

ELLERSLIE SOCIAL RACING WOODPECKER HILL SYNDICATE

DISCLOSURE STATEMENT – AT AUGUST 1st 2015.

1. NAME AND ADDRESS OF SYNDICATE PROMOTER

Authorised Promoter:

Brent John Cooper

C/- Box 300-073 Albany

Phone 021 599915 email: brent@hotice.co.nz

2. NAME AND ADDRESS OF SYNDICATE MANAGER

SR Management Ltd (Director-Brent Cooper)

Box 300-073 Albany 0752

Auckland

Phone 021 599915 email: brent@hotice.co.nz

3. STATEMENT OF BUSINESS PLAN

- The horses covered by this disclosure statement are to be leased by Ellerslie Social Racing Woodpecker Hill Syndicate -80%; Jamieson Park (10%) and sponsors 10%.
- Term of membership is for an 11 month period from September 1st 2015 thereafter renewable on an annual basis for a maximum of 4 years.
- Annual Syndicate membership cost is included in the annual subscription for the Ellerslie Social Racing Club (ESRC).
- This amount will provide a 1% racing interest in the share of all horses leased by the syndicate net of all costs as detailed in clauses 9 and 10
- There will be no requirement for any additional payments by members during the initial term of the syndicate.
- Within 60 days of the end of each racing season funds from stakes money in excess of \$200 per member may be distributed to the syndicate members at the discretion of the Manager once provision has been ensured for future costs.
- Members will be given right of renewal from August 1st 2016 and each 12 month period thereafter for a maximum of 3 years.
- The horses covered by this disclosure statement will race in the name of the Ellerslie Social Racing Woodpecker Hill Syndicate and Jamieson Park and be trained by Nigel Tiley.
- Any trophies won by horses covered by this disclosure statement will be the property of the horse owner/lessor or as distributed by the Manager.

4. RULES/TERMS OF THE SYNDICATE (Refer to the Syndicate Rules attached)

- (a) If a member of the syndicate withdraws within a calendar year there is no refund or share of funds on hand or share of the value of any owned horse(s) payable to that member.
- (b) There to be a maximum of one person per share.
- (c) All communication with trainers will be via the Manager and all decisions regarding the racing programme of each horse will be made by the trainer in consultation with the Manager.
- (d) Members are not permitted to communicate directly with the horse trainers other than on race day or at functions. This includes the pre and post-race saddling and unsaddling area.
- (e) Members will be given regular reports on the progress of all horses by email from the Manager and updates on the Social Racing Facebook page. Reports will not be made by phone.
- (f) The Manager has the right to forfeit the share of any member of the syndicate if that member does not abide by the general terms and conditions of the disclosure statement and syndicate rules or if that member communicates either verbally or in written form directly or via Social Media to the Manager, horse trainers, other syndicate members or any other affiliates in a manner that is deemed to be offensive.
- (g) The Syndicate shall be managed by SR Management Ltd (Director-Brent Cooper).
- (h) The horse will be named by the Manager and the trainer will be selected by the Manager.
- (i) The Syndicate Rules are attached.

5. CAPITAL – NUMBER OF SHARES /UNITS

Total cash contribution sought from members is \$69,900 (\$699 per member) which includes a capital contribution to the Ellerslie Social Racing Woodpecker Hill Syndicate of \$45,000.00 (\$450 per share), the balance being the required annual subscription to the Ellerslie Social Racing Club.

Capital: \$45000

Maximum number of Units: 100

6. MINIMUM AMOUNT TO BE RAISED FOR SYNDICATE TO BE COMMERCIALY VIABLE

The minimum sum that must be raised to make the Syndicate viable is \$35,000.

7. VETERINARY CERTIFICATES

To be lodged at the office of NZTR Wellington.

8 VALUERS REPORT

Not applicable as horses are leased without a right of purchase.

9. SCHEDULE OF BLOODSTOCK

Cost of Bloodstock: Not applicable. All horses leased without right of purchase.

HORSES LEASED BY SYNDICATE AND PERCENTAGE LEASED.

2013 Filly: Stravinsky – Fjall

Percentage leased:	Ellerslie Social Racing Woodpecker Hill Syndicate	80%
	ESRC Sponsors	10%
	Jamieson Park.	10%

Term of lease: Horses are leased until the end of their five year old year season and a lease may be cancelled with 30 days' notice from either party.

Residual Value: Not Applicable

Right of purchase: Not applicable.

Exercise price: Not Applicable

Lease payments/contingencies:

Trainer: 10% of stakes

Jockey: 5% of stakes.

