

STAR MAGIC

BAY FILLY



SYNDICATE AGREEMENT



Horse: **STAR MAGIC**

Date of Foal: **3rd September 2019**

By: **Star Turn**

Out of: **Magically** (by Danehill)

Colour/Sex: **Bay Filly**

NOTICE TO POTENTIAL SUBSCRIBERS

THIS RA SHOULD BE READ IN ITS ENTIRETY. BEFORE DECIDING TO ACQUIRE A SHARE(S) IN THE HORSE HEREIN DESCRIBED YOU SHOULD CONSIDER THE SUITABILITY OF THIS PRODUCT TO YOU. IF YOU ARE IN ANY DOUBT AS TO THE COURSE YOU SHOULD FOLLOW YOU SHOULD CONSULT YOUR OWN INDEPENDENT FINANCIAL OR INVESTMENT ADVISOR, TAX ADVISOR, LEGAL ADVISOR AND ANY OTHER BLOODSTOCK CONSULTANTS TO ENABLE YOU TO MAKE AN INFORMED DECISION AS TO WHETHER TO SUBSCRIBE TO THIS PRODUCT.

1. The Manager

The Manager of the Horse and the Syndicate is BlueBlood Thoroughbreds (AUST) Pty Ltd (ACN 149 700 827). The Promoter's Australian Financial Services License number is 413585. All correspondence can be mailed to PO Box 6992, Norwest NSW 2153.

The Manager will be required to manage the Syndicate in accordance with the terms of this RA and any rules, regulations or guidelines made by the Rules of Racing in respect of such manager or management. The Manager is responsible for all aspects of the management of the racing career of the Horse, preparation of the Syndicate's annual accounts, the management of communications between the Owners and the stables, and the provision of all administrative services.

2. Description of the Horse to be owned or leased by the Partnership/Syndicate

Colour	Bay
Sex	Filly
Date of Foal	3 rd September 2019
Sire	Star Turn
Dam	Magically
Brand	G H nr sh - 55 over 9 off sh

3. Name of Trainer and where the Horse is to be stabled

Peter Moody Racing – Pakenham VIC

4. Racing Colours

The Horse will race in BlueBlood Thoroughbreds (AUST) Pty Ltd registered silks. There are 2 sets of colours as follows:

Red Set – Primary Colours

Jacket – Red, Blueblood Logo (wording)

Sleeves – Red sleeves (with wording)

Cap – Red cap with white star



5. Proposed Fixed Flat Fee and Other Obligations

- Fixed Ongoing Expenses** – the following horse expenses, management and administration costs are indicative and payable monthly by each Shareholder. The Manager advises that a Fixed Flat Fee of \$145.00 (incl. GST) per month per share (the equivalent of 2.5% share) OR \$290.00 (incl. GST) per month for 2 shares (the equivalent of 5% share) is payable to the Manager for all ongoing upkeep expenses.

All prices include GST (where applicable). The first monthly Fixed Flat Fee will be due on 1st April 2022.

Potential Shareholders must be aware that the Fixed Ongoing Expenses may vary slightly in the future, depending on whether the suppliers, such as the trainer, increases their daily rate and therefore this would increase the monthly Fixed Flat Rate slightly. Blueblood will validate where applicable.

Extra-Ordinary Expenses – Each Shareholder is also responsible for paying any extra-ordinary expenses incurred by the Company in proportion to their Shares held. The Fixed Flat Fee only covers up to \$330 (including GST) of BASIC vet care. The Fixed Flat Fee does not include the following extra-ordinary expenses, and are not limited to:

- Floating to and from veterinarian clinics/hospitals
- Floating interstate for racing purposes
- The difference of the cost between Boxed Agistment and Regular Agistment when the horse is spelling
- Insurance renewal
- Major veterinary fees relating to surgery/injury
- Major race nomination or acceptance fees
- All travel expenses for 1 representative of the Company to attend interstate featured races (outside of NSW).

The extra-ordinary costs will be charged to the Shareholders reflective of their shareholding.

Fees on early termination are payable up to and including the final date of the shareholder's ownership.

- i. **Accounts Preparation Fee*** - Preparation of the Partnership's annual accounts in respect of the relevant financial year will be charged on the 1st of July each year commencing from the month you enter into your agreement, unless you cease as an owner prior to which you will be charged for the number of months you held your share. The APF is capped at 10%, so if you hold a share in excess of 10% this is the maximum you will be charged.

