

'CONTRIBUTER' SYNDICATE AGREEMENT

THIS AGREEMENT is made the day of May 2016

BETWEEN: **THE PERSONS** whose names and addresses are set forth in Schedule 1 to this Agreement ("the **Owners**");

AND: **Mapperley Stud Ltd** NZCN2433808(NZ Business Number: 9429031627498) ('**Mapperley**') a Company registered in New Zealand with its registered office being 107 Matai Road RD2, Matamata Waikato, New Zealand ("the **Studmaster**");

BACKGROUND:

- A. The Owners are the sole owners as tenants in common of the Stallion (as hereinafter defined).
- B. The Stallion is to stand at Mapperley Stud, Matamata operated by the Studmaster.
- C. The parties wish to record their arrangements in respect of the ownership of the Stallion and the standing of the Stallion at the Stud upon and subject to the terms and conditions hereinafter appearing.

NOW THIS AGREEMENT WITNESSES as follows:

1 DEFINITIONS AND INTERPRETATION

- 1.1 In this Agreement the following words and expressions shall have attributed to them the following meanings:

"**Accountant**" means the person appointed pursuant to Clause 16;

"**Business Day**" means the day on which trading banks open for general banking business in Wellington, New Zealand excluding Saturdays and Sundays and public holidays;

"**Free Return**" means a nomination free of any service fee made available to a mare owner during the Stud Season of the year following service of the mare by the Stallion on a Nomination, in accordance with the terms as set by the Management Committee as provided in clause 15.2.2 and the terms and conditions of service set out in the Studmaster's Stallion Service Agreement for the relevant Stud Season;

"**Grantee**" has the meaning given in Clause 12;

"**Nomination**" means the right to breed to the Stallion one (1) thoroughbred mare in a Stud Season for so long as the Stallion is capable of carrying out stud duties;

"**Northern Hemisphere Stud Season**" means the stud season in respect of the breeding of thoroughbred horses in the Northern Hemisphere commencing on 1 February and ending on 30 June in any particular year;

"**NZTR**" means the New Zealand Thoroughbred Racing Incorporated;

"**Owner**" means an owner for the time being of at least one (1) Share and, where the context permits, all the Owners of Shares collectively;

"**Pro-rata**" means in proportion to the number of Shares held by each of the Owners;

"**Public Nominations**" has the meaning given in Clause 5.2;

"**Register**" means the register to be set up and maintained on behalf of the Management Committee under clause 15.2.4, substantially in the form of Schedule 1 to this Agreement, or in such other form as the Management Committee reasonably determines;

"**Resolution**" means a resolution passed by the Owners of no less than 26 of the 50 Shares present in person or by proxy and entitled to vote (or deemed to vote) at a meeting convened in accordance with the provisions of Clause 10;

"**Service Fee**" means the fee charged for any nomination for service by the Stallion which is sold;

"**Share**" means a one fiftieth (1/50th) part interest or share as tenant in common in the ownership of the Stallion;

"**Southern Hemisphere Stud Season**" means the stud season in respect of the breeding of thoroughbred horses in the Southern Hemisphere commencing on 1 September and ending on 31 December in any calendar year;

"**Special Resolution**" means a resolution passed by the Owners of not less than 37 of the 50 Shares present in person or by proxy and entitled to vote (or deemed to vote) at a meeting convened in accordance with the provisions of Clause 10;

"**Stallion**" means the Thoroughbred stallion 'Contributer (IRE)' foaled in 2010 by 'High Chaparral (IRE)' out of 'Serisia' and no other stallion;

"**Stud**" means the property Mapperley Stud, 107 Matai Road RD2, Matamata, Waikato, New Zealand;

"**Stud Season**" means the Southern Hemisphere Stud Season;

"**Syndicate**" means the Owners, collectively.

1.2 In the interpretation of this Agreement, unless the context otherwise requires:

1.2.1 Clause headings shall be disregarded;

1.2.2 words importing the singular shall include the plural and vice-versa;

1.2.3 words importing one gender shall include the other genders;

- 1.2.4 all Schedules are annexed to and form part of this Agreement;
- 1.2.5 any reference to a person shall include reference to a company or firm;
- 1.2.6 the parties to this Agreement include their successors, administrators and assigns;
- 1.2.7 all monetary amounts are expressed in New Zealand Dollars;
- 1.2.8 each Clause in this Agreement is severable one from the others and if any one or more of them is found to be unenforceable, it shall not affect the validity of the others.

2 APPOINTMENT AND REMOVAL OF STUDMASTER

- 2.1 The Owners confirm the appointment of the Studmaster to stand the Stallion upon the terms and conditions of this Agreement. The Studmaster confirms its acceptance of such appointment.
- 2.2 The Studmaster may at any time give the Management Committee and the Owners not less than three (3) months' notice in writing requiring them to remove the Stallion from the Stud provided that such notice shall expire between 1st January and 30th May inclusive in any one year. Upon the expiry of such notice, or at such earlier time as the Stallion is removed, the Studmaster ceases to be the Studmaster for the purposes of this Agreement, but shall remain liable to the Owners for any breach of its obligations hereunder which occurred prior to the expiry of such notice or such earlier time as the Stallion is removed.
- 2.3 The Owners may decide by Special Resolution that the Stallion move to a stud other than the Stud and that a new Studmaster be appointed pursuant to Clause 2.5 below, whereupon the Studmaster shall, upon demand made between 1st January and 30th May in any year, forthwith deliver the Stallion to the Management Committee at the Stud.
- 2.4 Where the Studmaster:
 - 2.4.1 is, becomes or is deemed to be, insolvent or the Registrar of Companies cancels or suspends its registration;
 - 2.4.2 makes an assignment for the benefit of, or enters into or makes any arrangement or composition with, its creditors;
 - 2.4.3 goes into receivership or has a receiver, trustee and manager (or either of them) (including a statutory manager) appointed in respect of all or any of its property;
 - 2.4.4 any resolution is passed, or any proceeding is commenced, for its winding up or liquidation or ceases generally to carry on business;
 - 2.4.5 has a moratorium of any debts of the Studmaster or an official assignment or a composition or an arrangement, formal or informal, with the person's creditors or any similar proceedings or arrangement by which the assets of the Studmaster are submitted to the control of its creditors applied for, ordered or declared;

2.4.6 has contravened its obligations to the Owners and such contravention in the reasonable opinion of the Owners has adversely affected the Owners; or

2.4.7 has been notified by the Owners of a contravention of its obligations pursuant to sub-paragraph 2.4.6 above and has not, within the time specified by the Owners, remedied the contravention;

then the Owners may convene a meeting of themselves for the purpose of determining whether or not to remove the Studmaster and if, at any such meeting, the Owners should determine by a Special Resolution to remove the Studmaster then the provisions of Clause 2.6 shall apply and the Studmaster shall upon demand forthwith deliver the Stallion to the Management Committee at the Stud.