Owner/Lessor : (Jamieson Park): The cost of its 10% share as a Lessee.

10. REMUNERATION OF FEES OR COSTS PAYABLE OR LIKELY TO BE PAYABLE BY SYNDICATE

Brokerage or Underwriting:	nil
Promoters Fees & Costs:	nil
Managerial Fees & Admin Costs:	A maximum of \$5,000 plus GST per annum
Other Substantive or unusual Fees & Costs:	nil
Other Benefits:	nil

Racing Costs

The annual payment is calculated to ensure that all foreseeable costs including those incurred when the horses are racing will be covered. As at 1.07.15 these fees are based on the following estimates (ex GST) but are subject to change without notice:

TRAINING FEES:	\$ 70.00 per day
TRACK FEES:	\$120.00 per month
JUMP OUTS: (this includes Jockey)	\$ 50.00 per jump out
FARRIER: (Shoes for Horse)	\$130.00 per month
CHIROPACTOR...: (if required)	\$ 90.00 per visit
SUPPLEMENTS	\$100 per month
VET SUPPLIES: – as required.	
RACE NOMINATIONS/ACCEPTANCES*:	\$250.00 per race
JOCKEY:	\$145.00 per ride
TRIAL NOMINATIONS: (includes Jockey)	\$ 88.00 per trial
SPELLING FEES:	\$ 25.00 per day
TRANSPORT FEES:	(This depends on the distance)

*Under current NZTR policy nominations for maiden and R65 races are paid by NZTR not the syndicate.

11. STATEMENT OF STANDARD INDUSTRY RISKS

RACING

- Not all horses proceed to become successful racehorses
- There is a possibility that any racehorse could injure itself and thereby need a long recuperation period or be unable to race again. This risk is seldom insurable.

12. DETAILS OF INSURANCE.

The syndicate cannot insure an interest in the horses as Lessee.

13. PROCEDURE REQUIRED TO REMOVE MANAGERS/DIRECTORS

The Manager may be removed by majority resolution of the syndicate members and in certain circumstances by New Zealand Thoroughbred Racing Inc.

14. LIABILITY OF INVESTORS TO CONTRIBUTE FURTHER SUMS TO OR ON BEHALF OF THE LIMITED PARTNERSHIP

There is no liability for members of the syndicate to contribute any further sums in respect of the current syndicate within the initial 12 months of the syndicate term.

15. BASIS ON WHICH PROFITS AND/OR LOSSES INCLUDING DISTRIBUTIONS ON DISSOLUTION WILL BE ALLOCATED.

At the end of each racing season surplus funds may be distributed to the members at the discretion of the Manager once provision has been ensured for future costs. Each member shall be entitled to a 1/100th share of the amount distributed.

16. SYNDICATE FUNDS

All funds and member contributions will be held on behalf of the syndicate by SR Management Ltd in a separate account for the Ellerslie Social Racing Woodpecker Hill syndicate.

Should the horse covered by this Disclosure statement be retired from Racing during the term covered by this disclosure statement and not be replaced, each member of the syndicate shall be entitled to a pro rata share of any funds remaining from the initial capital (per clause 5 above) after all training expenses incurred to that date have been paid.

18. SCHEDULE OF BLOODSTOCK

Refer paragraph 9 above.

19. DETAILS OF BORROWINGS

The syndicate covered by this disclosure statement has no borrowings.

20. ESTIMATED DATES WHEN BLOODSTOCK WILL COMMENCE RACING.

Between December 2015 and April 2016.

21. PROCEDURE FOR AUTHORISING ACQUISITION OF ADDITIONAL BLOODSTOCK OR OTHER ASSETS

If any of the above horses has to be withdrawn from the syndicate due to injury or does not meet reasonable expectations in terms of racing ability, the Manager will look for a suitable replacement.

22. POWER OF ATTORNEY

Syndicate members appoint the director of the Manager as the authorised signatory of the syndicate to complete New Zealand Thoroughbred Racing Inc documentation.

23. DISCLOSURE OF FORMER NAME

The Authorised syndicator/promoter of the syndicate covered by this disclosure statement is also currently the Manager of the Social Racing #1 Limited partnership, Auckland Racing Club Winners Circle #1 Syndicate and Kingsclere Jimmy Choux Syndicate.

AUTHORISED SYNDICATOR DECLARATION

This Disclosure statement has been signed by the Authorised Syndicator /Manager.