2.5% Share: \$60.00 per annum or \$5.00 per month
 5% Share: \$120.00 per annum or \$10.00 per month
 7.5% Share: \$180.00 per annum or \$15.00 per month
 10% Share: \$240.00 per annum or \$20.00 per month

This amount will be direct debited from the Owners nominated bank account to be credited to Blueblood Thoroughbreds' account in respect to the Partnership. The APF is applicable and payable up until a partnership is ceased or the death or retirement of a horse or an Owner ceasing to exist as an Owner by way of sale or default of a share. This fee can be direct debited from the said Owners account at that point. This fee covers:

- a) The Opening and maintaining a separate bank account in respect of the Partnership which account maybe used for the deposit and payment of moneys relating to the operation of the Partnership.
- b) Accounts/Bookkeeping services rendered.
- c) Providing or arranging for the provision of all necessary accounting, taxation and legal advice to the Syndicate.
- d) Keeping 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.
- e) If required by ASIC or the Lead Regulator:
 - i. making available all the records of the Syndicate, including the Accounts, secretarial records, share register and transfer journal;
 - ii. providing all information requested in relation to the Syndicate; and
 - iii. lodging a copy of the Accounts and all other documentation relating to the performance of the Syndicate forwarded to Owners at the same time as the Accounts and such other documentation is forwarded to the Owners.

Inclusions in the Ongoing Expenses – Nomination and acceptance fees for most races are included, except for nominations for major races such as the Auction House Sponsored races such as Inglis and Magic Millions race series and the Black Type races such as Listed and Group races, which fees are payable by the Owners in addition to the Ongoing Expenses.

Procedure of Monthly Direct Debit for Ongoing Expenses –

- i. each Shareholder will pay monthly, the Fixed Flat Fee which will be Direct Debited on the 1st of each Month.
- ii. the Trainer and other Third-Party Service Provider fees are included in the Monthly Fixed Flat Fee.

PLEASE NOTE: Thoroughbred Payment (TBP) transaction fee of 0.27% of the amount deductible is applicable for bank accounts. TBP transaction fee is applicable for Credit/Debit Cards as follows:

American Express 2.15% - MasterCard 1.65% - Visa 1.65%

Trainers and Suppliers Fees – are billed 100% to Blueblood Thoroughbreds in arrears for the previous month's fees and expenses and payable by Blueblood Thoroughbreds. These fees are incorporated in the Monthly Fixed Flat Fee.

PLEASE NOTE: the trainers daily training rate may change subject to industry increases and forms part of the Fixed Flat Fee and is not charged on top of the Fixed Flat Fee.

- b. **Fixed Flat Fee (FFF)** – the following horse expenses are indicative and payable monthly by each Shareholder. The Manager advises that a Fixed Flat Fee of \$145.00 (incl. GST) per month per share (the equivalent of 2.5% share) OR \$290.00 (incl. GST) per month for 2 shares (the equivalent of 5% share) is payable for ongoing upkeep expenses.

The Fixed Flat Fee includes the maintenance of the Horse and Syndicate members such as:

- Spelling, Pre-Training & Training Fees.
- Horse Floating.
- Syndicate Manager's interstate travel expenses.
- Farrier, chiropracting, drenching.
- Basic Vet care (up to \$300).
- Blueblood's Management/Administration Fees.
- Regular communication to our owners by Blueblood's dedicated Racing Manager.
- Provision of general day to day administration services.
- Levying and collecting fees from Syndicate Members.
- Payment of all accounts to suppliers relating to the horse.
- Enforcing and following up Default payments.
- Arranging dates and times for Owners to inspect their horses at the stables or spelling properties.
- Assistance with RaceDay ticketing (where applicable).
- Transfer of Ownerships (where applicable).
- Registering Ordinary Syndicates (where applicable).
- Naming and Registration of the Racehorse.
- Liaise with the financial Ombudsman office.
- Maintain Professional Indemnity Insurance.
- Arranging open days for partners to inspect their racehorses and be addressed by the Trainer.
- Providing Shareholders with RaceDay DVD's (where available, track work and other update reports such as nominations, weights, acceptances, pre-race summary, RaceDay services, post-race summary review, organization of disbursement of any trophies, representing the syndicate in relation to race day steward enquiries etc.)