2.5 If the Studmaster is removed for any reason, the Owners shall by Resolution appoint a new Studmaster in place of the Studmaster and, subject to that new Studmaster executing a document agreeing to be bound by the provisions of this Agreement insofar as they apply to the Studmaster, such party shall be entitled to the same rights as are conferred upon and have the same obligations as the Studmaster hereunder.

2.6 If the Studmaster is removed for any reason, the Studmaster shall cease to have the rights and obligations of the Studmaster under this Agreement but shall remain liable to the Owners for any breach of its obligations thereunder including any negligence or default which occurred prior to the Stallion being removed from the Stud.

3 OWNERSHIP

3.1 The Owners shall own the whole of the legal and equitable title to the Stallion, free of any encumbrances as tenants in common in proportion to their respective Shares as set out in Schedule 1.

3.2 Where a Share is held by two (2) or more persons jointly, the seniority of joint holders shall be determined by the order in which the names of the joint holders appear in the Register.

3.3 Any notice, demand, consent or other document may be given to or by all joint holders by giving it to or receiving it from the senior joint holder.

3.4 Any one of the joint holders may give effectual receipt for any money payable to joint holders pursuant to this Agreement.

3.5 If a Share is held by a corporation - the Owners, the Management Committee and the Studmaster shall be entitled to deal with and to accept and rely upon and act upon any information, instruction or fact represented by a director of the corporation provided that any such party has reasonable grounds to believe that any such information, instruction or fact is genuine.

4 USE OF THE STALLION - BREEDING ACTIVITIES

General

4.0 The Stallion shall be used in connection with breeding from thoroughbred mares and for no inconsistent use or purpose.

Nominations

- 4.1 In addition to any Nominations to which the Studmaster may be entitled as an Owner the Studmaster shall be entitled to fifteen (15) Nominations at no fee each Stud Season in consideration for the undertaking of the obligations and duties under this Agreement including but not limited to management, marketing, advertising and promotion duties under clauses 6 and 15, and the work of standing the Stallion ("the **Standing Rights**"). The Studmaster may convert all or some of the Standing Rights to cash.
- 4.2 As long as the Stallion is capable of carrying out stud duties, each Owner shall be entitled to one (1) Nomination in respect of each Share owned for each Stud Season ("**Owner Nomination**").
- 4.2.1 During the 2016, 2017, and 2018 Stud Seasons (only), in the event that an Owner chooses to send a mare to fulfill the Owner Nomination and the mare fails to conceive within 42 days of service by the Stallion then the Owner is to be provided one Nomination from those Nominations which are sold. Alternatively, in the event that an Owner chooses to send a mare to fulfill the Owner Nomination and the mare, despite providing a positive 42-day scan, fails to produce a live foal which stands and suckles, then the Owner is to be provided with a Free Return.
- 4.2.2 In the event that an Owner does not intend to send a mare on an Owner Nomination then the Owner may give notice to the Studmaster who shall then use its best endeavors to market and sell such Owner Nominations as are available for sale.
- 4.2.3 No Owner Nomination shall be carried forward to any subsequent season.
- Bonus Nomination
- 4.3 In the Stallion's 2016, 2017 and 2018 Stud Seasons only, and in addition to entitlements under clause 4.2, each Owner is entitled in respect of each Share held by the Owner to nominate one (1) thoroughbred mare for service per Share at no fee ("**Bonus Nomination**").
- 4.4 Each of the Bonus Nominations shall not be transferable and be used only in that Stud Season and shall not be carried forward to any subsequent season and nor shall it be the subject of a right of Free Return.
- 4.5 The Owners shall be entitled to the balance of the Service Fees received as a result of the Public Nominations pursuant to Clause 5.2 after the collection and all other costs, charges and fees payable by the Owners are deducted and divided amongst the Owners on a Pro-rata basis pursuant to the Shareholding set out in the Register as at the 30th of June each calendar year.
- 4.6 Any Nominations as described in Clauses 4.1, 4.2 and 4.3 shall be subject always to the Stallion being capable of providing same.
- 4.7 An Owner, Transferee, Purchaser or Grantee of a Nomination in respect of the Stallion who nominates a mare shall be responsible for payment to the Studmaster of all transportation and other expenses (including but not limited to agistment charges, foaling fees, and veterinary fees) incurred and equipment

purchased in respect of the mare and her progeny, all such payments to be at the prevailing rates charged by the Stud at the relevant time.

4.8 Northern Hemisphere Stud Season

The Owners may decide by Special Resolution that the Stallion may stand for the Northern Hemisphere Stud Season on behalf of the Owners. The Owners covenant and agree that upon the making of such a resolution the Management Committee has the express authority to negotiate and enter into an agreement in respect to the standing of the Stallion for the Northern Hemisphere Stud Season on behalf of the Owners.

5 BREEDING RIGHTS

5.1 Order of Priority

5.1.1 If in any Stud Season the Management Committee (and acting reasonably in consultation with the Stud's Veterinarian and the Studmaster) decides that it is desirable to breed the Stallion to a lesser number of mares than is the number necessary to fully satisfy entitlements to all Nominations and within any maximum set by the Management Committee, and in any Stud Season where the priority of distribution of sold nominations is required to be determined, then the order of priority in which the Nominations are satisfied shall be:

- a) Firstly, Nominations to which the Studmaster is entitled pursuant to Clause 4.1;
- b) Secondly, Owners Nominations pursuant to Clause 4.2; and
- c) All other nominations.

