



PDS

PRODUCT
DISCLOSURE
STATEMENT

2017 STARSPANGLED BANNER X PACHELBEL'S SONG

CHESTNUT FILLY



LEAD REGULATOR APPROVED



Horse: **Unnamed Thoroughbred**

Date of Foal: **6th August 2017**

By: **Starspangledbanner**

Out of: **Pachelbel's Song** (by Encosta de Lago)

Colour/Sex: **Chestnut Filly**

THIS STATEMENT MUST BE FORWARDED TO POTENTIAL SUBSCRIBERS

Prior to the Holder of an Australian Financial Services License ("AFSL") advertising, or making an offer of share in a racehorse in any form, he/she MUST provide RACING VICTORIA LIMITED (RVL) with the following information, together with the Application for Approval of the Product Disclosure Statement.

Note: A copy of this Product Disclosure Statement has been approved by Racing Victoria for publication. No liability as to the contents of this Product Disclosure Statement is accepted by Racing Victoria, its officers, employees or agents. In particular, (but without limiting the generality of this disclaimer) Racing Victoria does not warrant, and has no responsibility for the commercial merits or prospects of the Horse Racing Scheme referred to in this Product Disclosure Statement, the manner in which the Horse Racing Scheme may operate, or the taxation advantages (if any) to which the Horse Racing Scheme may give rise. Potential investors' financial circumstances may vary, and accordingly, Racing Victoria recommends that potential investors obtain independent financial and legal advice in relation to the Horse Racing Scheme and how it might apply to their circumstances should they decide to invest in the Horse Racing Scheme.

NOTICE TO POTENTIAL SUBSCRIBERS

THIS PDS 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. Promoter/Seller

The Promoter/Seller of the Horse and the Syndicate is Mrs. Carol Walsh and BlueBlood Thoroughbreds (AUST) Pty Ltd (ACN 149 700 827) of PO Box 6992, Baulkham Hills BC NSW 2153. The office number is 02 9937 2000. The Promoter's Australian Financial Services License number is 413585.

2. Purpose for which the Partnership/Syndicate is being formed - Thoroughbred Racing.

3. The Manager

The Manager of the Syndicate will be Mrs. Carol Walsh and BlueBlood Thoroughbreds.

The Manager will be required to manage the Syndicate in accordance with the terms of this PDS 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.

4. Percentage of the Horse for Sale – 100%

5. Shares Available – There are FORTY (40) TWO AND A HALF (2.5) % Shares. The promoter discloses that the minimum number of shares that need to be sold for this offer to become a live scheme is 1 share. The promoter is willing to retain the remaining shares to close the offer, pass title and register the horse.

6. Share Price

The price of a TWO AND A HALF (2.5%) Share is \$1,345 (incl. GST) as set out in Clause 28 of this PDS. (Please refer to Clause 31 Replacement PDS, relevant to the return of the purchase price if the Horse Racing Scheme is not fully subscribed within six months after the date of the approval of the PDS).

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

Colour	Chestnut
Sex	Filly
Date of Foal	6 th August 2017
Sire	Starspangledbanner
Dam	Pachelbel's Song
Brand	GA nr sh - 12 over 7 off sh

8. Naming and Registration

The Horse is unregistered. The Horse will be named by the Owners and registered once the Partnership/Syndicate has been fully subscribed. The horse will be registered within 45 days of the syndicate becoming fully subscribed. Each shareholder will have the option to submit 1 name. Once the list of names submitted by the Shareholders is populated by the Manager, the Manager will select the top 3 most liked names (in order of preference) and submit them to the Registrar of Racehorses for registration.

9. Details of Racing Performance/s of the Horse (if raced) – Yearling Filly

10. Performance Details

a) Sire – STARSPANGLED BANNER (Chestnut 2006-Stud Aust. 2011) by Choisir

STARSPANGLED BANNER Champion Sprinter in Europe, GB & Ireland in 2010. Champion Sprinter in Australia in 2009-10 & Aust-Bred International Sprinter in 2009-10. 7 wins-1 at 2-from 1000m to 1600m, £544,645, €12,125, A\$1,326,875, Royal Ascot Golden Jubilee S., Gr.1, Newmarket July Cup, Gr.1, MRC Caulfield Guineas, Gr.1, Oakleigh P., Gr.1, He entered stud in Ireland in 2011. He entered stud in Aust. in 2011. Sire of 107 progeny to race, 60 winners (56.0%), earnings of over \$7.6 million, 10 stakes winners, 3 stakes placegetters.

b) Dam – PACHELBEL'S SONG by Encosta de Lago

The Dam Pachelbel's Song is by champion broodmare stallion, Encosta de Lago. The 3rd dam is a champion Great British and French sprinting mare PIPALONG who won the Group 1 Haydock Sprint Cup. This is her third living foal. Her second foal is a 2YO. Her first foal is unraced.