C. **Default** – Should any Owner neglect payment of the Ongoing Expenses as described in Clause 5a), b), c), d) & e) for a period in excess of fourteen (14) days, the following may occur:

- i. If payment defaults on or around the 1st of the month (when payment is due), Blueblood's Accounts Department will contact the Defaulting Shareholder via email, mail or fax to issue an Overdue Notice for the failure of payment giving the Defaulting Shareholder 7 days to forward full payment of the outstanding amount. Should payment not be received within that 7-day period, a First Default Notice, requesting immediate payment, will be issued via email or fax and a formal letter will be posted by the Syndicate Manager, giving the Defaulting Shareholder a further 14 days to make contact with Blueblood's Accounts Department to finalise their outstanding account. Should payment not be received with that 14-day period, a Second Default Notice will be issued, giving the Defaulting Shareholder a further 14 days to make payment. The Shareholder must still pay their new statement by the 1st of the next month. Should payment not be received within that 14-day period, a Final Notice (Share Repossession Pending) will be issued via email or fax and a formal letter will be posted by the Syndicate Manager, giving the Defaulting Shareholder a final 7 days to make payment of the total amount owing. Failure to comply with the Final Notice (Share Repossession Pending), will result in proceedings by Blueblood to confiscate and take possession of the shareholdings of the Defaulting Shareholder to recover any outstanding debts, by means of sale of the shares by Public Offer. Without any further notice, the Defaulting Shareholder shall cease to be a Shareholder and will have no interest in the assets and income of this said Partnership. The Syndicate Manager has the right to suspend a Shareholder's entitlement whilst in default.
- ii. Should the Defaulting Owner's payments, as described in Clause 5a), b), c), d) & e), fail 3 times within a 12-month period, then they may forfeit any rights and privileges of the Partnership and furthermore, the Syndicate Manager will have the right to sell the shareholding/s by Public Offer at the Defaulting Owner's expense to recover the debt of the Defaulting Owner. The Defaulting Owner will not be entitled to receive any compensation for the confiscated or repossessed interest in the Partnership or receive any further payment out of the assets or profits of the Partnership.
- iii. Owners who pay their monthly fees via direct deposit are advised that should their payment be late over 2 consecutive months, they lose the privilege of paying directly and will be placed back onto our direct debit payment method which is a policy of Blueblood Thoroughbreds.
- iv. Furthermore, the Owner's account may be passed onto a Debt Collector for recovery and will attempt to establish monetary protection of industry suppliers and this Syndicate. The Lead Regulator have placed a regulation that all suppliers, trainers, etc. are to be paid in a timely fashion by Owners, Syndicates and Syndicate Managers to maintain their accounts and prevent a horse from continuing work.
- v. If a shareholder defaults on payment and is overdue more than 30 days, interest at the rate of 10% per annum will be charged and invoiced on the following month's bill.
- vi. The purchase and sale of the Share/s of the Defaulting Owner will be effective as soon as practicable after the price has been determined and the Syndicate Manager will execute as trustee of the Defaulting Owner all such documents and do all things as are necessary to complete such sale and purchase. The Owner in default hereby nominates, constitutes and appoints the Syndicate Manager under power of attorney to execute and implement procedures as will be necessary to sell, convey and assure a buyer the Share or Shares so sold.

Fees on early termination are payable up to and including the final date of the shareholder's ownership.

d. Ownership, Redemption and Withdrawal

Ownership

Each Owner of not less than 5% of the horse will be entitled to have his/her name appear in the racebook as a co-owner of the horse. If a share is owned jointly by 2 or more people, the Syndicate Manager will be entitled to require those persons to, at their own cost, register an ordinary syndicate and to own the share in the name of that syndicate.

Each Owner hereby authorises the Syndicate Manager to do all things required to be done by an Owner in order to conform to the requirements of this Syndicate Agreement (SA) and the Rules of Racing, including without restriction, authority to sign on behalf of the Owner all documentation required to be signed by the Owner and lodged with the Registrar of Racehorses to give effect to any application for registration of the Horse and/or transfer of ownership.

Redemption and Withdrawal

Owners in this syndicate subscription must be aware that when purchasing a share/s you become the owner of that said share/s as it is not a lease as per Clause 16. Owners are obligated for the life of the Syndicate as Owners of the share/s and are not permitted to rescind on their obligations and must adhere to the Proposed/Estimated Ongoing Expenses and Other Obligations in Clause 5 (a), (b) and (c) and are subject to Clause 5 (f) (i), (ii), (iii), (iv), (v), (vi) and (vii). Owners will have no right to have your shares in the Syndicate redeemed or bought back prior to the termination or winding up the syndicate.

Before purchasing a share, each owner should consider the purchase of the share as a long-term investment for the life of the Syndicate. Neither the Promoter nor the Syndicate Manager will be obligated to sell a share on behalf of the owner. In the event that the Promoter or Syndicate Manager sells a share/s on behalf of an Owner, the Promoter/Syndicate Manager will be entitled to charge a practical commission in consideration for arranging the sale.

An Owner will not be able to offer for purchase, or issue invitations to buy Shares, unless the prospective purchaser is provided with a SA prepared by the Syndicate Manager in accordance with the provisions of the SA. There will be no ready market for the Shares.