5.1.2 If the Management Committee reduces the number of service rights in any Stud Season to the extent that all the Studmaster's and Owners' Nominations cannot be met, then the Management Committee shall offer the available service rights firstly to the Studmaster according to the entitlement in clause 4.1 and thereafter the Management Committee shall decide in respect of any remaining service rights by ballot which Owners' Nominations shall be lost for that Stud Season and where as a result of any such ballot an Owner's Nomination is lost in respect of a Share such Share shall not be included in any subsequent ballot until all Shares have suffered as a result of a ballot.

5.2 Sale of Public Nominations

Nominations for any Stud Season in excess of the entitlements specified in Clauses 4.1, 4.2, and 4.3 which are available in that season (called "**Public Nominations**") may be sold by the Studmaster or Management Committee to any person on such terms and conditions as the Management Committee considers are then best available from the viewpoint of the Owners.

5.3 Money Received

- (a) Any money received in respect to the sale of Public Nominations pursuant to Clause 5.2 will be paid to the Studmaster who shall hold the moneys in a Bank account designated the "Contributer Syndicate Account" and shall, subject to clause 5.3(b), as soon as is reasonably practicable distribute such moneys as follows:
- (i) Firstly, to the Studmaster for payment of entitlements pursuant to Clause 4.1;
 - (ii) Secondly, an amount to be retained for the provision of the live foal guarantees (if any); and
 - (iii) Finally, the balance among all Owners appearing on the Register as at the 30th of June in the year following the end of the Stud Season on a Pro-Rata basis.
- (b) In the event that there is no policy for Free Returns, and there is a policy for any Stud Season for a Live Foal Guarantee (which includes a return of all or part of the Service Fee), then the Management Committee may direct that a sum which it regards as a reasonable estimate to cover those amounts be retained in the Contributer Syndicate Account.

6 THE STUDMASTER

6.1 The Studmaster covenants with the Owners and the Management Committee that:

- 6.1.1 for so long as the Stallion stands at the Stud, the Studmaster shall, at its own expense:
- (a) provide proper and skillful management and control of the Stallion for stud purposes and provide all proper accommodation, stabling, food, equipment and labour in accordance with the best standards applied provided and maintained in connection with the standing at stud of thoroughbred stallions;
 - (b) observe and follow all guidelines which from time to time may be issued by the NZTR or the New Zealand Breeders Association or the New Zealand Equine Research Foundation pertaining to control or contamination of disease in the bloodstock breeding industry;
 - (c) select and employ a veterinarian to attend the Stallion;
 - (d) keep and maintain in force for all times that the Stallion remains at the Stud a policy of care, custody and control insurance for not less than \$2,500,000 which insures the Studmaster against liability to other persons by reason of the negligence of the Studmaster, his agents, servants or employees in the keep, maintenance, care, management, supervision and use of the Stallion for breeding purposes;
 - (e) provide all gear for the Stallion and generally keep and maintain the Stallion in good order and condition and in the care and charge of a competent groom; and

- 6.1.2 the Studmaster shall not be responsible for any abnormal veterinary expenses, such as (but not limited to) the expenses of major surgery or other abnormal expenses. The bona fide determination as to whether any expenses are abnormal and the amount thereof shall be made by the Management Committee and shall be final and binding on the Owners and may be billed Pro-rata to the Owners by the Management Committee;
- 6.1.3 the Studmaster will make available, or ensure that there is made available, to the Management Committee such details as they require with respect to all matters for which the Studmaster is responsible including all matters relating to the Stallion and for which the Studmaster is responsible under this Agreement;
- 6.1.4 the Studmaster will use its best endeavours to carry on and conduct its business and obligations under this Agreement in a proper and efficient manner and to ensure that the Syndicate to which this Agreement relates is carried on and conducted in a proper and efficient manner and that this Agreement remains in force at all times for the duration of this Syndicate;
- 6.1.5 the Studmaster will:
- (a) make available for inspection by the Accountant, the Owners or any firm of chartered accountants engaged by any of the Owners to prepare the accounts of the Syndicate all books of the Studmaster whether kept at the registered office of the Studmaster or otherwise; and
 - (b) give to the Owners, the Accountant or any firm of chartered accountants referred to in paragraph (a) above, such oral or written information as any of them requires with respect to all matters relating to any undertaking, scheme or enterprise of the Studmaster or any property (whether acquired before or after the date of this Agreement) or otherwise relating to the affairs of the Studmaster, which may impact upon the Syndicate;
- 6.1.6 subject to any rule of law, nothing in this Agreement shall prevent the Studmaster or any related entity or person from purchasing, holding, dealing in or disposing of Shares or Nominations acting as principal or as agent and the Studmaster shall not be liable to account to the Owners or the Management Committee for any profits or benefits made or derived thereby PROVIDED THAT the Studmaster and each other related entity or person referred to in this Clause 6.1.6 and each of their respective directors and officers shall, in connection with any such transaction, contract or action, act in a fiduciary relationship of utmost good faith to all Owners. The parties acknowledge that the Studmaster, as an Owner, may purchase Shares or Nominations privately or by public auction, without first offering same to the other Owners and the Studmaster shall not be liable to account to the other Owners in respect to such purchase;
- 6.2 The Studmaster shall, on the request of Owners holding at least 26 out of 50 Shares, make the Stallion available for veterinary examinations by a veterinary

surgeon nominated by such Owners provided the cost of the veterinary examination is borne solely by such Owners.

6.3 The Management Committee or any Owner or any authorised representative of either of the foregoing may, upon giving at least forty eight (48) hours written notice to the Studmaster, go to the Stud and inspect the Stallion, their mare(s) and the breeding and other records in respect of the Stallion and the Syndicate maintained by the Studmaster, in any such case, on any Business Day between the hours of 10.00 a.m. and 4.00 p.m. local time.

6.4 The Studmaster shall not be expected to devote itself exclusively to its duties under this Agreement and its conduct of such other activities and business and acceptance of such other employment as it deems appropriate (including without limitation, the management of other stallions or the purchase, sale, racing or breeding of thoroughbred horses) shall not be deemed to conflict with its duties hereunder and it shall not be obliged to account for any profit or gain arising from such other activities, business or employment.

6.5 The Studmaster covenants that it will retire as the Studmaster at the request of the Owners in any circumstance specified in Clause 2.3 or 2.4.

