



DISCLOSURE STATEMENT FORTUNA NO 126 SYNDICATE

AUTHORIZED

SYNDICATORS

1. INTRODUCTION

Fortuna Limited was founded by John Galvin in 2007 with a vision of providing a high quality thoroughbred syndication, administration and racing management service to its clients. Fortuna, a New Zealand Thoroughbred Racing Authorised Syndicator, races horses in New Zealand, Australia and Singapore, with Jamie Richards being its principal NZ based Trainer (but handing over to Mark Walker end of April 2022) and Donna Logan its Singapore based Trainer. Kevin Myers also trains some NZ based horses for Fortuna and Anthony and Sam Freedman train its Melbourne based horses.

Fortuna is very client focused and it aims to be the very best it can on behalf of its clients with all aspects of Thoroughbred Syndication Management. Hence its motto:

"Selected, Trained, Ridden and Managed – By Professionals"

2. Directory

Name of Promoter:	Fortuna Limited
Address of Promoter:	5 Johnnybro Place, Rototuna North, Hamilton 3210
Manager and Director:	John Eric Galvin
Bankers:	Westpac Banking Corporation
Accountants:	One Base Accounting - Hamilton
Solicitors/Legal Advisors:	Harkness Henry – Hamilton

3. Business Plan

- This Syndicate will race just one horse, that being the Yearling Colt by Merchant Navy out of Anchovy Stable Nick Name "Salty"
- The objectives of the Syndicate are to educate, train and race the Syndicate racehorse with the primary aim to win prize money for the Syndicate Members and to share in the fun and camaraderie associated with owning and racing a racehorse that is in shared ownership
- Salty was acquired at the Karaka Book One Yearling Sale on 7th March 2022 he will spell at Te Akau Stud in the Waikato for one week before commencing a breaking in process. Once broken in he will be transferred to the care of Fortuna's NZ Trainer, Mark Walker, of Te Akau Racing Stables based at Matamata, where he will commence his first stable preparation lasting about two weeks - he will then go for a spell at Te Akau Stud and return to the Stables for a second preparation late winter/early spring
- During that second preparation, Mark will continually assess him and determine whether he presses onto a trial or be put aside for more maturity and development. Based on his pedigree, physical type and conformation, his best distances are likely to be in the 1100 metre to 2000 metre range
- An early foal, Salty has developed into a strong, well grown Colt of medium size and presents as a natural Two Year Old, but has the scope and depth to mature into a quality Three Year Old.
- Registered for the Karaka Million Series, a prime 2yo season target for "Salty" will be the Karaka Million race (NZ\$1m prizemoney) over 1200m run at Ellerslie late January 2023. As a 3yo, he will be eligible to compete in the Karaka 3yo Classic (NZ\$1m prizemoney) over 1600m run at Ellerslie January 2024. Order of entry for the 2yo race is determined by prizemoney and for the 3yo race by Handicap Ratings

4. Bloodstock

- (a) Name Unnamed (Stable Name "SALTY")
- (b) Breeding (Sire/Dam) Merchant Navy Anchovy
- (c) Sex Colt
- (d) Foaling Year2020 (Foaling Date 2 Sept 2020)
- (e) Microchip number 985125000111077
- (f) Brand Marks Near Shoulder S Off Shoulder 92/0

5. Initial Costs and Expenses

- (a) Purchase of Bloodstock
 - (i) Purchase Date 7th March 2022
 - (ii) Public Auction Karaka Yearling Sales –
 - (iii) Cost NZ\$60,000 plus GST
- (b) Breakdown of other Initial Costs

Promoter Fee	\$10,000 plus GST
Marketing and Promotion	\$ 7,500 plus GST
Research/Inspect/Buying Fee	\$ 3,000 plus GST
Karaka Millions Series Fee	\$ 2,500 plus GST
Valuations	\$ 300 plus GST
Vet Reports	\$ 900 plus GST
Insurance	\$ 3,200 plus GST
Working Capital	\$ 9,490 no GST
Other (specify)	Nil

Note that a Full breakdown of Initial Costs is provided in Schedule One (Page 10).