Neither the Syndicate Manager nor the Racing Manager will be obliged to sell a Share on behalf of an Owner. The Syndicate Manager can offer the existing Owners the resale of an Owners shares who is seeking to exit the Syndicate and upon reaching an agreement of resale price, Blueblood Thoroughbreds will be entitled to a 5% sales commission fee (plus gst) on the gross resale price. Blueblood or any affiliated or external participants may make an offer to purchase the exiting Owners share/s and if agreed upon by both parties, will take over the resale shares and the risk from the date of the Transfer of Ownership. Blueblood or any external participant may seek market to resell the share/s or keep and race the horse.

In the event that a shareholder has made the decision to leave or sell his/her share, they must first offer the sale of that share/s within the syndicate.

Fees on early termination are payable up to and including the final date of the shareholders ownership.

e. The Manager's Responsibilities

a) The Manager is Blueblood Thoroughbreds. The Director of Blueblood Thoroughbreds is Carol Walsh. The Manager is responsible for all aspects of the management of the racing career of the Horse, the management of communications between the Partners and the stables and will make decisions on behalf of the Owners pertaining to the Horse on offer.

b) The Manager shall be the first registered Owner in the Partnership.

The Manager's duties include:

- i. Liaising with the Trainer and keeping all Owners current with the progress of the Horse.
- ii. Keeping a register noting the names and addresses of each Owner and the number of shares held by each, the date on which the Owner entered in the Register of Racehorses and the date on which any person ceased to be an Owner.
- iii. Notifying the Principal Racing Authority and Registrar of Racehorses in writing of every change in an Owner of the Partnership, every change in the percentage of an Owner's Share in the Partnership, and every change in an Owner's address within a period of FOURTEEN (14) days of the change.
- iv. Complying punctually in all respects with the requirements of the Rules of Racing, local Rules of Racing, the Principal Racing Authorities, the Registrar of Racehorses, ASIC and the Corporations Act 2001 from time to time in relation to the Horse and the Partnership.
- v. Representing the Owners in any official barrier draws, trophy presentations and any promotions/media events regarding the Horse.

c) The Manager may at any time give the Owners not less than one month's notice in writing of his/her intention to retire as Manager and will cease to have any rights and obligations as Manager from the date of that notice.

f. Distribution from Sale or Stud and or Breeding

In the event that the Horse is sold or is deceased or stolen, a 5% (plus gst) sale fee of the sale price is payable by the Owners to BlueBlood Thoroughbreds. (Should a valuation be required to determine the sale price, this will be acquired at the owner's expense, by a bloodstock valuer who is a member of the Federation of Bloodstock Agents (FBA). Should the Horse go to Stud and or Breeding, BlueBlood Thoroughbreds will be eligible to TWO (2) lifetime service rights per annum for the lifetime of the standing stallion and 5% (plus gst) of the sale price (only in the event of the horse being an entire and being retired to stud).

Irrespective of whether or not the Syndicate Manager, being Blueblood Thoroughbreds, is voted off as the syndicate manager of the Horse, Blueblood Thoroughbreds will have the right to negotiate stud and breeding of the said Horse of this Racing Partnership Agreement.

Breeding fillies at the end of its race career - Should 50% of owners vote to retire or send a filly/mare to a good home, Blueblood has the discretion and first right of refusal to put together a breeding partnership (this may be with a company/business/stud farm) and give all owners the opportunity to remain owners in the partnership or sell or relinquish their shares.

g. Meetings and Decisions

i. In the event that the horse is a colt/entire and the horse needs to be gelded all shareholders must achieve a 51% majority vote (if the vote is tied, the Syndicate Manager has the casting vote) to keep the horse as an entire unless written expert advice is obtained by a veterinarian, trainer and the syndicate manager that the necessity of the horse requires to be gelded due to the well-being of the horse and safety of the track riders and training staff.

ii. The trainer, as stated in Clause 3, is the first appointee of the Syndicate Manager. The Syndicate Manager will arrange for the trainer to train the horse and prepare the horse for training. The Syndicate Manager may at any time, remove the trainer and either engage the services of another appropriately licensed person to act in that capacity. The new trainer may be interstate and not within the same jurisdiction of the initial trainer. The Syndicate Manager will confer with all owners with regards to a change of trainer before a decision is made.

iii. In the event that a shareholder has made the decision to leave or sell his or her share, they must first offer the sale of that share/s within the syndicate before offering it to any other individual outside of the partnership.

iv. BlueBlood Thoroughbreds can be removed or replaced as Manager of the Career of the Horse if a memorandum signed by the shareholders representing a majority interest in the Horse (that is, a vote by owners with an interest of more than 50% in the Horse) votes for their removal. In the event where a Manager is removed or replaced, BlueBlood Thoroughbreds will cease to provide the services referred to AR 63 (2) of the Australian Rules of Racing. These services include:

- (a) entering, nominating, accepting or scratching such Horse for any race;
- (b) engage a jockey to ride such Horse for any race;
- (c) receive any prize money or trophy won by such Horse; or
- (d) act for and represent the joint owners, lessees or syndicate members in relation to the Horse in all respects for the purpose of the Rules.