6.6 Both the Studmaster and the Stud shall not suffer or permit any act or thing to occur whereby the Stallion or the Owners may be liable to disqualification, fine or other similar penalty under the rules of racing or suffer or permit any act or thing to occur whereby the inclusion of the Stallion or its progeny in the stud book or similar record maintained by the NZTR is prejudiced.

6.7 The Studmaster shall during the term of this agreement comply with all relevant Acts of Parliament, Orders in Council and Regulations and the Rules of Racing relating to the Stallion including any rules, regulations or requirements of the NZTR or any committee or officers thereof, and in particular, without limitation, the Stud and the Studmaster shall:

(a) Register the Stallion with NZTR (if required) and provide the NZTR with all information, forms, certificates or returns required by the NZTR relating to the Stallion or mare is serviced by the Stallion or necessary to obtain registration; and

(b) Submit the Stallion to all inspections or examinations required by the NZTR including taking of blood or other samples from the Stallion.

7 RIGHTS OF THE STUDMASTER

7.1 The Studmaster in its absolute discretion may refuse to accept any mare for breeding to the Stallion at the Stud, or once accepted, may refuse to permit the Stallion to mate with the mare, for any of the following reasons:

7.1.1 that the mare is not in sound breeding condition and free from infection and disease (including but not limited to any mare which does not return a favorable bacteriological report on cervical swab);

7.1.2 that the mare has some physical defect which could result in the mare's death or permanent injury if mated with the Stallion, or alternatively, could cause injury to the Stallion;

7.1.3 that the mare has a bad temperament or is liable to bad behavior and might therefore pose a threat to the Stallion or the Studmaster's staff.

8 SALE OF STALLION

- 8.1 The Owners may decide by Special Resolution that the Stallion may be sold and any sale shall be affected by the Management Committee on behalf of the Syndicate.
- 8.2 If the Stallion is sold, the Studmaster shall deliver the Stallion to the Management Committee or its nominee at the Stud.
- 8.3 As soon as practicable after any sale of the Stallion, the proceeds of sale shall, subject to the recoupment by the Management Committee and the Studmaster of all expenses and liabilities in connection with the sale or otherwise in respect of the Stallion, be distributed by the Management Committee among the Owners on a Pro-rata basis.

9 BREEDERS BONUS SCHEMES –STUD BOOK FEES

- 9.1 The Management Committee may from time to time pay a sum of money ("Qualifying Fee") to any person, company or entity conducting or organising a breeders' bonus scheme so as to qualify the Stallion and/or his progeny for such scheme or to the New Zealand Stud Book or NZTB or any other duly authorised authority whom levies and fees on nominations or Stallion returns.
- 9.2 In the event that the Management Committee elects to pay a Qualifying Fee to any person, company or entity as above, each Owner will be responsible for his Pro-Rata share of such Qualifying Fee to the Management Committee.
- 9.3 In the event that the Management Committee is paid monies out of such Breeders' Bonus Scheme, it shall hold such monies on trust for the Owners and shall distribute Pro-Rata among the Owners the payment.
- 9.4 The Management Committee may at any time pay the Stud Book Fees and Stallion Declaration fees. Each Owner will be responsible for his Pro-rata share of such fees to the Management Committee.

10 MEETINGS

- 10.1 The Management Committee shall, within twenty one (21) days of receiving an application from Owners holding at least thirty percent (30%) of the total number of Shares, convene a Syndicate meeting by sending a notice of the proposed meeting at least seven (7) days before the proposed meeting to each of the Owners or, in the case of joint holders, to the senior joint holder in accordance with Clause 3. The notice of meeting shall state:
- (a) the time and place of the meeting;
 - (b) the matters to be considered at the meeting of which the giver of the notice is aware;
 - (c) any Resolutions or Special Resolutions to be put at the meeting of which the giver of the notice is aware;

- (d) a summary of information relating to the above matters and resolutions that is relevant to the decision of a member of the Syndicate on how to vote at the meeting and which is known to the giver of the notice; and
- (e) if applicable, that the accounts and balance-sheet which were laid before the last preceding annual general meeting of the Syndicate shall be laid before the meeting.

Such notice may be dispensed with if all the Owners agree.

- 10.2 The quorum for a meeting under Clause 10.1 shall be at least two (2) Owners (which between them hold in aggregate at least forty per cent (40%) of the total number of Shares). An Owner shall have the number of votes equal to the number of Shares held by him. An Owner may vote personally or by proxy in accordance with clause 10.6. The meeting shall elect a Chairperson who shall not have a second or a casting vote.
- 10.3 If at two (2) consecutive duly convened meetings of Owners, held at intervals of not less than seven (7) days, a quorum is not present an Owner ("**Attending Owner**") who has in person attended the two (2) meetings may by written notice to the other Owners ("**Non-attending Owners**"), propose the passing of any Resolution or Special Resolution which (having regard to the notice given) might have been properly dealt with at the meetings.
- 10.4 Within seven (7) days of receipt of the written notice referred to in Clause 10.3, each non-attending Owner may by written notice to the Management Committee vote for or against each of the proposed Resolutions or Special Resolutions. If a non-attending Owner fails to vote in respect of a Resolution or Special Resolution he shall be deemed to have voted in favour of such Resolution or Special Resolution. A vote given or deemed to be given pursuant to this Clause shall be deemed to be a vote given at a duly convened meeting of the Owners.
- 10.5 A Resolution or Special Resolution in writing signed by all the Owners or by their proxies shall take effect as if it had been passed at a duly convened meeting of Owners.

10.6 PROXY

An owner may appoint a proxy to vote on its behalf at any Syndicate meeting, duly convened under this Agreement. The appointment of a proxy must be in writing in the form set out in Schedule 6 and delivered to the Management Committee either before, or not later than the time at which the meeting is declared open.

A proxy must be substantially in the form set out in Schedule 6.

