



DISCLOSURE STATEMENT FORTUNA SYNDICATE NO 139

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, Singapore and Great Britain with **Mark Walker** being its principal NZ based Trainer and **Donna Logan** its Singapore based Trainer. **Kevin Myers** also trains some NZ based horses for Fortuna, **Anthony/Sam Freedman** train its Australian based horses and **Harry Eustace** trains its Great Britain 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 FILLY by XTRAVAGANT out of SECRET SPICE – no racing name yet, but has been assigned stable name "SPICY".
- 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.
- SPICY was acquired at the Inglis Classic Yearling Sale on 12 February 2023 – she was transported to Victoria the next day and is currently spelling at Anthony Freedman's property on the Mornington Peninsula where she will spell for 6 to 8 week paddock spell before being broken in. Once broken in she will be enter the stables of Fortuna's Australian Trainers, Anthony and Sam Freedman where she will commence her first stable preparation
- She will have a further paddock spell at the end of that preparation – the length of that spell will depend on her physical progress and development. Based on her pedigree, physical type and confirmation, her best distances are likely to be in the 1200 metre to 2000 metre range
- An elegant Filly of good height, SPICY presents as a type who will need a bit of time to fill out and develop but should be able to make a race debut as an Autumn 2yo and will certainly develop into a robust Three Year Old – she is also registered for the Inglis Race Series and eligible to race (subject to qualification)

4. Bloodstock

(a) Name	No Racing name yet, but nicknamed "SPICY"
(b) Breeding (Sire/Dam)	XTRAVAGANT – SECRET SPICE
(c) Sex	Filly
(d) Foaling Year	2021 (DOB 26/10/2021)
(e) Microchip number	985100012203089
(f) Brand Marks	RK - 109/1

5. Initial Costs and Expenses

(a) Purchase of Bloodstock	
(i) Purchase Date	12TH FEBRUARY 2023
(ii) Public Auction	INGLIS CLASSIC SALE
(iii) Cost	A\$40,000 NO GST
(iv)	
(b) Breakdown of other Initial Costs	
Promoter Fee	\$ 10,000 plus GST
Marketing Fee	\$ 7,500 plus GST
Sales/Research Fee	\$ Nil
Inglis Series Fee.	\$ 5,300 no GST
Vet Reports	\$ 600 plus GST
Insurance	\$ 2,300 plus GST
Working Capital	\$ 8,330 no GST
Other (specify)	Nil

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

Number of shares	20
Cost per share	NZ\$4,000

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 **\$50,000 inclusive of GST if any.**
- (b) Members will be required to meet all ongoing costs associated with educating, training, spelling, racing, transportation, animal health, 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. \$250 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) | \$250 per 5% share |
| (ii) | 1st of each month commencing 1st April 2023 |
| (iii) | 03-1557-0246029-017 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	12th February 2023 to 31st January 2024
c. Value	\$60,000 incl GST if any
d. Type of policy	Death Only

8. Veterinary Report(s)

Dr Jack O'Brien - Dated 15th February 2023

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).

9. 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

10. 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.

There are no Special Risks or Factors pertaining to this offer

11. Governing Documents

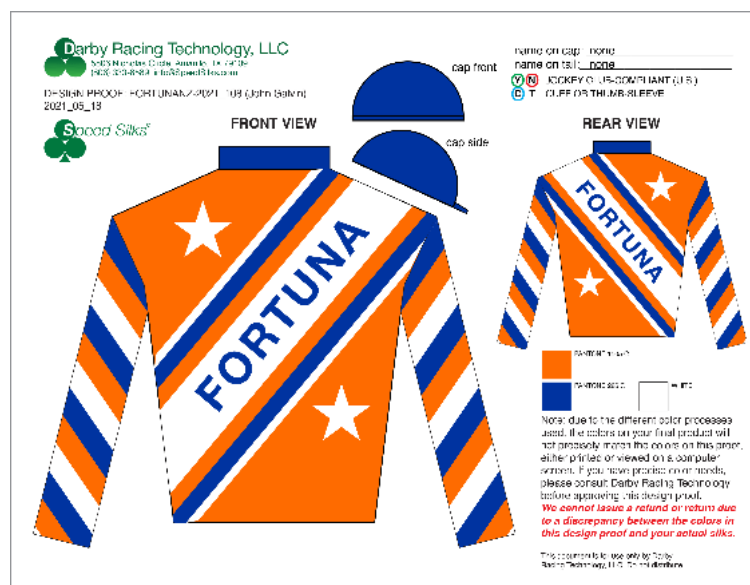
- The Syndicate Agreement which governs the Syndicate is attached