Blueblood Thoroughbreds will continue to act as Manager of the Syndicate to provide the remaining services expressed in Clause 1 of this SA. That is, the Manager is responsible for all aspects of the management of the racing Career of the Horse, preparation of the Syndicate's annual accounts for submission to the Lead Regulator, the management of communications between the Owners and the Stables, and the provision of all administrative services and trust accounts of the syndicate.

If BlueBlood Thoroughbreds is removed as the Manager of the Horse, it does give up its entitlements to the disclosed stud fee, breeding or sale fee as per Clause 8 of this SA.

v. Early Termination Fee: In the unlikely event that a Manager is removed, an early termination fee will apply to the Syndicate. Every shareholder will be obligated to pay their Management Fee for the duration of a 12-month period in advance at the time of removal of the Manager. If payment does not materialise, the MF will continue to be charged on a monthly basis up to the time that payment is completed in full from ALL shareholders of the syndicate.

Management of the Horse and the Syndicate will continue by BlueBlood Thoroughbreds up until all shareholders have paid the termination fee in full. This early termination fee is enforced as a charge to compensate us for failure to satisfy the contract by the syndicate owners.

We will not charge you an early termination fee if it is a result of a proven material breach pursuant to Clause 7 (B) of this SA.

vi. An Owner or Owners who own not less than 30% of the Shares may either call a meeting of Owners, or request the Syndicate Manager to call a meeting of Owners, upon giving at least 21 days written notice to the other Owners, the Syndicate Manager and the Racing Manager. In the event the Syndicate Manager receives such a request, the Syndicate Manager must within 14 days of receipt thereof, call a meeting of Owners, which must be held within 1 month of receipt of the request.

vii. A voting resolution binds all Owners, whether or not they participate. No objection may be made to any vote cast unless the objection is made at the time of convening. The decision of the Syndicate vote on any matter is final.

***h.* Prize Money Distribution**

All prize-money won by the Horse will be deposited directly into each Shareholder's account by Stakes Payment pro-rata to the number of Shares held by each Partner. In accordance with the Rules of Racing in Australia, prize-money is distributed to the Shareholders after remunerations are distributed to the trainer, jockey, welfare program and jockey insurance, and the withholding of any funds required to cover major race acceptances for which the Horse is eligible or nominated. The percentages are automatically determined by each state and may vary from State to State. If the prize money exceeds \$15,000, Blueblood Thoroughbreds will be entitled to 5% of the gross prize money which will be charged out to each Shareholder accordingly. Gross prize money includes the prize money, breeders' bonus and incentive scheme payments.

***i.* Trophies and Prize Distribution**

In an event the horse wins a trophy, the Manager will receive the original trophy in accordance with the Rules of Racing (AR 63 (2c)) and will be entitled to retain it. If any Owner wishes to acquire a replica of the trophy, the Manager will endeavor to procure the same at the best price and provide to such Owner the details of the Supplier of the trophy.

Should there be an item that is not listed in the racebook with a dollar value, such as a saddle cloth or rug, such items will be auctioned off and the proceeds of the auction will be distributed to one or more industry related charity organisations at Blueblood's discretion. A receipt acknowledging payment to the organisation will be supplied to the Shareholders to validate payment.

***j.* Dispute Resolution**

The Promoter will endeavour to resolve any complaints in regard to the scheme. If not resolved, the Promoter will refer any such complaint to the Australian Financial Complaints Authority (AFCA). Blueblood Thoroughbreds is a member of the AFCA, member number 28431. More information can be obtained on the AFCA website at <https://www.afca.org.au> or by calling 1300 931 678.

***k.* Industry Risks**

Thoroughbred horse racing is a high-risk venture and financial input should be treated as a speculative investment only. Potential investors are advised prior to investing in the Syndicate that, despite the best endeavours of the Promoter, there is no guarantee that the horse which is the subject of the Scheme will in fact race and that, even if it does race, there will be any return on investment. The investment is not recommended for investors who are unable to risk the initial outlays and ongoing commitments.