Number of shares (5% shares)	20
Cost per share	\$5,500

Please note that at Manager's discretion, shares can be issued in smaller parcels than 5%

5. On-going Costs and Expenses (All costs are inclusive of GST if any)

- (a) Pre-Training, Training, Nominations and Acceptances, Transportation, Covers, Vet Care, Farrier, Management Fees, Annual Estimated costs of **\$45,000 inclusive of GST if any**.
- (b) Members will be required to meet all ongoing costs associated with educating, training, spelling, racing, transportation, animal health and insuring the bloodstock and administration costs of the Syndicate. The Manager requires the Members to make financial contributions to the Syndicate bank account to meet the Syndicate's actual or prospective obligations. Under normal circumstances the regular monthly payments made by Members (i.e. \$200 per month per 5% share) to the Syndicate, will cover all expenses associated with racing the horse. However in the event they do not, the Manager will issue a capital call on a pro rata basis to all Members to cover any additional costs
- (c) Regular monthly payments
 - (i) \$200 per 5% share
 - (ii) 1st of each month commencing 1st June 2022
 - (iii) 03-1557-0246029-004 Westpac Bank, Hamilton.

Note: On written request, supporting invoices or other evidence for costs invoiced will be provided by the Promoter or any person associated with this syndicate

6. Minimum Amount

Fortuna Ltd as Promoter is fully underwriting this acquisition, so no Minimum Amount is required for the Syndicate to proceed.

Note: Subscriptions are held in trust. This means that pending allotment of shares; no subscriptions will be disbursed from the syndicate bank account.

7. Insurance Information

- a. Insurer New Zealand Bloodstock Insurance
- b. Term 8 March 2021 to 31st January 2023
- c. Value \$90,000 Incl GST
- d. Type of policy Death Only

8. Two Valuation Reports

- a. Marcus Corban 15 March 2022 \$60,000
- b. Steve Davis 15 March 2022 \$60,000

The valuation reports are not attached. A copy of the valuation reports may be obtained from the Promoter by request at its mailing address or its email address <u>john@fortuna-nz.com</u> or by requesting copies from NZ Thoroughbred Racing (<u>syndication@nzracing.co.nz</u>).

9. Veterinary Report(s)

Dr Doug Black – Dated 14 March 2022

The veterinary report(s) is not attached. Copies of the veterinary report(s) may be obtained from the Promoter by request at its mailing address or its email address john@fortuna-nz.com or by requesting a copy from NZ Thoroughbred Racing (syndication@nzracing.co.nz).

10. Material interests and Commissions

(a) Disclosures of any material or pecuniary interests

[Note: Any material or pecuniary interest that the Promoter or Manager or a person associated with the Promoter or Manager has in this Bloodstock Syndicate or its Bloodstock must be disclosed in this Disclosure Statement. If any bloodstock offered has been sold by the Promoter, or by Associated Persons of the Promoter, within 12 months prior to the Offer, the purchaser, price paid and date of each transaction within that period shall be shown.

(b) Confirmation of Disclosure of Commissions etc.

The nature of all commissions, fees or rebates and other benefits that have been or may be received in the future by the Promoter or the Manager (or an Associated Person of the Promoter or Manager), specifically in relation to the Bloodstock Syndicate or any of its Bloodstock have been disclosed in sections 4 and 5 of the Disclosure Statement. Any such commissions, fees, rebates or other benefits that may be received in the future will be disclosed to the Participants in writing at the material time.