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 if 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** is collected as part of this Syndicate's Capital.
- **Inglis Race Series Fee** – this is the registration Fee for all Inglis Series Races for the racing career of the Bloodstock – **Fee is A\$5,000 plus (Aus) GST**
- **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\$600 plus GST approx**
- **Bloodstock Insurance.** The cost of this is **3.8%** 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\$8,000 approx**

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 **\$48,000 per annum** inclusive of GST if any
- **Fortuna Ltd Administration fee.** This fee is **\$380 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. Quarterly statements will show the state of each member's current account within the Syndicate. The monthly amount is currently **\$500 per month for a 10% share, \$250 per month per month for a 5% share, \$125 per month for a 2.5% share and \$50 per month for a 1% share. These figures are GST inclusive.** Under normal circumstances the regular monthly payments made by Members (i.e \$220 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

Xtravagant - Secret Spice Filly	#139	Syndicate	
	Amount	GST	Total
Horse Purchase Price	43000	0	43000
Promoter Fee	10000	1500	11500
Marketing Fee	7500	1125	8625
Sales/Research Fee	0	0	0
Inglis Series Fee	5300		5300
Veterinary fee	600		600
Valuation fee	0	0	0
Insurance to 31 Jan 2023	2300	345	2645
Airfreight to NZ		0	0
Working Capital	8330	0	8330
Grand Total	77030	2970	80000
Share 10%			8000
Share 5%			4000
Share 2.5%			2000
Share 1%			800

20 shares (each share 5%) @ \$4,000. (Note that the Manager has the discretion to issue shares in parcels larger or smaller than 5%)

Ongoing monthly contributions \$250 pm (per 5% share) commencing 1st April 2023

Finalised by John Galvin on 2nd March 2023

PEDIGREE

CHESTNUT FILLY (AUS)

Foaled 26th October 2021

Sire XTRAVAGANT 2012	Pentire Axiom	Be My Guest.....Northern Dancer Gull Nook..... Mill Reef Zabeel..... Sir Tristram Arletty..... Centaine
Dam SECRET SPICE 2011	Sakhee's Secret Caparison	Sakhee.....Bahri Palace Street..... Secretro Cape Cross..... Green Desert Steve House..... El Gran Senor

XTRAVAGANT (NZ) (Bay 2012-Stud 2017), 6 wins-1 at 2, Waikato Sprint, Gr.1. Sire of 90 mrs, 44 wms, inc. SW Lavish Girl (MRC Angus Armanasco S., Gr.2), Devoted, Xtravagant Star, He's Xceptional and of Bookman, Category Three, Hero Worship, King of Spades, Sinba, Xpresso, Xtra Approval, Xtravez, Extravagent Lad, Polly Plum, Rita May, Uncompromised, Wilsons Prom, Xtra Gear, Where's Tekay Now, Accrue, Hilton, Improvident, Lepo, Mehajir, etc.

1st dam

SECRET SPICE, by Sakhee's Secret. 8 wins from 1100m to 1700m in Malaysia and Singapore. This is her first foal.

2nd dam

Caparison, by Cape Cross. 5 wins from 1400m to 1950m, 2d Manawatu Breeders' S., **L**, Hororata RC South Island Thoroughbred Breeders' S., **L**, CJC Travel Practice H., 3d CJC Ballantynes H., Worcester Tavern H., 4th Otago RC White Robe Lodge H., **Gr.3**. Sister to **KELANTAN**, **Skysoblu**. Dam of 2 foals, both winners-
Secret Spice. 8 wins. See above.
Belle Capri. Winner at 1400m.

3rd dam

STEVEER HOUSE, by El Gran Senor. Unraced. Sister to **Magno**, half-sister to **Nice Cresta**. Dam of 8 named foals, all raced, 7 winners, inc:-

KELANTAN (Cape Cross). 9 wins-2 at 2-from 1100m to 1600m, NZ\$35,000, 540,700Rgt., S\$377,177 in NZ, Malaysia and Singapore, CJC South Island 2YO S., **L**, Singapore TC 3YO Challenge (3rd Leg), **L**, Perak TC Sultan Gold Vase, **L**, Selangor TC Sports Toto Trophy, Class 1 H., Class 1&2 H., Singapore TC Dubai S., 2d Wanganui Guineas, **L**, Selangor TC Class 1 H., CJC Bunker at Prebbleton Farm 3YO H., Selangor TC Wilayah Silver Bowl, 3d Singapore TC Three Rings Trophy, **L**, Penang TC Malayan Racing Association Cup, Selangor TC Dato Ronald Khoo Teng Swee Memorial Trophy, 4th Selangor TC Tunku Gold Cup, **L**, Singapore TC 3YO Challenge (1st Leg), **L**.