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

Ciaron Maher Racing – Caulfield – 32 Booran Rd, Caulfield East VIC 3145 - Ph: 03 9571 1455

Ciaron Maher took his first tentative steps in racing as a teenager, working with a trainer after school each day. He was an apprentice jockey with Peter Hayes in Adelaide and Melbourne before becoming an accomplished jumps jockey, competing in Australia versus Ireland jockey challenges and riding in England, Ireland and Dubai.

In 2005 he established himself as a trainer in Warrnambool, home of jumps racing. His first winner was Spectacular Storm in a hurdle race at Terang, followed up smartly by another win at Sandown. The stage was set for a successful career not only in jumps racing, but also on the flat as the stable grew. Ciaron Maher has since moved to Caulfield, where he has expansive stables on the course. He has retained facilities in Warrnambool, which suit horses in need of a country setting, and has secured new premises at Randwick. At his property in Pakenham, on the edge of Melbourne's suburbs, he has agistment and pre-training facilities.

A young trainer with an eye for picking winning prospects at yearling sales, he has built a stable of loyal owners as well as successful horses. He welcomes first-time owners as well as experienced racing hands. He is regarded as hard-working, thoughtful and, above all, patient. His promise is that every horse will be given every chance to develop its full potential.

Ciaron Maher discovered the thrill of Group 1 success in 2007 with TEARS I CRY winning the VRC Emirates stakes at Flemington.

Black type races have flowed since then, SRIKANDI winning the Group 1 AAMI Stradbroke Handicap and the Group 1 Sky Racing Tatts Club Tiara. SET SQUARE winning the Group 1 Crown Oaks and JAMEKA winning the Oaks the following year.

12. Racing Colours

The Horse will race in BlueBlood Thoroughbreds' registered silks. The main set of colours is Red Jacket with Red Cap. The alternative colours being Red Jacket with Blue Cap as follows:

Main Set of Colours

Jacket – Red, Blueblood Logo (wording)

Sleeves – Red sleeves (with wording)

Cap – Red cap with white star



Alternative Set of Colours

Jacket – Red, Blueblood Logo (wording)

Sleeves – Red sleeves (with wording)

Cap – Blue cap with white star



13. Proposed/Estimated Ongoing Expenses and Other Obligation

- a. **Ongoing Expenses** – the following horse expenses are indicative and payable monthly by each shareholder/owner up until the horse is either retired, sold or ceases to exist. The Promoter advises that the **average Ongoing Expenses** for a 2.5% share is approx. \$24.50/week (incl. gst) OR a 5% share is approx. \$49/week (incl. gst).

The **average Ongoing Expenses** incorporates Blueblood's Management Fee, as outlined in Clause 13e.

Potential Investors must be aware that the **average Ongoing Expenses** may vary at any time due to the variable times that a horse is in work, racing, pre-training or spelling and will be validated where applicable. Potential Investors must be aware that the **average Ongoing Expenses** may vary slightly depending on whether the suppliers such as the trainer, increases their daily rate and therefore this would increase the weekly average cost. Blueblood will validate where applicable.

The Potential Investor should also be aware that the **average Ongoing Expense** does not include extra-ordinary costs such as insurance renewal, major veterinary fees relating to surgery/injury in excess of \$300 which will be on charged to the owners reflective of their shareholding, major race nominations or acceptance fees as outlined in Clause 13b and all travel expenses for 1 (one) Blueblood Representative to attend interstate featured races (outside of NSW). These costs are payable by the Owners in proportion to their share/s held in the Partnership/Syndicate. (Blueblood Thoroughbreds may be entitled to a rebate on spelling, pre-training and training fees (up to 10%) from the following service provider, Evergreen Stud & Cavallo Park).

