of 14 days after notice of such failure has been given by the Syndicate Manager to perform any obligations under clauses 12.4, 19.3 or 24.1, then the Syndicate Manager will, upon the expiration of the 14 days, be deemed to be the duly appointed attorney under power of attorney of such Owner to execute all such instruments and to do such acts and things as may be necessary to fulfil the obligation.

25. PPSA

- 25.1 The provisions of this Deed will constitute a Security Agreement under the PPSA.
- 25.2 Each Owner:
- (a) grants to the other Owners collectively and the Syndicate Manager, a Charge over one's Share (in the Horse and the Syndicate Property) to secure any obligations not to transfer, sell or otherwise dispose of, or create any Encumbrance in relation to the Share, other than in accordance with the provisions of this Deed; AND the payment of all fees and expenses payable by such Owner in accordance with the provisions of this Deed;
 - (b) consents to each of the Secured Parties registering one's Security Interests created under paragraph (a) on the PPSR.
 - (c) authorizes the Syndicate Manager to create a secured party group which includes all of the Secured Parties and, for the purposes of registration, maintenance and enforcement of the Security Interests referred to in paragraph (b) to act as their agent.
 - (d) acknowledges that each of the Security Interests granted by the provisions of paragraph (a) is granted for value and to enable the Horse to be fed or developed and, as a result, is a priority interest in livestock pursuant to Section 86 of the PPSA;
 - (e) undertakes:
 - (i) to execute any and all documents required to enable the Syndicate Manager to register a Financing Statement or Financing Change Statement as may be required from time to time on the PPSR, to perfect each of the Security Interests granted to the Secured Parties under this Deed and, together with the other Secured Parties, to pay all fees and expenses incurred by or on behalf of the Syndicate Manager in relation to the registration, maintenance, enforcement and/or discharge of such Security Interest: and
 - (ii) not to grant any Encumbrance to any other person in one's Share (in the Horse and the Syndicate Property) without first obtaining the consent in writing of the Syndicate Manager, which consent will be deemed to be consent of all the Secured Parties;
 - (f) declares that, to the extent permitted under the PPSA, that sections 142 and 143 of the PPSA will not apply to this contract or the Security Interests granted to the Secured Parties under this Deed; and
 - (g) waives any rights under the PPSA to receive:
 - (i) notice of an intention to seize collateral under the section 123;
 - (ii) notice of disposal of collateral under section 130;
 - (iii) information under a statement of account under section 132(3)(d);
 - (iv) a statement of account if there is no disposal under section 132(4);
 - (v) notice of retention of collateral under section 135; or
 - (vi) a notice of verification statement under section 157.

26. NOTICES

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

- (a) the Syndicate Manager, to the Syndicate Manager's address specified in Schedule 1;
 - (b) the Racing Manager, to the Racing Manager's address specified in Schedule 1; and
 - (c) an Owner, to the Owner's address set out in the register of Owners.
- 26.2 Notice given in accordance with clause 26.1 will be deemed to have been duly served;
- (a) in the case of posting to an address within Australia, upon the expiration of 3 days' after the day of posting;
 - (b) in the case of notice sent by airmail post to an address outside Australia, upon the expiration of 10 days' after the day of posting; and
 - (c) in case of notice sent by facsimile transmission, or email, the day after the date of transmission.

27. NO REPRESENTATION OR WARRANTY

The Owners acknowledges that, save for the statements and certificates set out in, or attached to the initial PDS, no representation or warranty has been made by any party to this Deed in respect of either:

- (a) the physical soundness or suitability of the Horse for racing or any other purpose;
- (b) the adequacy or reliability of any insurance cover that may be arranged by the Syndicate Manager on behalf of any of the Owners; or
- (c) the future value or saleability (at any time during the term of this Deed) of either a Share, or the Horse.

28. GOVERNING LAW

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

29. AMENDMENT

- 29.1 The Syndicate Manager may only amend, add to, or delete from, this document by modification or replacement deed with the Owners consent (evidenced by an Extraordinary Resolution), PROVIDED THAT where, in the opinion of the Syndicate Manager, the rights of the Owners may be adversely affected by any amendment, addition, or deletion, the Syndicate Manager may only make such amendment, addition or deletion, with the Owners consent (evidenced by a Special Resolution).
- 29.2 No amendment or addition to, or deletion from, this document will be made which adversely affects the right of each of the Owner to receive their proportion of Prize money, Owners Bonus or Incentive Scheme payments and other bonuses, or proceeds of sale of the Horse.

30. EXECUTION

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

31. ADDITIONAL CONDITIONS (if any)

SCHEDULE 2

SHARE APPLICATION – TO BE COMPLETED AND EXECUTED BY OWNER

THIS DEED OF AGREEMENT is made on the day of , 2015.

BY:

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

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

IN FAVOUR

OF: The Syndicate Manager

AND: The Racing Manager

AND: Each person who from time to time is bound as an Owner by the Owners Deed of Agreement dated the **20th day of January, 2015** (“the Syndicate Deed”) governing the ownership of the thoroughbred horse

Name of Horse: UNNAMED – CHESTNUT FILLY	Year foaled: 2013
Sire: FOXWEDGE	Dam: POLITE

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

RECITALS

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

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

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

EXECUTED BY THE PARTIES AS A DEED

[Applicant - if an individual]

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

.....
Signature of witness

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

[Applicant – if a company with more than 1 director]

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

.....
Director/company Secretary

.....
Director

.....
Name of director/company secretary
(BLOCK LETTERS)

.....
Name of director (BLOCK LETTERS)

**[Applicant – if a company with sole
director/secretary]**

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

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

.....
Signature of Sole Director/Company
Secretary

SCHEDULE 3

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

THIS TRANSFER is made on the _____ day of _____, _____.

BETWEEN: _____ ("Transferor")

AND: _____ ("Transferee")

The Transferor in consideration of \$ _____ paid by the Transferee

HEREBY TRANSFERS to the Transferee Share Number _____ () of the Shares in the thoroughbred horse

Name of Horse:	Year foaled: 2013
Sire: FOXWEDGE	Dam: POLITE

and the Owners Deed of Agreement deed dated the _____ day of _____, _____, ("the Syndicate Deed") and made between the parties to hold the same unto the Transferee subject to the provisions of the Syndicate Deed.

[See following page(s) for execution clauses].

[Transferor – if an individual]

Signed by)
)
in the presence of:)

.....
Signature of witness

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

[Transferor – if a company with more than 1 director]

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

.....
Director/company Secretary

.....
Director

.....
Name of director/company secretary
(BLOCK LETTERS)

.....
Name of director (BLOCK LETTERS)

[Transferor – if a company with sole director/secretary]

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

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

.....
Signature of Sole Director/Company
Secretary

[Transferee – if an individual]

Signed by)
)
in the presence of:)

.....
Signature of witness

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

[Transferee – if a company with more than 1 director]

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

.....
Director/company Secretary

.....
Director

.....
Name of director/company secretary
(BLOCK LETTERS)

.....
Name of director (BLOCK LETTERS)

[Transferee – if a company with sole director/secretary]

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

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

.....
Signature of Sole Director/Company
Secretary