11 SALES OF SHARES

- 11.1 Neither the Management Committee nor the Studmaster will be responsible for selling Shares or for enforcement of any terms of sale other than set out in Clause 11.2. If the Owner of a Share wishes to sell its Share, it must comply with Clause 11.2.
- 11.2 (a) If an Owner ("**Selling Owner**") wishes to sell a Share in the Stallion, he shall first give written notice to the Management Committee of the price and

terms ("the offer terms") at which he is willing to sell the Share ("sale notice") and this shall constitute authority to the Management Committee to act as the Owners agent in the disposal of the Share which:

- (i) shall first be offered at the offer terms to Godolphin Australia Pty Ltd ("**Godolphin**") who shall be entitled within five (5) Business Days of receipt of notice to accept the offer terms and the Selling Owner shall sell on those terms to Godolphin, failing which
- (ii) shall be offered to existing Owners at the offer terms. If more than one Owner desires to purchase the Share, then the Share shall be tendered amongst those Owners and the Owner making the highest tender shall purchase the offered Share. If within 10 days of the giving of the sale notice no other Owner is willing to purchase the Share, then the Share may be sold to any purchaser or sold by public auction but not at a price less (or on terms more favourable) than those contained in the sale notice.

(b) An Owner may first offer a Share for sale at public auction subject to the right of pre-emption. Within three days after the auction the sale notice in clause 11.2 shall be given and the sale price and auction shall be the offer price.

(c) An Owner may sell or transfer a Share to a purchaser or transferee without it being first offered to other Owners at such price as the Owner thinks fit if the purchaser is the Owner's spouse, his children or a company controlled by him, his spouse or children or to the trustees for himself, his spouse or children or if the Owner is a company any of its controlling shareholders or a subsidiary or if the Owner is a partnership any of its partners. If an Owner dies his Share may be transferred to his executors or administrators. If a Share is held by a trustee the Share may be transferred to any new trustee who is appointed or to any beneficiary.

11.3 Notwithstanding the provisions of Clause 11.1 and 11.2, no Owner shall sell or enter into any agreement to sell a Share where doing so would result in financial products disclosure being required in compliance with the any statute or legislation, without a Special Resolution first being passed.

11.4 Subject to clause 11.7, a transferee or purchaser of any Share shall be bound by this Agreement and shall be deemed to be a party to it as though such person had executed the same.

11.5 A transferee or purchaser who acquires a Share from a person who has sold or transferred a Nomination associated with that Share agrees that the holder of each such Nomination shall be entitled to the use of that Nomination and to the other rights in respect thereof arising under this Agreement.

11.6 The transferee of any Share shall be liable to pay any accrued but unpaid expenses in respect of that Share, notwithstanding that such expenses may have been incurred prior to such transfer PROVIDED HOWEVER that such transferee shall not be liable to pay any such expenses in respect of a Nomination which has been retained by the transferor or sold by the transferor to a third party before the transfer of the Share. The provisions of this paragraph shall not be deemed to limit or restrict the right of the transferee or transferor to agree differently as between themselves but such agreement shall not affect the rights of other Owners to require payment by the transferee.

- 11.7 Any transfer, sale or other disposal of a Share shall be conditional upon the transferee entering into a deed of covenant in the form provided in Schedule 4 in favour of the Studmaster and each other Owner.
- 11.8 Subject to clause 11.7, a transfer of a Share in the Stallion shall be effective upon registration by the Management Committee of a transfer in the form specified in Schedule 4A executed by the transferor and the transferee. The Management Committee shall not be obliged to register a transfer unless such transfer is properly stamped for any duty (where required) and executed.
- 11.9.1 The transferor of a Share or Nomination shall ensure that he complies with all requirements of any statute or law which may apply to any such transfer.
- 11.9.2 The transferor and the transferee of a share shall give notice of the change of ownership to the NZTR within such time as specified by the NZTR.

12 DIVESTING OF INTERESTS

- 12.1 The Owner of a Share shall not be entitled to create any lease, mortgage, charge, lien, pledge or other encumbrance or adverse interest (a "**Security Interest**") in relation to any Share or Nomination.
- 12.2 A Security Interest may not be given in respect of the Stallion.

13 INSURANCES, VETERINARY CERTIFICATE AND REPRESENTATIONS

- 13.1 It is acknowledged that the Owners have the benefit of insurance for the Stallion for mortality and infertility in the first year from the date of this Agreement, in terms of the Policy Schedule attached hereto as Schedule 2 (the "**Interim Policy**"). The Owners rely on their own inquiries and advice in respect to the terms, conditions, and cover of the Interim Policy. Thereafter, each Owner will be responsible for arranging at his or her own expense insurance for his or her Shares as he or she thinks fit. The Owners acknowledge that the full extent of the interim cover for insurance is as set out in the Certificate annexed as Schedule 2 to this Agreement.
- 13.2 The Studmaster shall fully and promptly report to the Owners any facts and circumstances known to it which may have a material effect on the health or wellbeing of the Stallion or which may give rise to a claim under a policy of insurance in respect of the Stallion.
- 13.3 The Owners acknowledge that the breeding of thoroughbred Stallion is a high-risk activity, is of a speculative nature, and that the Owners have the option to insure against such losses.
- 13.4 The Owners acknowledge that they have been given the opportunity to inspect the Stud and its facilities and acknowledge that they meet the standard applicable to the thoroughbred breeding industry and that the Stud will be held blameless in respect to any injury or death of a Stallion.
- 13.5 A copy of a Veterinary Examination Report for the Stallion is attached as Schedule 5 to this Agreement.

14 DEFAULT

14.1 Owner in arrears

Any Owner who is more than two (2) months in arrears in payment of any monies due and owing to the Studmaster or Management Committee under this Agreement will not be entitled to:

- (a) vote at any meetings of Owners;
- (b) a Nomination; or
- (c) sell, transfer or divest a Share/s pursuant to clauses 11 and 12,

and no mare may be bred to the Stallion in respect of any Share/s held by the Owner until the obligation of such Owner has been discharged or satisfied in full. Where an Owner is more than two (2) months in arrears of any monies referred to in this clause then the Management Committee will immediately suspend the Owner's rights as specified in this clause until the Management Committee receives the outstanding monies.

14.2 Management Committee may serve notice

The Management Committee may serve a written notice on any Owner who is more than two (2) months in arrears in payment of any monies due and owing under this Agreement stating:

- (a) the amount due and the payee;
- (b) that payment of the amount due is required within fourteen (14) days of the date of the written notice;
- (c) that failure to discharge such obligation will render the Owner's Share/s liable to be compulsorily sold.