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) Payment of some accounts by all syndicate members relating to the horse, where applicable enforcing the payment requirements under the terms of the Partnership.
 - c) Accounts/Bookkeeping services rendered.
 - d) Blueblood's accounts department paying some suppliers fees and expenses monthly, where applicable.
 - e) Providing or arranging for the provision of all necessary accounting, taxation and legal advice to the Syndicate.
 - f) 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.
 - g) 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.
- b. 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 **average Ongoing Expenses**.
- c. Procedure of Monthly Direct Debit for Ongoing Expenses -**
- i. the Manager will invoice each Owner monthly in advance for the Management Fee which will be Direct Debited on the 1st of each Month; and
 - ii. the Trainer and other Third Party Service Providers will invoice the Owners monthly in arrears for their proportion of fees and expenses.
- d. Trainers and Suppliers Fees** – The trainer has elected to invoice each Owner monthly for his or her pro-rata share of all costs associated with training, racing, pre-training and adjustment for the HORSE. Each Owner will be required to pay his or her pro-rata share of such costs directly to the trainer in accordance with the trainer's terms on the invoice. The monthly amount payable by each owner to the trainer will vary month to month (refer to Clause 13 c).

The trainers daily training rate is \$132.00 includes Gst. PLEASE NOTE: the trainers daily training rate may change subject to industry increases and forms part of the **average Ongoing Expenses** and is not charged on top of the average Ongoing Expenses.

- e. Management Fee (MF)** – Blueblood Thoroughbreds will charge a fixed monthly Management Fee of \$77.00 per Shareholder which is charged for our extensive level of service provided to our Shareholders on a regular basis. The \$77 fee is charged per Shareholder regardless of the amount of shares purchased - (refer to Clause 13c) – this fixed monthly Management Fee is incorporated in the **average Ongoing Expenses** as described in Clause 13a. PLEASE NOTE: the management fee forms part of the **average Ongoing Expenses** and is charged separately from the Trainers and Suppliers fees (refer to Clause 13d).

The fixed monthly Management Fee will commence from the date of signing this agreement and will provide the following:

- i.* Regular communication with partners by telephone, fax or email regarding training and spelling progress, and regular relay of Trainer's comments.
 - ii.* Arranging open days for partners to inspect their racehorses and be addressed by the Trainer.
 - iii.* Provision of general day to day administrative services, provision of pursuing overdue accounts via phone call, email or post.
 - iv.* Providing syndicate members 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.)
 - v.* Arranging times and dates for syndicate members to inspect their horses at the stables or spelling properties.
 - vi.* Assistance with RaceDay ticketing where applicable.
 - vii.* Liaise with the financial Ombudsman office.
 - viii.* Maintain Professional Indemnity Insurance.
 - ix.* Naming and Registration of the Racehorse.
 - x.* Transfers of Ownership (where applicable).
 - xi.* Registering an Ordinary Syndicate (where applicable).
- f. Default** – Should any Owner neglect payment of the Ongoing Expenses as described in Clause 13a), 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 Owner via email, mail or fax to advise the failure of payment and the Defaulting Owner will be given 7 days from that date to forward full payment of the outstanding amount. Should payment not be received within that 7-day period, a Default Notice will be issued via email or fax and a formal letter will be posted by the Syndicate Manager, giving the Defaulting Owner a further 7 days to make contact with Blueblood's Accounts Department to finalise their outstanding account. Failure to comply may result in proceedings by Blueblood to confiscate and take possession of the shareholdings of the Defaulting Owner to recover any outstanding debts. The Defaulting Owner shall cease (at the discretion of the Syndicate Manager) to be an owner and will have no interest in the assets and income of this said Partnership. The Syndicate Manager has the right to suspend an owner's entitlement whilst in default.
 - ii.* Should the Defaulting Owner's payments, as described in Clause 13a), 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.

14. 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 Product Disclosure Statement (PDS) 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 13 (a), (b) and (c) and are subject to Clause 13 (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 PDS prepared by the Syndicate Manager in accordance with the provisions of the PDS. 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 (refer to Clause 23 iii). Should a horse be injured or incapacitated to race while recovering from an injury, Blueblood may not Offer the Share for Sale until the horse has fully recovered.

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

15. How did the Promoter/Seller obtain the Horse and the purchase price paid by the Promoter?

The Promoter purchased the Filly from the Adelaide Magic Millions Yearling Sale on the 12th March 2019 for \$22,000 (Incl. GST).

The Vendor was Rosemont Stud, Gnarwarre, VIC.

Blueblood did not receive a rebate from the Seller and did not receive an incentive in lieu of attending a sale.

16. Particulars of any Lease Agreement

The Promoter certifies that the Horse is not subject of a financial or operating lease and as such a copy of a financial lease is not applicable.

17. Current Status of the Horse.

The Filly has not been broken in and will spell at Cavallo Park in the Lower Hunter of NSW until she is ready to head into Evergreen Stud to be broken in and educated.