On the 1st day of August 2015



.....
Brent John Cooper

AUTHORISED SYNDICATOR STATUS

Brent John Cooper is an Authorized Syndicator in accordance with the Securities Act (Bloodstock) Exemption Notice 2002. New Zealand Thoroughbred Racing and the Securities Commission in no way endorse or guarantee investment in the venture or accept responsibility for any representation made herein, any liability arising from this venture or any loss incurred by and participant in it.

Ellerslie Social Racing Woodpecker Hill Syndicate
Syndicate Rules
Part 1
Formation and Object

1.1 Formation

A syndicate shall be formed as from 1st September 2015 for a term of three years ("the term") to be known as the **Ellerslie Social Racing Woodpecker Hill Syndicate** ("the Syndicate").

1.2 Object

- 1.2.1 The object of the Syndicate is to acquire by lease and race thoroughbred horses as a recreational pursuit.
- 1.2.2 The Syndicate shall comprise **One Hundred (100) shares**.

1.3 Rules

- 1.3.1 The Syndicate shall be governed by these rules which may be cited as the Syndicate Rules ("the rules")
- 1.3.2 These rules shall apply to all matters relating to the Syndicate and be binding on the Manager and each Member.
- 1.3.3 No rule of the Syndicate shall be altered or repealed and no rule shall be substituted or added except by special resolution of Members passed in accordance with part 5 provided that no alteration may be passed without the consent of the NZTR Board and which does not detract from a Member's rights under these rules.

1.4 Members to abide by these Rules

Each Member by signing and submitting the Agreement and Application form in the Disclosure Statement hereby covenants:

- 1.4.1 to abide by the syndicate rules and the disclosure statement; and
- 1.4.2 hereby grants, ratifies and confirms all and singular the powers and authorities given to the Promoter and/or Manager by these rules and all acts and things already done by or on behalf of the Syndicate.

1.5 Counterpart Execution

These rules are deemed to be signed by a Member if that Member has signed the Agreement and Application form in the Disclosure Statement including any original, facsimile copy, photocopy, PDF or email image copy and if the Member has signed any such format and delivered it in any such format to the Promoter, the signed formats will together constitute a binding agreement between the Promoter, the Manager and each Member.

Part 2
The Syndicate

2.1 Composition

The Syndicate shall comprise those persons who, in accordance with part 3, are Members.

2.2 Address

The address of the Syndicate will be the address of the Syndicate Promoter set out in the Disclosure Statement.

2.3 Authorised Representative

The authorised representative of the Syndicate for the purposes of the application to register the Syndicate with New Zealand Thoroughbred Racing Inc ("NZTR") shall be Brenton John Cooper, the director of the Manager (or any replacement Manager or director thereof) who may sign and execute on behalf of the Syndicate and/or any Member of the Syndicate the application or any form or document required by NZTR concerning the Syndicate or racehorses leased by the Syndicate ("the Racehorses") or a Members interest in the Racehorses.

2.4 Termination

2.4.1 The Syndicate shall be terminated upon the death or disposal of the last remaining horse leased by the Syndicate if it is not intended to lease a replacement horse or upon the expiration of the term whichever happens first.

2.4.2 The Syndicate shall not be terminated upon the death of a Member or by the bankruptcy of a Member and the share of the deceased Member or the bankrupt Member may be transferred to any persons entitled thereto provided the transferee(s) is eligible under New Zealand Thoroughbred Racing rule 403 to race a horse.

2.4.3 Upon termination of the Syndicate, the assets of the Syndicate shall be converted into cash, and the proceeds less all proper costs, outgoings and any provisions for liabilities divided amongst the Members in proportion to the number of shares held.

Part 3 Membership

3.1 Definition of Member

A person shall be a Member of the Syndicate (herein referred to as "a Member") if that person's name is recorded in the register of members.

3.2 Eligibility

3.2.1 Before a person's name is recorded in the register of members, that person shall:

- (i) Sign and submit the Agreement and Application form, being part of the Disclosure Statement; and
- (ii) Make full payment for the required cash contribution of one or more shares in the Syndicate, if not already paid; and
- (iii) Declare that they are not, by the provisions of Rule 403 of the Rules of Thoroughbred Racing, prohibited from owning a racehorse and they are not, by virtue of the provisions of the Gambling Act 2003, or the Racing Act 2003 or any amendments thereto, prohibited from admission to a racecourse.

3.2.2. Subject to rules 2.4.2 and 3.3 a person shall remain a Member from year to year provided the Member meets the annual cash contribution as set out in rule 6.3.