14.3 Failure to Comply

Upon failure to comply with a notice under clause 14.2, the Management Committee may arrange to offer that Owner's Share/s for sale. The proceeds of sale will be applied in payment of:

- (a) first, the expenses of sale;
- (b) secondly, any expenses necessarily incurred in respect of the forfeiture;
- (c) thirdly, the amount due and payable to the Studmaster/Management Committee/Owners; and
- (d) the balance (if any) will be paid by the Management Committee to the Owner whose Share/s has been sold on the Owner delivering to the Management Committee any documents of title to the Share/s in the Owner's possession or control. The Owner will remain liable for any unsatisfied amount of the Owner's payment obligation should the net proceeds of sale fail to discharge such obligation

14.4 Conditions of Sale

The sale of a Share/s pursuant to clause 14.3 shall be in accordance with the terms contained in clause 11 hereof.

14.5 Payment of Interest

Without prejudice to any other right or remedy, any Owner who is more than two (2) months in arrears in payment of any monies due and owing to the Studmaster/Management Committee pursuant to this document, will pay interest on all outstanding sums from the due date until the date of actual payment at the rate of ten percent (10%) per annum, calculated on daily rests and payable upon demand. Other Owners shall have no liability to contribute on behalf of a defaulting Owner.

15 MANAGEMENT COMMITTEE

15.1 Appointment and Alteration of the Management Committee

- 15.1.1 The Owners hereby confirm the appointment of the Management Committee to manage the Stallion and the Syndicate upon the terms and conditions of this Agreement. The Management Committee confirms its acceptance of such appointment.
- 15.1.2 The Management Committee shall consist of not less than three Owners (or where an Owner is a company a person nominated by that company) initially consisting of the following:
Alastair Pulford (Chairman) – Godolphin Australia Pty Ltd,
Simms Davison – Mapperley Stud Ltd, and
Brent Taylor.
- 15.1.3 (a) Decisions of the Management Committee shall be passed by simple majority provided that the Chairman shall have the casting vote in any deadlock:
- (b) A member of the Management Committee may upon giving 21 days written notice to the other members stating the date, place and time for the meeting and the nature of the business to be transacted, convene a meeting of the Management Committee. Such notice may be dispensed if the number of members required to constitute a quorum for the meeting, or their alternates, agree. Any meeting of the Management Committee must be held having regard in particular to its location and the residence of the members, on a reasonable date, at a reasonable place and time and, in the event of any dispute, the date, place and time for the meeting will be determined by the Chairman:
- (c) A quorum for a Management Committee meeting will be 2, which must include the Chairman.
- 15.1.4 While Godolphin Australia Pty Ltd is a majority Owner, it shall appoint the Chairman of the Management Committee. If Godolphin Australia Pty Ltd is not a majority Owner, the Management Committee shall appoint a Chairman. A meeting of the Management Committee shall be called by the chairman or by any other member of the Management Committee. The Management Committee may regulate its own procedure including the conduct of meetings by telephone or Internet connection.

- 15.1.5 In the event of a vacancy on the Management Committee the Management Committee may appoint an owner to fill the casual vacancy.
- 15.1.6 A member of the Management Committee may resign at any time by giving not less than ninety (90) days written notice thereof to the Owners and the Studmaster.
- 15.1.7 A member of the Management Committee may be removed, with or without cause, by a Special Resolution.
- 15.1.8 Upon the resignation or removal of a member of the Management Committee, all obligations (other than in respect of any antecedent breach of obligation, negligence or default) of that person shall terminate and the Owners shall, by Resolution, appoint a new member of the Management Committee. The appointee shall undertake all obligations of the retiring member of the Management Committee.
- 15.1.9 A member of the Management Committee may, with the approval of the other members of the Management Committee, appoint a person in writing to be an alternate member of the Management Committee in his or her place for such period as he or she thinks fit. An alternate is entitled to notice of meetings of the Management Committee and if his or her appointor is not present at such meeting, is entitled to attend, be counted in a quorum and vote in his or her stead. An alternate may exercise any powers that his or her appointor may exercise and the exercise of such power by the alternate will be deemed to be the exercise of the power by the appointor. The appointment of an alternate may be terminated at any time by the appointor notwithstanding the period of the appointment of the alternate has not expired, and terminates if for any reason the appointor ceases to be a member of the Management Committee. The appointment or termination of the appointment of any alternate will be effected by notice in writing signed by the appointor and will be served on the other members of the Management Committee.
- 15.1.10 A resolution in writing signed by all members of the Management Committee, or their alternates, will be as effective as a resolution passed at a meeting of the members of the Management Committee duly convened and held and may consist of several documents in like form each signed by one or more of the members of the Management Committee or their alternate.

15.2 Duties of the Management Committee

- 15.2.1 The Management Committee shall make all decisions relating to the operation of the Syndicate, management of the standing, and promotion of the Stallion by the Studmaster.
- 15.2.2 The Management Committee shall no later than 30th April in each year, and after consulting the Studmaster in relation to the terms otherwise of the Studmaster's Stallion service agreement, determine:

(a) the Service Fee, based on a forty-two (42) day positive test, to be advertised for the forthcoming Stud Season in respect to the price to be charged for Nominations; and

(b) the terms of sale of Nominations (including, where the mare owner has paid the Service Fee and the mare does not produce a live foal, on production of a veterinary certificate to that effect, whether there are to be Free Returns or the mare owner will be refunded all or part of the Service Fee paid by the mare owner for the Nomination); and

thereupon will promptly notify the Owners in writing of such determinations.

(c) The Owners and the Studmaster agree that the Service Fee for the 2016 Stud Season shall be NZ\$15,000 plus GST.