- The Promoter or Manager has received no commission, fees or rebates other than those disclosed in this Disclosure Statement

11. Standard Industry Risks

(a) Racing

- (i) Not all yearlings/prospective racehorses proceed to become racehorses.
- (ii) There is a significant possibility that any racehorse could injure itself and thereby need a long recuperation period or be unable to race again.
- (iii) Racehorses are unlikely to have any significant value at the end of their racing career with the exception of well-bred and/or highly performed horses, suitable to become breeding stock.
- (b) Special Risks or factors attaching to this Offer. Nil

12. Governing Documents

- The Syndicate Agreement which governs the Syndicate is attached

ADDITIONAL INFORMATION

Applicants should note that the Terms below provide an overview of Key Points relating to the Management of the Syndicate. There is a detailed Syndicate Agreement, which is provided to you as a separate document, and will need to be perused and signed by Applicants before subscription will be accepted.

- Prize money earned will be allocated to Members on a pro rata basis once received. On occasions, some or all of prize money earned may be retained in the Syndicate Bank account to bolster working capital requirements.
- All payments of income or capital to or for the benefit of Members will be made at the same time to all Members and in the same proportion as the Shares held by individual Members of the Syndicate
- Trophies will be allocated to Members at Manager's discretion but are usually balloted.
- Unless the horse is already named, Members will have the opportunity to submit a name for consideration.
- Members will receive regular and timely written updates on all aspects of their horse's preparation and racing programme.
- The Syndicate horse will race in the Fortuna Syndication Colours (see example below)
- If a Member wishes to sell their share in the Syndicate, there is a defined procedure for how this will be handled; this procedure is outlined in Clause 8 of the Syndicate Agreement.
- If an offer is received to buy the horse from the Syndicate, the Manager will consider the terms of that offer, then make a recommendation to the Members as to those terms and invite Members to provide their feedback on the recommendation with the majority view to prevail.
- Syndicate Members may from time to time, in accordance with clause 14 of the Syndicate Agreement, appoint, remove and replace the Syndicate Manager, provided that the Members give the Manager six months prior written notice of the proposed removal unless the Manager has breached any of the Manager's obligations in this Agreement, and the breach is incapable of being remedied, or has not been remedied by the Manager within 30 days of receiving written notice of such breach.



Fortuna NZ/Aus Racing Silks

Manager's Powers and Functions

The functions of the Manager are to race and manage the Bloodstock in a manner that is consistent with the best interests of the Members, and the Bloodstock. This includes, but is not limited to, the sole right, in the Manager's discretion, to make decisions without any obligation to consult with the Members, on matters which relate to the racing and management of the Bloodstock such as (but not exclusively so):

- a. the choice of racing programme;
- b. training methods and veterinary treatment
- c. the choice of jockey;
- d. the choice of trainer;
- e. if the Bloodstock is to be raced outside New Zealand
- f. stud management and breeding policy (including whether colts are to be gelded)
- g. agistment,

provided those decisions are in the best interests of the Members.

In practice, Members are usually consulted with and advised on the points above.

The Manager is also empowered to execute Ownership and Registration documents on behalf of the Syndicate and its Members with New Zealand Thoroughbred Racing and any other Racing Jurisdictions in which the Syndicate bloodstock may race.

Complaints or Disputes

If a Member has a problem, concern, or complaint about any part of the service offered by the Manager, please tell us so that we can try to fix the problem.

We will try in the first instance to resolve any complaint or dispute internally. We conduct an internal complaints handling process administered by John Galvin. You may contact John by writing to him at;

5 Johnnybro Place, Rototuna North Hamilton 3210, email john@fortuna-nz.com or telephone 021 921 460.

The Syndicate Agreement has a Disputes Resolution Clause (Clause 22) and this Clause governs the process for any Disputes Process and Resolution.