Skysoblu (Cape Cross). 7 wins from 1400m to 2100m, NZ\$177,351, ARC Westbury Karaka Stayers Cup Day H., BOP RC Bay of Plenty Cup, ARC Resene H., Dunstan Feeds H., Matamata RC Inghamdriven.com H., 2d ARC Avondale Gold Cup, **Gr.2**, Wellington Cup, **Gr.2**, 3d Cambridge JC Travis S., **Gr.2**, Waikato RC Raffles Farm H., BOP RC Mills Reef Winery & Restaurant H., Rotorua RC Atkinson & Donaldson H. Producer.

Caparison (Cape Cross). 5 wins. See above.

Braver. 3 wins from 1200m to 2100m, TTC Mud Restaurant H., 3d TTC E (Ted) Cox Memorial H., Launceston Mitsubishi H., Search Engine Marketing H.

Auspicious. 2 wins at 1200m, 1550m, Rotorua RC Lowe Schollum & Jones H., 3d Wanganui JC Dave Hoskin Carriers H. Dam of-

Jameson. Winner at 2100m in 2022-23, 3d Hawkes Bay SH Civil S.

Bojangles. 3 wins from 1300m to 1600m, 3d Waikato RC Waikato Cup on Sale Now H., Avondale JC Members S., Taranaki RC Coastal Agri Services H.

Duke House. 2 wins at 1400m, 3d BRC Grinders H., Mount Franklin H.

4th dam

Nice Noble, by Vaguely Noble. 2 wins-1 at 2-at 1000m, 1500m, 3d Milano Premio Novella, **L**. Sister to Investment (dam of **KENELAND GOLD FAMILY INVESTMENT**), half-sister to **NICER**, **Naxos**, Reachout and Touch (dam of **PASSING SALE RANCHER**). Dam of 15 foals, 13 to race, 9 winners, inc:-

Magno (El Gran Senor). Winner at 2, York Roger Simpson Solicitor S., 2d Doncaster Racing Post Trophy, **Gr.1**.

Nice Cresta (Cresta Rider). 6 wins from 4½f to 1m, US\$97,174, 3d Woodbine Canadian S., **L**, Fort Erie Ontario Colleen S., **L**. Producer.

Landholder. 3 wins at 8½f in U.S.A. Dam of-

Patrician's Glory (Proud Citizen). 4 wins-1 at 2-from 1400m to 2800m, £16,591, A\$183,610, AJC Flinders Lane H., Convention Centre H., ATC TJ's Champagne Bar H., Newbury Highclere Thoroughbred Racing 2YO S., 2d Newmarket Simon Gibson S., ATC Wicked Energy Drink H., Darby Racing H., AJC Waterloo H., STC TJ's Champagne Bar H., Members H., 3d Sandown Solario S., **Gr.3**, AJC Royalrandwick.com H., Honouring 50 Year Membership H., ATC JR Turk H., RAAF H., STC Rosehill Gardens Event Centre H., Woolworths H.

Skyrock (Sky Classic). 4 wins-1 at 2-to 1200m, €120,700, 315,300fr., Deauville Prix de la Cote de Grace, Chantilly Prix du Fosse la Coque, Maisons-Laffitte Prix des Petites Ecoles de Port-Royal, 2d Saint-Cloud Prix Saraca, **L**, Chantilly Prix Hampton, **L**, Deauville Prix de Caen, Prix des Roches Noires, Chantilly Prix de la Canardiere, Prix de la Montee des Princes, Prix du Petit Parc, Deauville Prix de Breuilly, 3d Cagnes-sur-Mer Prix de la Californie, **L**, Maisons-Laffitte Prix Djebel, **L**, Saint-Cloud Prix Madrigal, Prix Marigot, Deauville Prix du Conseil General du Calvados, Prix de Sertigny.

Our Joy (El Prado). 2 wins at 7½f, US\$93,047, 2d Colonial Downs Somethingroyal S., **L**. Producer.