- 15.2.3 The Management Committee shall set up the Register to record relevant particulars of each Owner and must maintain it for the duration of this Agreement. The Management Committee must update particulars recorded in the Register whenever it receives notice of the transfer, sale or purchase of any Share in accordance with the terms of this Agreement. The Management Committee shall make the Register available for inspection free of charge to all Owners on Business Days during normal business hours.
- 15.2.4 If requested by any Owner, the Management Committee shall give to that Owner such oral or written information as the Owner may reasonably require relating to the Syndicate, including the number of Stallion returns in any stud season, and the financial performance of the Syndicate for any completed financial year.
- 15.2.5 From time to time, the Management Committee may send or cause to be sent to each Owner a statement of account as to expenses for which the Owner is liable under this Agreement during the preceding period, and each Owner to whom such a statement is sent shall pay such amount thereof as may be owing or payable to the Management Committee within thirty (30) days after the date of the dispatch of such statement.
- 15.2.6 The Management Committee shall make available to the Accountant or any firm of chartered accountants appointed pursuant to Clause 16 of this Agreement such oral or written information as the firm of chartered accountants may reasonably require with respect to all matters relating to the Syndicate, including all matters for which the Management Committee is responsible under this Agreement.
- 15.2.7 The Management Committee shall make available for inspection by the Owners, the Studmaster, the Accountant or any authorised representative of any of the foregoing all accounts, books and records of the Syndicate maintained by the Management Committee. Any person requiring access to those records must give at least twenty-four (24) hours written notice to the Management Committee and inspection shall take place during normal business hours.

15.3 Administration

- 15.3.1 The Management Committee shall appoint a suitably qualified person as secretary of the syndicate. The secretary shall:
- (a) attend to invoicing and receipt of service fees of the syndicate
 - (b) deposit all service fees
 - (c) maintain records as required by the Management Committee
 - (d) account for GST on behalf the syndicate
 - (e) attend all other requirements of the Inland Revenue Acts in so far as they relate to the syndicate.
- 15.3.2 The Studmaster shall in a timely manner provide the Secretary with the following documentation:
- (a) copies of all nomination forms and service contracts
 - (b) written reports of mayors and the reasons in respect of which a life guarantee arises
 - (c) all such further information as the Secretary may require in carrying out their functions.

15.4 Administration by Stud

- 15.4 The Management Committee may appoint the Studmaster to act as Secretary of the Syndicate, to undertake under the direction and supervision of the Management Committee all of the functions of the Management Committee set out in Clause 15.2 and 15.3, and in those circumstances the Studmaster shall undertake those duties without further fee or charge.

16 ACCOUNTANT

16.1 Appointment and Removal of Accountant

- 16.1.1 The Management Committee may in his absolute discretion determine whether the Syndicate shall have an accountant ("the Accountant") and shall be entitled to appoint and remove the Accountant.
- 16.1.2 The Accountant shall be appointed by the Management Committee to prepare the accounts of the Syndicate on an annual basis and to carry out such other functions as may be requested by the Management Committee pursuant to this Agreement.
- 16.1.3 No person shall be appointed Accountant under this Agreement unless such person is a duly constituted or incorporated firm of chartered accountants.
- 16.1.4 Upon the resignation or removal of the Accountant a new Accountant shall be appointed by the Management Committee.
- 16.2 The Management Committee shall pay to the Accountant its reasonable fees for services rendered to the Syndicate and such fees shall be billed Pro-rata to the Owners by the Management Committee.
- 16.3 The Accountant shall be independent of the Management Committee or any other party to this Agreement.

- 16.4 Notwithstanding any other provision in this Agreement, one or more of the Owners shall be entitled to appoint a firm of chartered accountants to prepare the accounts of the Syndicate in addition to the accounting carried out by the Accountant and, unless otherwise agreed by a Resolution of the Owners, the costs and expenses of any such accounting shall be borne by the Owner or Owners making such an appointment.

17 ADVERTISING

- 17.1 The Management Committee is to approve all marketing, advertising and promotion of the Stallion.
- 17.2 The Studmaster will meet the costs of the marketing and advertising as part of the consideration for the Standing Rights.
- 17.3 The Management Committee has absolute discretion in the form and style of advertising and the ultimate expense of the advertising.

PROMOTION – SPONSORSHIP

- 17.4 The Management Committee at its discretion may apply Nominations toward sponsorship or promotion of the Stallion.

18 FERTILITY

The parties acknowledge that no representation has been made in respect to the soundness or fertility of the Stallion or the ability of the Stallion to serve any specified number of mares or otherwise.

19 TERMINATION OF AGREEMENT

- 19.1 This Agreement shall have full force and effect until:
- 19.1.1 the Stallion dies or is sold (in accordance with this Agreement); or
 - 19.1.2 all the Owners have, by prior written consent, agreed to the termination (including limitation or cancellation);
- whichever shall occur first.
- 19.2 Rights and obligations which have accrued prior to the date of termination shall not be affected or prejudiced by termination.

20 DISPUTE RESOLUTION

- 20.1 Each party agrees that if a dispute arises that they will notify the other party of such a dispute in writing as per Clause 26.
- 20.2 Each party acknowledges that they will reply to that dispute within five (5) Business Days or receiving the dispute.
- 20.3 Each party agrees that if the dispute cannot be resolved that a meeting will be arranged between the Owner and the Studmaster, or the parties in dispute (as the case may be) within ten (10) Business Days of the reply to the dispute being received.

20.4 If at the meeting referred to in Clause 20.3 above the dispute can still not be resolved, the parties agree to the appointment of a mediator as nominated by the NZTR and for that mediation between the parties and their legal representatives to take place within fifteen (15) Business Days of the meeting referred to in Clause 20.3 above.

20.5 If at this mediation the dispute cannot be resolved the parties are then only entitled to commence legal or court proceedings.

21 AMENDMENT TO AGREEMENT

21.1 This Agreement may be amended only by a Special Resolution provided that there shall be no amendments which detract from an Owner's Nomination or profit sharing rights under this Agreement or which may cause an Owner to incur costs or bear liabilities which could not have been reasonably anticipated from the Disclosure Statement provided to the Owner on becoming a party to this Agreement, without the unanimous consent of all Owners.

22 POWER OF ATTORNEY

22.1 Without limiting the scope of clauses 21, and 25 upon admission as an Owner under the Syndicate Agreement, each Owner thereby expressly appoints the Management Committee as his true and lawful representative and attorney in his name, place and stead to make, execute, acknowledge, record and file the following:

- (a) any statement of change in the Syndicate Agreement as required by relevant legislation;
- (b) any other certificate or instrument which may be required to be filed by the Owners under the laws of New Zealand or under the applicable laws of any other jurisdiction which (in the opinion of the Management Committee) it is advisable to file;
- (c) any other certificate, notice, election or instrument which may be required, either under the terms of this Agreement or at Law or which the Management Committee considers is necessary for the effective management and/or operation of the Agreement, to be filed by or on behalf of an Owner or the Owners as a whole;
- (d) any certificate or other instrument which the Management Committee deems necessary or desirable to effect a termination of this Agreement which is authorized under this Agreement;
- (e) any other instrument which the Management Committee may deem necessary or desirable to carry out fully the provisions of this Agreement.