18. Valuation

1) A statement by the Promoter that a Valuation by a qualified bloodstock valuer, who is independent of the Promoter, completed less than THIRTY days prior to the date of the PDS accompanies this PDS.

- **This Filly was acquired at Public Auction and a Valuation is not required.**

19. Veterinary Certification

A Veterinary Certificate prepared by Dr. Chris Lawler, a qualified Veterinary Surgeon, completed less than THIRTY days prior to the date of the PDS accompanies this application. The Certificate discloses any financial or other interest held by the Veterinarian in the syndicate or the moneys to be raised from the Syndication.

20. Title and Possession

1) *Name of Owner of the Horse:*

- Blueblood Thoroughbreds

2) *A statement by the Promoter providing full particulars of the arrangement:*

If the Horse is unencumbered

- **Blueblood has 90 days interest free credit terms with Magic Millions. The Offeror has possession of the horse but not the title.**

3) *A statement by the Promoter that upon registration of the scheme, Syndicate Subscribers will receive right title:*

- **Upon reaching full subscription each subscriber will receive title in the Horse.**

- The Horse will be registered in the name of each subscriber disclosing percentage share of ownership.

4) *Personal Property Security Interest:*

- Confirmation that any personal property security interest registered against the title to the horse has been released or will be released and that the Promoter will, before or on registration of the Horse Racing Scheme with the Lead Regulator, confirm to the Lead Regulator that the personal property security interest has been released.

5) *Possession: A Statutory Declaration made by the Promoter that:*

- The Promoter has a legally enforceable right to possession of the horse or that the Promoter will, before or on registration of the Horse Racing Scheme, have a legally enforceable right to possession of the horse; and
- The Promoter will, before or on registration of the Horse Racing Scheme with the Lead Regulator, ensure that the subscribers in the Horse Racing Scheme will have unencumbered title to the horse.

6) *Declarations:*

The Promoter has not received, either directly or indirectly any benefit, payment, rebate, commission or reimbursement from the Vendor in relation to or in connection with the acquisition or purchase of the horse and/or its syndication to investors.

21. Mortality Insurance

This Filly is insured with HQ Insurance for mortality, theft and life-threatening surgery extension cover from 12th March 2019 to 31st March 2020. The sum insured is \$53,800. A Certificate of Currency accompanies this PDS. Renewal of Insurance is at the discretion of each owner at renewal date. Blueblood Thoroughbreds highly recommends owners renew their insurance cover and will be advised closer to the renewal date.

Blueblood Thoroughbreds are entitled to a broker's commission upon fall of the hammer and/or renewal of Mortality Insurance arranged on behalf of all participating owners.

22. 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.

23. 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 Product Disclosure Statement.

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.

24. 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 50% 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 11, is the first appointee by 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. Under no circumstances is it the responsibility of Blueblood Thoroughbreds to sell the share/s on behalf of the shareholder. It is the full responsibility of the owner to maintain their shareholding until such time that the share is either sold or relinquished. It is an ownership much like the purchase of a property or home and is for the term of the racing career of the horse.

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 AR63 (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 3 of this PDS. 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 not give up its entitlements to the disclosed stud fee, breeding or sale fee as per Clause 23 of this PDS.

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 by 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 22 (B) of this PDS.

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.

25. 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.

26. 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 (AR63 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 owners to validate payment.

27. Cooling Off Period

Subscribers will be given a FOURTEEN (14) day cooling off period from the date that payment, part payment or deposit has been received and/or from receipt of the signed application via fax, email or post and within this period can request a refund of any subscription money paid.

28. Formation Expenses

a. Seller's Expenses

The following expenses have been incurred/estimated by the Seller in the formation of the Syndicate. As set out in Clause 6 of this PDS, the Owners are liable for such expenses. Any additional unexpected costs solely relating to the formation of the Syndicate will be paid by the Seller with no impact on the Owners. All prices include GST (where applicable). All estimated costs (Agistment, Training etc.) are covered up to 30th April 2019, and the owners take over the average Ongoing Expenses from 1st May 2019. This means the first average Ongoing Payment (including the fixed monthly Management Fee) will be due on 1st May 2019.