Initial Costs and Fees

In addition to the capital cost of the bloodstock, Syndicate members will bear the following initial Costs and Fees:

- Promoter's fee. This fee will be 10% of the purchase price of the syndicate bloodstock with a minimum of \$10,000 + GST - the fee for this Syndicate is \$10,000 plus GST
- Marketing Contribution Fee. It is in Members' interest that the Syndicate be filled in a timely fashion as no disbursement can be made, under the NZTR Code of Practice, until the total Syndicate capital is collected. Therefore, a marketing contribution of \$7,500 plus GST is collected as part of this Syndicate's Capital.
- Sales/Research Fee. Covers the cost of any travel/accommodation/research and inspections by Team Fortuna and any fees by its agents/representatives. Fee is NZ \$3,000 plus GST for this syndicate
- Karaka Million Fee this fee of \$2500 plus GST is the registration fee for the Karaka Million Series
- Valuation Fees. Under the NZTR syndication rules, valuations of the Bloodstock must be obtained from <u>two</u> NZTR approved valuers and their valuations must be disclosed on the Disclosure Statement. These fees are \$150 plus GST per horse per valuation.
- Veterinary Fee. This fee relates to the Veterinary inspections and reports provided by our Veterinary Surgeon as we undertake due diligence. This fee is NZ\$900 plus GST approx
- **Bloodstock Insurance**. The cost of this is **3.5%** plus GST of the value of the Bloodstock and is paid annually (to 31 Jan of the following year) in advance
- Working Capital. Usually, the Syndicate will collect an amount of capital from Members to cover working expenses associated with the Bloodstock until such time as Member's ongoing fees commence and any capital remains the property of the Syndicate and its Members. Working Capital for this syndicate is NZ\$9,730

Ongoing Costs and Fees

- All costs associated with the preparation, training, racing and Administration of the Syndicate Bloodstock. While the annual total of ongoing fees will vary to some degree depending on the path that each individual horse may take, a good indicative figure is approximately \$45,000 per annum inclusive of GST if any
- Fortuna Ltd Administration fee. This fee is \$350 plus GST per month and is included in the expense estimate above.

To cover these costs, each Syndicate member contributes a pre-determined set monthly amount to the Syndicate bank account by Automatic Payment. Syndicate statements will show the state of each member's current account within the Syndicate. The monthly amount is currently \$400 per month for a 10% share, \$200 per month per month for a 5% share, \$100 per month for a 2.5% share and \$40 per month for a 1% share. These figures are GST inclusive. Under normal circumstances the regular monthly payments made by Members (i.e \$200 per month per 5% share) to the Syndicate, will cover all expenses associated with racing the horse. However in the event they do not, the Manager will issue a capital call on a pro rata basis to all Members to cover any additional costs. (see clause 9.1 of the Syndicate Agreement)

Stakes Fee

In the event that the bloodstock wins stakes money in events that are described as "Listed" or "Group" or "Cups" events in New Zealand or in any race in any International Racing Jurisdiction, the Manager shall be entitled to receive **5% plus GST (if any)** of the stakes money received. (see clause 19.9) of the Syndicate Agreement

Sale of Bloodstock Fee

In the event that the Bloodstock (or part thereof) is sold at a future date the Manager will be entitled to a fee representing **10% plus GST (if any)** of the sale price. (see clause 19.11 of the Syndicate Agreement

Note that in the event of the bloodstock being sold, the Manager, with the approval of the Syndicate Management Committee, may approve a "success fee" payment to Te Akau Racing Stables of up to 5% of the gross sales price

SCHEDULE ONE – SUMMARY OF INITIAL COSTS

All costs in NZ\$

#126	Syndicate	
Amount	GST	Total
60000	9000	69000
10000	1500	11500
7500	1125	8625
3000	450	3450
2500	375	2875
900	135	1035
300	45	345
3200	480	3680
9,490	0	9490
\$96,890	\$13,110	\$110,000
		\$11,000
		\$5,500
		\$2,750
		\$1,100
	Amount 60000 10000 7500 3000 2500 900 3000 900 3200 9,490	Amount GST 60000 9000 10000 1500 7500 1125 3000 450 2500 375 900 135 3000 480 9,490 0