22.2 The Management Committee shall not by the provisions of this clause have any authority on behalf of the Owners to amend this Agreement except as provided for in clause 21.

23 NO PARTNERSHIP

Nothing in this Agreement shall be taken to constitute or evidence either a partnership at law, joint venture or association of any kind nor any relationship between the Owner and the Studmaster or any one or more of the other Owners as principal and agent or otherwise and the rights of each Owner shall be in contract only vis a vis the Studmaster, the Management Committee and each other.

24 INDEMNITIES

- 24.1 The Owners hereby acknowledge that liabilities incurred in the course of complying with the terms of this Agreement are to be borne by them on a Pro-rata basis. Each Owner covenants with every other Owner to indemnify and keep indemnified such other Owners against all liabilities to the extent that such liabilities are incurred otherwise than Pro-rata **PROVIDED** nothing in this Clause requires any Owner to indemnify any other Owner in respect of liabilities incurred as a result of a particular Owner's debt or negligence, breach or default under this Agreement or by contravention of any regulation, law or statute.
- 24.2 No Owner shall pledge the credit of the Syndicate nor hold himself out as acting on behalf of the other Owners and if he purports to do so he shall be personally liable for any debt so created.

25 FURTHER ASSURANCES

- 25.1 Each party shall execute all documents and do all things reasonably necessary to give full effect to this Agreement.
- 25.2 If a party fails for a period of thirty (30) days after notice of such failure has been given by the Management Committee to perform any of his obligations under this Agreement **THEN** the relevant party hereby irrevocably appoints the Management Committee as his duly appointed Attorney with full power, upon the expiry of the above thirty (30) day period, to execute such documents and to do all such acts and things as may be necessary to fulfill the unperformed obligations.

26 NOTICES

- 26.1 Any notice, demand, consent or other document given pursuant to this Agreement shall be deemed properly given if it is in writing and sent by facsimile transmission to the facsimile number of the addressee or delivered by hand or sent by pre-paid post to:
- 26.1.1 in the case of an Owner, his address set out in the Register;
- 26.1.2 in the case of a Grantee, his address noted in the Register;
- 26.1.3 in the case of the Studmaster, the address set out in Schedule 1;
- 26.1.4 in the case of the Management Committee, to Mr Alastair Pulford, Chairman, Management Committee, Contributor Syndicate, Godolphin Australia Pty Ltd, 401 Rouchel Road, Aberdeen, NSW 2337 Australia (email: to apulford@darley.com.au) or to such new address notified to the Owners; or
- 26.1.5 any other address notified by a party from time to time as its address for service of notices under this Agreement.
- 26.2 Notice given in accordance with the Clause 26.1 shall be deemed to have been duly served and received:

- 26.2.1 if delivered by hand, on the date of delivery, if the same takes place before 5.00 p.m. (of the Country in which the delivery is made) on a Business Day or if it takes place at any other time on the next following Business Day after the day of delivery;
- 26.2.2 if sent by pre-paid post, at the expiration of forty eight (48) hours after the time of posting or, if sent by pre-paid post to an overseas address, at the expiration of seven (7) days after the date of posting; or
- 26.2.3 if sent by facsimile transmission, upon receipt by the sender of a satisfactory transmission control report, indicating transmission without error or, where transmission does not take place before 5.00 p.m. on a Business Day , on the next following Business Day .

27 GOVERNING LAW

This Agreement shall be construed in accordance with the laws of the New Zealand and each party hereby submits to the exclusive jurisdiction of the Courts of New Zealand.

28 WAIVER OF PARTITION

The Owners hereby waive whatever right they may have to demand partition, or sale for partition, of the Stallion and hereby agree that the sole means by which an Owner may realize upon his interest in the Stallion shall be the transfer or sale of the Share and Nominations which he holds or the sale of the Stallion pursuant to this Agreement.

29 BINDING EFFECT OF AGREEMENT

The terms and conditions of this Agreement as duly altered, modified, added to or cancelled from time to time shall be binding on the Management Committee, the Studmaster, and each Owner and all persons claiming through any of the Management Committee, Studmaster, and Owners respectively as if such person had been a party to this Agreement.

30 COUNTERPARTS

This Agreement may be executed in any number of counterparts. All counterparts taken together will be deemed to constitute the one instrument.

31 SOLE APPLICATION OF AGREEMENT

This Agreement shall apply to the Stallion and no other horse or investment.

EXECUTED for and on behalf of the Studmaster and the Owners as follows:

EXECUTED by Mapperley Stud Ltd CN2433808)
(NZ Business Number: 9429031627498) by two)
directors or one director in the presence of:)

.....
Signature of Director

.....
Signature of Director

.....
Signature of Witness

.....
Name of Witness

EXECUTED by GODOLPHIN AUSTRALIA)
PTY LIMITED ACN 093 921 021)
by two directors or a director and)
secretary in accordance with s127)
Corporations Act 2001:)

.....
Signature of Director

.....
Signature of Director / Secretary

.....
Full name of Signatory

.....
Full name of Signatory

EXECUTED by Ltd)
(NZ Business Number:.....) by two directors)
or one director in the presence of:)

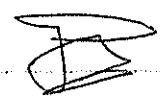
.....
Signature of Director

.....
Signature of Director

.....
Signature of Witness

.....
Name of Witness

SIGNED, SEALED & DELIVERED)
By)
in the presence of:)



.....
Witness
Kaya Hamiors
Name of Witness

SIGNED, SEALED & DELIVERED)
By)
in the presence of:)

.....
Witness

.....
Name of Witness

EXECUTED by)
PTY LIMITED ACN)
by two directors or a director and)
secretary in accordance with s127)
Corporations Act 2001:)

.....
Signature of Director

.....
Signature of Director / Secretary

.....
Full name of Signatory

.....
Full name of Signatory