b. Expenses

Vet Inspections and Certificate (pro-rata 6 horses)	\$ 1,320.00
Scoping	\$ 165.00
Insurance (HQ Insurance 12/03/19 – 31/03/20)	\$ 2,257.00
Agistment Fees at Cavallo Park (\$42.00 per day for 44 days)	\$ 1,848.00 Est.
Floating from Adelaide SA to Putty NSW	\$ 990.00
Track Fees, Vet Stable, Vitamins, Shoeing, Drenching, Dental	\$ 1,300.00 Est.
Photographs/Footage – Pedigree software fee (Werks), video footage, CD, Bloodhound Partnership, editing and Production 2 staff	\$ 1,100.00 Est.
Office Expenses - Annual estimate of office expenses (postage/printing/stationery, telephone/fax/email/sms pro-rata)	\$ 2,000.00 Est.
Advertising - Facebook/Linked In/Social Media	\$ 2,000.00 Est.
Bloodstock.com classified sales	\$ 600.00 Est.
Google Promotion	\$ 1,000.00 Est.
Tax and Accounting Fees	\$ 1,000.00 Est.
Other - (Horse Purchase Price \$24,200, Registration & Lodging Syndicate Fee \$545, Golden Slipper & Golden Rose \$385, Blue Diamond & Blue Sapphire \$330, Magic Millions Race Series \$4,950, Compliance Fee \$1,980, Blueblood Margin \$5,830)	\$38,220.00

Total Formation Expenses: \$53,800

Cost of 2.5% share: \$1,345



29. Free Service

A statement that the Promoter was not entitled to a free service to its sire upon purchase of the Horse on offer.

30. Trust Account

All application moneys will be held in a trust account (that is applicable for the sole purpose of the Partnership Agreement) by the Promoter until the Shares have been fully sold or the minimum share subscription is reached and the offer becomes live (refer to Clause 5 of the PDS), whichever occurs first.

31. Replacement PDS

If an offer has not been fully subscribed within six (6) months from the date of the initial PDSs approval by Racing Victoria, the Promoter may lodge one (1) application to replace the original PDS for a maximum term of three (3) months from the date of any approval by Racing Victoria (herein called a "Replacement PDS").

If an offer has not been fully subscribed within the three (3) months from the date of the Replacement PDSs' approval by Racing Victoria, it is the responsibility of the Promoter to refund all subscription monies in accordance with the ASIC Corporations (Horse Schemes) Instrument 2016/7901 (herein called "The Instrument"). In these instances, subscription monies include (but is not limited to the initial share cost, and any management or training fees).

32. Conflict of Interest (Actual or Perceived)

At the time of purchase, there were no actual or perceived conflicts of interest known to the Promoter in conjunction with the offer of this scheme.

33. Prohibited Substances

A subscriber may elect to have a horse tested for a prohibited substance under the Australian Rules of Racing, with the cost of testing to be borne by all subscribers (whether or not they elected to have the horse tested).

34. 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 Financial Ombudsman Service (FOS). Blueblood Thoroughbreds is a member of the FOS, member number 28431. More information can be obtained on the FOS website at www.fos.org.au or by calling 1300 780 808.

35. 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.

36. Lodgment of the Product Disclosure Statement (PDS)

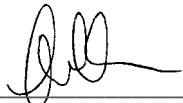
A copy of this PDS has been lodged by the Promoter, who is currently registered by Racing Victoria Limited (herein called the "Lead Regulator"), 400 Epsom Road, Flemington VIC 3031, Customer First 1300 139 401 and this PDS has been approved by the Lead Regulator, pursuant to the ASIC Corporations (Horse Schemes) Instrument 2016/7901 (herein called "The Instrument").



PROMOTER'S STATEMENT

The Promoter confirms that:

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

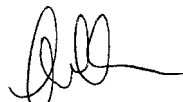
Signature of Promoter:  _____ Carol Walsh

Date.....18.../...03...../...2019.....

DISCLAIMER

A copy of this Product Disclosure Statement has been approved by Racing Victoria for publication. No liability as to the contents of this Product Disclosure Statement is accepted by Racing Victoria, its officers, employees or agents. In particular, (but without limiting the generality of this disclaimer) Racing Victoria does not warrant and has no responsibility for the commercial merits or prospects of the Horse Racing Scheme referred to in this Product Disclosure Statement, the manner in which the Horse Racing Scheme may operate, or the taxation advantages (if any) to which the Horse Racing Scheme may give rise. Potential investors' financial circumstances may vary, and accordingly, Racing Victoria recommends that potential investors obtain independent financial and legal advice in relation to the Horse Racing Scheme and how it might apply to their circumstances should they decide to invest in the Horse Racing Scheme.

I hereby declare that the contents of this PDS are true and correct.

Signature of Promoter:  _____ Carol Walsh

Date.....18...../...03...../...2019.....