20 shares (each share 5%) @ \$5,500. (Note that the Manager has the discretion to issue shares in parcels larger or smaller than 5%)

Ongoing monthly contributions \$200 pm (per 5% share) commencing 1st June 2022

Finalised by John Galvin on 15th March 2022

PEDIGREE

BAY COLT Foaled 2nd September 2020					
Sire MERCHANT NAVY (AUS) 2014 Dam ANCHOVY (IRE) 2015	Fastnet Rock Legally Bay Galileo Countess Lemonade	Danehill Piccadilly Circus Decidity Sadler's Wells Urban Sea Storm Cat Love Me True	Royal Academy Lunchtime Last Tycoon Northern Dancer Miswaki Storm Bird		
MERCHANT NAVY (AUS) (B: A\$939,950, E340,260, 670,5 Gr.1, Curragh Greenlands Brother to SW Jolie Bay (A' and SP Zara Bay. Sire of S Red Rapid, Standing Order,	ay 2014-Stud Aust. 201 100, VRC Coolmore St S., Gr.2, MRC HDF M IC Roman Consul S., G P Drisana and of Galaa etc. His oldest progen	8, Ire. 2019). 7 wins-3 at 2- Id S., Gr.1, Royal Ascot Di Sheil S., Gr.3, 3d VRC Ney Ir.2) SW Setanta (BRC Que ty Affair, In the Navy and o y are 2YOs.	at 1200m, 1400m, amond Jubilee S., wmarket H., Gr.1. ensland Day P., L) f the placegetters		
1st dam ANCHOVY, by Galileo. Raced Giovanni Canaletto.	once. Three-quarter-sis This is her first foal.	ter to RULER OF THE W	ORLD, NORWAY,		
Half-sister to DUKE OF	gchamp Prix de la Gra MARMALADE, RULI Canaletto, Soinlovewith \$112,740, Saratoga Allo Dam of-	nge Aux Belles, 3d Belmon ER OF THE WORLD, AN nyou (dam of LOVE SO DE	t Athenia S., Gr.3. NUS MIRABILIS,		
3rd dam Love Me True, by Kingman To Go S., 3d Leopardste three-quarter-sister to L BULLET, SHUAILAAN	nbo. Winner at 1m, 2d C wn Killavullan S., Gr.3 , EMON DROP KID , I, Run for Lassie (dam o	urragh Loder 2YO Fillies S., L Naas Garnet S., L. Sister t EAVESDROPPER, half-sis f MADISON'S CHARM). D	eopardstown Ready o Black Mambo, ster to BITE THE Dam of 11 foals, 9 to		
Older Male in GB & Ire £977.880, 657,54, A S., Gr.1, Royal Ascot Longchamp Prix Ganar S., Gr.1, Royal Ascot Unicredito Dublin 2YO Irish Two Thousand Gu RULER OF THE WOR Champion Older Malé €138,395, The Derby, Stallion Farms S., 2d ANNUS MIRABLLS (Mo Aust, SAJC Adelaide Plastering H., 3d VRC, NORWAY (Galileo). 5 wins Leopardstown Enterpri Hurdle, 2d Chester V Ladbrokes Switch H., Services H., 4th Critteri	eland in 2008 (Intermedia scot King George VI & O ot Prince of Walesis S y, Gr.1, Curraph Kildare SI Jamesis Palace S., G SI Jamesis Palace S., G S, 3d Ascot Queen Eliz ineas, Gr.1, The Two Th LD (Gailleo). Champion e in Ireland in 2014 (In Gr.1, Longchamp Prix Niel, Gr. ingchamp Prix Niel, Gr. ingchamp Prix Niel, Gr. Ascot Raceourse Troph -2 at 2-from 1600m to 35 se S., Gr.3, Newmarket ase, Gr.3, 3d Irish De Curragh John Sisk & J.	