3.3 Forfeiture

3.3.1 A Member's name shall be removed from the register of members and that Member shall forfeit all rights as a Member of the Syndicate if:

- (i) The Member becomes a person who pursuant to Rule 403 of the Rules of Thoroughbred Racing, becomes prohibited from owning or leasing a racehorse or, pursuant to the Gambling Act 2003, or the Racing Act 2003 or any amendments thereto, becomes prohibited from admission to a racecourse; or
- (ii) The Member is in breach of his/her obligations under these rules and the Member fails to remedy the default within 10 working days of receiving written notice from the Manager to do so or continues a default having received a written notice from the Manager to desist from the default.

3.3.2 The share of a Member whose rights are forfeited shall be cancelled and the number of shares in the Syndicate shall be reduced accordingly.

3.4 Interest

The Syndicates assets include the Syndicate's horses (including a Lessee's interest) and all other property acquired and held by the Syndicate from time to time. Each Member owns an undivided share as a tenant in common in the Syndicate's assets determined by the number of shares held by that Member as recorded in the register of members. Nothing herein shall be taken to constitute or evidence either a partnership or any relationship of principal and agent between the Members.

3.5 Transfer of Interest

3.5.1 Subject to Rule 2.4.2 no Member shall transfer or sell their share or interest in the Syndicate to another person provided that:

- (i) The Member first notifies the Manager in writing of the proposal to transfer or sell their share.
- (ii) The person to whom the share is proposed to be sold, or transferred to meets the requirements of rule 3.2; and
- (iii) The Manager at its sole discretion approves the sale or transfer, such approval not to be unreasonably withheld.

3.6 Address for Service

The address for service for each Member shall be the address recorded against each Member's name in the register of members or such other address of which the Member concerned may from time to time advise the Manager in writing.

Part 4 The Manager

4.1 Appointment

4.1.1 The Syndicate shall be managed by SR Management Limited ("the Manager"), which shall be responsible for the affairs of the Syndicate.

4.1.2 NZTR is entitled to remove the Manager (or the directors of the Manager) upon any grounds listed in clause 18.3 of the COP (or any rule in substitution), and appoint another person (or directors, if that be the case) to act in their place. This provision is inserted for the benefit of NZTR and its Board and is enforceable by either or both in terms of the Contracts (Privity) Act 1982.

4.2 Responsibilities

4.2.1 The Manager shall, in conducting the affairs of the Syndicate, at all times act in good faith and in the best interests of the Members.

4.2.2 Duties of the Manager shall include:

- (i) Administration and management of the racehorses with regard to racing, training, veterinary care, shoeing, insurance, gear replacement and repair, nominations, acceptances, track fees, jockey fees, transport costs and other incidental expenses, the keeping of a record of affairs and any other matters which may arise.
- (ii) Implementation (as required) of all resolutions passed in accordance with part 5.
- (iii) Liaison with all Members in all matters concerning the training and racing of the Racehorses.
- (iv) Maintenance of an up to date communication service to inform Members of details of any races or trials the racehorses are to participate in.
- (v) Liaison with the media as required.
- (vi) Organisation of meetings of the Syndicate, if any.
- (vii) Maintenance of the register of members containing the names and addresses of all the Members and the number of shares held by each. The register of members shall be kept up to date from time to time reflecting all transfers of shares in the Syndicate and any notified changes of address.
- (viii) The sole right to name the racehorses.

4.2.3 No Member shall challenge or interfere with any decision of the Manager in relation to the performance of its duties other than at a meeting called and conducted in accordance with part 5.

4.3 Remuneration

4.3.1 The Manager shall be entitled to charge a maximum of \$5000 plus GST per year in consideration of the management and administration of the Syndicate.

Part 5 Meetings

5.1. No regular, annual, special or other meetings of Members are required to be held. The Syndicate may pass a resolution without convening a meeting by a resolution or if required a special resolution of

Members (which may comprise counterparts or facsimiles thereof transmitted electronically). The Manager must take account of resolutions, advice or recommendations made by resolution.