Older Male in Europe & GB te & Long). 6 wins-1 at 2-fro ueen Elizabeth S., Gr.1, New , Gr.1, Curragh Tattersalls Village 2YO S., 2d Leopards! r.1, Goodwood Vintage S., 1 abeth II S., Gr.1, 4th York In ousand Guineas, Gr.1, Sire, 3YO in Europe, GB & Ire t.1). 4 wins from 2000m Kor Foy, Gr.2, Chester Vase, 2, 3d Ascot Champion S., Gr m to 3200m, 612,905, A\$52 H., L, MRC OTI Racing H., J.H., 4th ATC Sydney Cup, Gi 00m, £2,476, £217,580, A\$ Zetland S., L, Pakenham RC by, Gr.1, York Great Voltig Son 2YO S., MRC (Morning	m 1400m to 2400m, market International s Gold Cup, Gr.1, town Irish Champion Gr.2, Leopardstown ternational S., Gr.1, land in 2013 (Int.). 2500m, £956,220, Gr.3, Curragh Irish 1. Sire. 5,920 in Ireland and Pakenham RC TW r.1. 140,720, to 2020-21, 2 Brendan Drechsler eur S., Gr.2, MRC (ton) Asset Painting		
Giovanni Canaletto (C Curragh Gallinule S., C Kaimai S., L, HKJC Qu Gr.1.	Galileo). Winner at 2, £9 Gr.3, 3d Irish Derby, Gu Jeen Mother Memorial C	95,520, €137,250, NZ\$9,325 •1, York Great Voltigeur S., up, L, BMW Hong Kong Derb	, HK\$2,495,000, 2d Gr.2, Matamata RC by, L, 4th The Derby,		
Memorial & Irish Coast Looking Lovely. Winner at 2, Soinlovewithyou. Winner at 2 LOVE SO DEEP (Dee	Leopardstown Horse R guard S., 4th Royal Asco Leopardstown Irish Stal 2 in Ireland. Dam of- ep Impact). 3 wins fron	acing Organisation of Greec t Queen's Vase, Gr.2, Navan	Yeats S., L. t Chalice S., L, 2d		
EAVESDROPPER), FC of WINNING CONNEL STATUE OF LIBERTY BITE THE BULLET (Spe S., Gr.2, 2d Churchill Arlington-Washington F S., Gr.2, Sire.). THUAILAAN (Roberto). S., L, Newmarket S., L Love Me True (Kingman Jatski S., L Sire. Bering Cruise. 2 wins at 6f, 6 West Side Dancer. Winne TRAVELIN MAN (T	E (dam of A.P. INDY, S XHOUND, SPECTAC CTION), Charming Las). Dam of 15 foals, 14 to ctacular Bid). 5 wins-2 a Downs Iroquois S., L, -tutrity, Gr.1, Ellis Park (nird on The 1992 Europe 00m in GB and U.A.E. V , 3d Leicester Mercury S bo). Winner, See above. nbo). 3 wins at 8½f, US 5½f in U.S.A. Dam of- rat 77 in U.S.A. Dam of- rat).	UMMER SQUALL, WELC ULAR SPY, AI Mufti, Lass sie (dam of LEMON DRO race, 9 winners, inc:- t 2-from 6f to 1m, US\$216,80 Ellis Park Stirrup Cup H., L Governor's H., L, 4th Keenelan an 3YO Classification (1900n Vinderc Winter Hill S. 2 dd	OME SURPRISE, sie Connection (dam P KID, BRULAY, 9, Saratoga Sanford, Tri-State H., L, 3d nd Breeders' Futurity n - 2100m). 5 wins-1 Newbury Aston Park eal S., L, 4th Calder Swale S., Gr.2, Sir		
S., L, Gulfstream Gr.2, Monmouth	Park Gulfstream Park Tu Decathlon S., L.	If Sprint S., L, 4th Belmont	Woody Stephens S.,		