- 5.2. Any decision that requires a resolution of the Syndicate may alternatively be decided at a meeting called for by:
 - (a) the Manager; or
 - (b) the written request of Members holding, in aggregate, at least 20% of the Shares.
- 5.3. The Manager will be responsible for giving written notice of a meeting to all Members, not less than seven (7) days before the date of the meeting. Meetings shall be held in a place in the Auckland/Waikato region selected by the Manager and the Manager shall be responsible for implementation of a reasonable procedure for the conduct of the meeting.
- 5.4. A resolution shall be passed if agreed to by Members holding in aggregate at least 20% of the shares (or in the case of a special resolution at least 75%) by either:
 - (a) Voting at a meeting in person or by proxy; or
 - (b) Consenting in writing to a resolution provided the draft resolution gives the option for Members to reject the proposal and the draft includes an explanation "that the resolution will be passed if written consents meet the required majority (51% or 75%) of Members that respond to a proposal".

Part 6

Finance

6.1 Financial Accounts

6.1.1 The Manager will be responsible for the accounting and financial administration for the Syndicate. Within 3 months of the end of the financial year, the Manager shall provide to each Member annual financial accounts of the Syndicate.

6.1.2 The Accounts shall be audited if required by a resolution of the Members or by NZTR.

6.2 Financial Year

The financial year for the Syndicate shall commence on 1st day of August and end with the last day of July.

6.3 Contributions

6.3.1 The initial cash contribution for a share is \$450 to cover the Syndicate's costs and outgoings for one year from the 1st September 2015 and for each subsequent year such amount as notified by the Manager to the Members for that year.

6.3.2 Each Member shall not be required to make any further contribution to the Syndicate other than the annual cash contribution.

6.3.3 Should a Member choose not to make an annual contribution, the Manager may remove the name of that Member (the "Retiring Member") from the register of members and introduce a new person as a Member who shall meet the requirements of rule 3.2.

6.3.4 The Retiring Member is not required to make any further contribution to the Syndicate.

6.4 Insurance

It is acknowledged that horses leased by the Syndicate will not be insured by the Syndicate.

6.5 Payments to Members

6.5.1 Subject to rule 6.6, all money received by way of prize money in excess of the amount required to meet outgoings not covered by Members cash contributions (a "surplus"), may at the discretion of the Manager, be distributed to Members in accordance with their interest in the Syndicate.

6.5.2 No distribution shall take place under this rule unless the amount to be distributed in respect of each share is at least \$100.

6.5.3 A surplus may at the discretion of the Manager be applied to social activities or benefits for the mutual enjoyment of members.

6.6 Travel Fund

6.6.1 Any amount received by way of prize money may be used for the establishment and maintenance of a contingency fund of up to \$5,000 to cover future travel expenses relating to racing a racehorse outside the region in which a horse is trained or a fund of an amount determined by the Manager to cover travel expenses to Australia;

6.6.2 If, at any time following the establishment of the travel fund pursuant to rule 6.6.1, the Manager determines that the travel fund will not be required, the Manager may, in its discretion, abolish the travel fund and arrange for any money in the travel fund to be distributed to Members in accordance with rule 6.5.

Part 7

Miscellaneous

7.1 Trophies and Awards

All trophies and awards determined, at the sole discretion of the Manager, as suitable or available for distribution to Members shall be distributed between Members by way of ballot, provided that any Member successful in a ballot shall be excluded from subsequent ballots until all Members have been successful in a ballot.

7.2 Complaints

Any Member who has cause to make a complaint about any matter relating to the Syndicate, including decisions or actions by the Manager should in the first instance raise their complaint directly with the Manager or with other Members at a meeting duly called and conducted in accordance with part 5.

7.3 Disputes

7.3.1 Parties to Agree on Consultant

If any dispute shall arise between parties in relation to these rules or any matter arising out of these rules including the interpretation thereof, the dispute shall be referred to a consultant acceptable to the Parties.

7.3.2 Appointment if no Agreement on Consultant

Should the Parties not be able to agree on a consultant within ten (10) Business Days of the date of notice of dispute either of the Parties may request the President of New Zealand Thoroughbred Racing to nominate an appropriate person or persons (having regard to the matters the subject of dispute) to determine the matters under dispute and the Parties hereby agree to accept as consultant the person so nominated.

7.3.3 Expert not Arbitrator

The consultant who has been agreed upon or appointed shall act as an expert and not as an arbitrator and its or her decision (including any decision as to costs) shall be final and binding upon the Parties.

8. Construction

In the interpretation of these Rules, unless the context otherwise requires:

- Any reference to a person shall include reference to body corporate and to an unincorporated body of persons;
- Any reference to a statute, regulation or rule of racing includes a replacement or modification of that statute, regulation or rule;
- Clause headings will be disregarded;
- The parties to this agreement include their successors, executors, administrators and assigns;
- Words importing the singular shall include the plural and vice versa;
- Words importing one gender shall include the other genders.